

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]

ABN 80 000 050 279

# **ANNUAL REPORT 2013**



Rugby Place, Off 31 Pitt Street, Sydney NSW 2000

Telephone [02] 9247 3344 Fax [02] 9241 3590

Web: [www.rugbyclub.com.au](http://www.rugbyclub.com.au)

Email: [admin@rugbyclub.com.au](mailto:admin@rugbyclub.com.au)

# RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

## ANNUAL REPORT

for the year ended 31 December 2013

<b>CONTENTS</b>	<b>Page</b>
President's report	2-3
Treasurer's report	4-5
General Manager's report	5-6
<b>Financial Report</b>	
Directors' report	7-9
Auditor's independence declaration	9
<b>Financial Statements</b>	
Statement of comprehensive income	10
Statement of changes in equity	10
Statement of financial position	11
Statement of cash flows	12
<b>Notes to the Financial Statements</b>	
<b>Note 1</b> Summary of significant accounting policies	13-15
<b>Note 2</b> Cash and cash equivalents	16
<b>Note 3</b> Trade and other receivables	16
<b>Note 4</b> Inventories	16
<b>Note 5</b> Other assets	16
<b>Note 6</b> Property, plant and equipment	16-17
<b>Note 7</b> Intangible assets	17
<b>Note 8</b> Trade and other payables	17
<b>Note 9</b> Borrowings	17-18
<b>Note 10</b> Provisions	18
<b>Note 11</b> Other liabilities	18
<b>Note 12</b> Reserves	18
<b>Note 13</b> Loss for the year	18
<b>Note 14</b> Directors' benefits	18
<b>Note 15</b> Related party transactions	19
<b>Note 16</b> Cash flows	19-20
<b>Note 17</b> Commitments	20
<b>Note 18</b> Key management personnel compensation	20-21
<b>Note 19</b> Taxation	21
<b>Note 20</b> Registered clubs act reporting requirements	21
<b>Note 21</b> Poker machine entitlements	21
Directors' declaration	22
Independent audit report to the members	22-23
Auditor's disclaimer	23
<b>Supplementary Information</b>	
Extract from the statement of comprehensive income	24
Profit & loss account	25-27
Rugby development fund	28

## **PRESIDENT'S REPORT**

I wish to express my sincere gratitude to Vice President Peter Whittington, Treasurer Karin Christie and each of my fellow Directors for their loyalty and support and for their valuable contribution to the ethos and well-being of the Club during 2013. Ron Latham and Charles Giugni particularly deserve credit for their leadership of the Operations and Marketing Committee and Membership and Rugby Relations Committee respectively.

Each Director of the Club recognises and values the ideals and traditions upon which the Club was established and I therefore feel privileged to be part of a talented and committed Board of Directors whom I know has only the best interests of the Club and its Members at heart. We are united in our common desire to pursue the objective of enhancing and protecting the heritage and reputation of the Club whilst concurrently seeking to improve and maintain its commercial viability for current and future Members in the "True Spirit of Rugby".

Corporate governance, transparency and stability are the cornerstones of an effective Board of Directors and I can assure all Members that I and my fellow Directors have done everything within our power to uphold these principles. I have also encouraged all Directors to promote a level of solidarity and camaraderie which will ensure that appropriate protocols are observed so as to achieve the best possible outcomes for the Club and its Members.

However, regardless of the functionality of its Board of Directors the Club cannot survive without the custom and support of its Members and more particularly the Full Members who possess the power to determine the future of the Club. I ask that all Full Members place great value upon this entitlement as and when they are called upon to make important decisions in relation to the Club.

Since his appointment in March 2013 Gerard Boyle has proven to be a General Manager who is desirous and capable of taking the Club forward whilst working cohesively and enthusiastically with the Board of Directors. On behalf of the Board I thank Gerard and his staff for their service and loyalty and for their ability to make our patrons feel welcome within the Club.

The introduction of Jason Bygrave as the Club's caterer in April 2013 has been like a breath of fresh air and the culinary expertise exhibited by Jason and his team has been the primary factor in regenerating The Wallaby Dining Room.

The Board recognises that it must implement a strategic vision for the Club which will result in the performance of the Club being managed in a manner which ensures that the Club is able to maximise the value of its property whilst moving forward in a manner which best serves the interests of its Members. We particularly recognise that the future actions which may need to be implemented in relation to the Club's real estate will involve probably the most significant decision making process which the Club has faced.

The Section 41J resolution adopted at the Extraordinary General Meeting held on 8 November 2011 empowered the Board to enter into discussions with landowners and developers in respect of their development plans and the benefits that might flow to the Club by being a part of those plans. However, the adoption of the Section 41J Resolution does not provide the Board with a free hand to dispose of the Club's property because the Club's Constitution requires the Members' approval of any actions which might be contemplated in respect of the property.

The planning and development strategies which various entities are undertaking in respect of other properties situated within the precinct in which the Club is located are increasingly a matter of public knowledge. Where it has been appropriate the Board has continued to engage with those parties so as to ensure that the Club and its Members are fully informed of the available options and are able to make strategic decisions that remain consistent with the Club's overall vision.

Effective levels of communication and consultation between the Board and the Members regarding strategic and property issues is therefore of paramount significance. The Board therefore appointed a select group of eminent Members to assist it with developing and implementing a vision for the Club and its real estate which will hopefully satisfy the expectations of all Members. The Board holds each of these eminent Members in the highest regard and is working closely with them in shaping the future direction of the Club.

I particularly wish to thank Peter Whittington, Ross Hazlett and Charles Giugni for the sterling service which they have provided to the Club in their capacity as my fellow members of the Board's Property Committee. The professional expertise, business acumen and significant time which they have each contributed to this role have ensured that the best interests of the Club and its Members are being fully considered and protected.

**PRESIDENT'S REPORT [CONTINUED]**

Although the property issue is of the utmost significance the Club must continue to operate as a financially viable entity. One only needs to look around the Club in order to observe how much has changed for the better in the space of one year. Every floor (except the Barbarian Room) has been painted and new furniture has been installed across all levels and in the courtyard area. The televisions have been updated and a new PA system is to be installed. The combination of these aesthetic improvements and an improved catering product, have already enhanced the facilities which are so essential to attracting patronage to the Club.

To ensure that the Constitution complies with current legislative requirements and is relevant to current operating conditions and demands the Board will continue reviewing the Club's Constitution and recommending constitutional amendments at the appropriate time.

Rugby of course remains the primary focus for the Club because when establishing the Club its founders sought to create a permanent, central meeting place for supporters of the game of Rugby and to provide congenial surroundings where Rugby enthusiasts could gather.

The 2013 British & Lions Tour was an unqualified success for the Club on both a festive and financial basis. The Club's affinity with New South Wales Rugby encourages high expectations that a resurgent Waratahs squad will enjoy a successful 2014 Super Rugby season. Working in conjunction with the relevant Rugby Unions the Board is reinvigorating the Club's association with Premier Club Rugby and Suburban Rugby and is expanding the Club's valuable relationships and partnerships with the Australian Rugby Union and the Waratahs. The performance of the Wallabies inevitably impacts upon the mood of Rugby supporters so the successful outcome of the 2013 Spring Tour provided a major boost for the code and has Rugby fans talking in positive terms again. The prospect of even greater improvement during the 2014 international Rugby season will mean that Australian Rugby can approach the 2015 Rugby World Cup with great optimism. The success of all of these Rugby oriented events can only impact positively upon the Club.

The resumption of the Club's Sportsman's Luncheons was highlighted by three successful functions during the British & Irish Lions Tour. These were followed by an entertaining luncheon with ARU CEO Bill Pulver as guest speaker. The Club will continue to hold a series of regular luncheons during 2014 and seeks the support of Members for these functions.

In his General Manager's report Gerard Boyle refers to the uncertainty faced by clubs in what is now a highly regulated industry. Unfortunately this is particularly the case with CBD clubs like The Rugby Club. Challenges for the industry relate to providing more than just social or sporting facilities to maintain member loyalty and expenditure. The situation has reached the point where the more innovative a club can be in responding to changing customer preferences by adjusting their operations and improving their facilities are expected to perform above industry averages. The increasing competition from hotels, pubs and casinos with gaming machines has resulted in reduced profit margins and consolidation. Mergers between clubs are continuing due to increasing competition, higher costs and lower growth in industry revenue. Notwithstanding the perennial attractive nature of the services that clubs can provide, the recent increase in government regulation of smoking, liquor and gambling has seen heightened revenue volatility occur in the club industry.

In conclusion I wish to thank all Members for their continuing patronage of the Club during 2013. Without your custom and accompanying financial expenditure the Board would not be in a position to pursue the improvements and marketing initiatives which are so essential to the future of this valuable and much loved institution.

Angus Bruxner  
**President**

## RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

### TREASURER'S REPORT

I am pleased to announce that for the third year running The Rugby Club has recorded an operating profit, but unfortunately this year not also a net profit.

	2009	2010	2011	2012	2013
<b>Operating Profit (Loss)</b>	(\$97,299)	(\$38,538)	\$143,704	\$190,933	\$174,716
<b>Profit (Loss) for the year</b>	(\$251,651)	(\$205,054)	(\$34,223)	\$12,125	(\$5,506)

There were two key events during the year which heavily influenced the financial results for 2013. Firstly we employed a General Manager, which we have not had since February 2011, and secondly the British & Irish Lions toured Australia accompanied by their fans who spent a lot of time and money in our bars.

Operating without a General Manager for just over two years allowed us to save cash during 2011 and 2012, but it demanded that staff take on extra responsibilities and, along with members of the Board, carry the burden during that time. To be the best club that we can be it is necessary to have a full-time General Manager. We employed Gerard Boyle in the position, starting March 2013.

Although the cost of employing a General Manager is significant for the club (refer to note 18 b for details) it is important to recognise the benefits that having a General Manager brings to the club. Since joining Gerard has implemented a number of improvements to the look and feel of the club which have increased gross income across all our revenue streams. He has also re-negotiated the majority of our contracted costs resulting in savings in our expenses. We believe that having somebody to drive the profitability of the club on a daily basis will outweigh the employment costs in the long run.

There were Lions fans all over Sydney in July and luckily a large number of them either remembered us from their trip here twelve years ago, or had heard about us from friends or via social media. Our bars were full and open for much longer hours than normal. Our net bar trading profit for July was \$40,000 higher than the same month in 2012.

While we can't expect to have a month like this during 2014 we have literally capitalised on these additional 2013 profits, using them to pay for approximately half of the cost of new furniture throughout the club which has recently been installed.

Our total revenue after direct expenses is \$725,490, compared to \$598,377 in 2012, which is an increase of 21%. The following is a brief summary of each of our revenue streams:

**Bar Trading:** Our net profit from bar trading increased from \$101,432 in 2012 to \$181,706 in 2013, an increase of 79%. This was largely due to the fans of the British & Irish Lions in July. However the later half of the year (long after the tourists had gone home) also showed a modest but sustained increase in sales compared with the same months in previous years, over and above the effect of the price rises we implemented in April 2013.

**Poker Machines and Keno:** The net income from poker machines continues to represent a significant portion of our total revenue, contributing \$317,863 (2012: \$308,067). We have continued with our strategy of replacing at least two machines each year to keep the room fresh and inviting. The machines installed in September 2013 were refurbished machines rather than brand new, which allowed us to replace machines in a very economic way. We introduced Keno in August and it has contributed net profits of just under \$5,000.

**Restaurant:** Our new caterers joined us in April 2013 which greatly improved the financial performance of the restaurant. Our bar sales in the restaurant were 23% higher in 2013 compared to 2012. However, catering licence fees are lower compared to 2012. This is partly because we didn't have a caterer for a short period of time, and partly because we provided the new caterer with a "rent free" incentive to assist with their start-up costs. We expect 2014 licence fee income to be considerably higher than 2012 and 2013.

**Functions:** Gross income from functions increased by 69% during the year, from \$32,430 in 2012 to \$54,812 in 2013. This translates to a net profit from Functions of almost \$19,000 compared to only \$7,000 in 2012. Functions remain an obvious area of growth for the Club and one that features prominently in the KPI's set for our new General Manager.

**Promotions/Events:** Our gross income from events decreased during the year, but our profitability increased. We have focused on having a number of "Sportsmen's Lunches" in the club during the year, and chose not to run an external Annual Lunch. This removed the risk of filling a function room at a hotel and allowed us to offer better value to those attending these lunches.

**Other Revenue:** We again thank our wonderful tenants Focussed Business Solutions who through their continued occupation of the top two floors of the Club contribute much needed rental income to our books.

During the year we painted the club inside and out at a total cost of \$13,370; this improved the look of the club greatly for a relatively small financial outlay.

## RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

### TREASURER'S REPORT [CONTINUED]

The "atmosphere" in the club has also been improved by major cleaning of the exhaust system. Due to the layout of our building this work required the hiring of a swing-stage lift, resulting in a total cost of \$10,026. This clean should last a number of years but the cost has all been expensed in the current year.

We have successfully refinanced the mortgage of \$1,100,000. We had to pay exit fees from the old loan but these were offset by interest savings on the lower rate of the new loan. A greater effect on the profit of the club will be seen in 2014.

Finally, I would like to thank the other members of the Finance Committee, namely Angus Bruxner, Peter Whittington and Paula Ward for their brilliant support and hard work this year. I particularly would like to recognise the work done by Pete who was Treasurer up to the last AGM, and who was instrumental in negotiating the re-mortgaging with National Australia Bank. I look forward to working with them all again in 2014.

Karin Christie  
**Treasurer**

### GENERAL MANAGER'S REPORT

It is with great delight that I present to you the 69<sup>th</sup> Annual Report and Financial Statements for the year ending 31 December 2013, and my first General Manager's report for The Rugby Club, in what has been an exciting and busy year for your Club.

2013 was a building year for the Club, and while the Lions Tour and the supporters they brought was a fantastic period of trading, we have seen steady growth throughout the year. Many members are visiting more often, and new patrons have enjoyed the Club for the first time.

Although every revenue centre was up significantly on 2012, expenses were much higher, resulting in a small net loss. Repair and maintenance was a key contributing factor, with many of these expenses one-off extraordinary items to improve the comfort levels and aesthetics of the Club.

As stated in the President's and Treasurer's reports, the Board have identified key strategies to improve the comfort and appearance of the Club. Through some careful planning we have been able to stretch the budget to incorporate improvements throughout the Club and many members have commented on the positive changes. I thank the members for your tolerance and patience while we undertook the improvements. The Board and management are working hard to continue to improve the comfort level and services for our members and further improvements to our AV systems and facilities are planned.

You will have noticed the new furniture on every level, with substantial aesthetic improvement to the Terrace, Waratah Bar and Wallaby Dining Room. This significant investment underlines the importance placed on improving members' comfort. We have also undertaken significant painting to the building exterior and the interior of the lower three levels.

Other operational improvements include upgrading our Fox Sports to high definition and purchasing new high definition data projectors for the Waratah Bar and the Barbarian Room. Recently we have purchased a brand new 75 inch LCD TV for the World Cup Bar, which means the best place to watch Rugby is now even better!

2013 was also the year we introduced experienced Executive Chef Jason Bygrave and his team as the Club's caterers. Jason and his Head Chef Dylan Mark were finalists in the Clubs NSW Chef's Table *Hail to the Chefs* awards. The competition is open to over 1000 NSW Clubs and received several hundred entries, with Jason and Dylan's delicious 3 course menu earning them a top 10 result. I encourage all members to bring their friends and colleagues to try their Wallaby Dining Room menu items, they are superb!

It is no secret that Clubs face an uncertain future in this highly regulated industry. CBD Clubs in particular face a continuous struggle and 2013 sadly saw the winding up of at least one long established CBD Club. New lock-out and last drink laws will affect the Club as revellers look at other areas to enjoy their night. There was an immediate negative impact caused by the introduction of the \$250 ATM limit, which has subsequently been removed, but further smoke-free laws and other regulations will be imposed on the Club in the near future, including the introduction of a substantial annual licence fee.

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

**GENERAL MANAGER'S REPORT [CONTINUED]**

To counter these challenges, it is imperative we continue to improve our services and aesthetics to encourage new and repeat business, and I hope all members will enjoy your Club as often as you can. I also extend a special invitation to our members seeking excellent function areas for lunches, parties and corporate meetings. Make sure you visit us online often for regular updates and offerings.

I wish to thank the Board of Directors for their guidance and support throughout the year. Your Directors put in an enormous amount of voluntary time into the Club, and despite the many challenges faced by the Club, are working tirelessly towards providing for the Members now and into the future.

I also extend my gratitude to all of the staff and Operations Manager Carolyn Moldavskaya for helping make 2013 so successful. We have a very good team at the Club and 2014 will see opportunities arise for staff development.

Finally I would like to thank you, the Members, for making me feel so welcome to what is a truly special Club. I look forward to seeing you in the Club for what should be a successful and prosperous 2014 and beyond.

Gerard Boyle ACCM  
**General Manager**

## RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

### DIRECTORS' REPORT

Your Directors present their report of Rugby Club Ltd for the financial year ended 31 December 2013.

#### Directors

The following directors held office during the year or to the date of this report are:

Angus Bruxner	President – Elected May-2013; Vice President Apr-2003 to May-2013; Director since Mar-1998; Member since Mar-1996; Rugby qualified Solicitor Eligible Directors' meetings 12 – Attended 11 Leave of absence granted – 1 meeting
Peter Whittington	Vice-President – Elected May-2013; Treasurer Jun-2012 to May-2013; Director since Feb-2009; Member since Dec-2006; Rugby qualified Manager Eligible Directors' meetings 12 – Attended 11 Leave of absence granted – 1 meeting
Karin Christie	Treasurer – Elected May-2013; Director since May-2011; Member since Mar-2010; Rugby qualified Chartered Accountant Eligible Directors' meetings 12 – Attended 9 Leave of absence granted – 3 meetings
Kenneth Cropper	Director since Feb-2006; Member since Apr-1989; Rugby qualified Company Director Eligible Directors' meetings 12 – Attended 12
Ross Hazlett	Director since May-2009; Director May-1994 to May-2008; Treasurer May-2005 to Oct-2006; Member since Oct-1985; Rugby qualified Law Agent Eligible Directors' meetings 12 – Attended 10 Leave of absence granted – 2 meetings
Ron Latham	Director since May-2009; Member since Jan-1998 Company Director Eligible Directors' meetings 12 – Attended 11 Leave of absence granted – 1 meeting
Lisa Kane	Director since May-2011; Member since Feb-2010; Rugby qualified Rugby Competition Manager Eligible Directors' meetings 12 – Attended 9 Leave of absence granted – 3 meetings
Tim Kelaher	Director since Jun-2012; Director Oct-2002 to Feb-2004; Member since Jan-2002; Rugby qualified National Business Manager Eligible Directors' meetings 12 – Attended 7 Leave of absence granted – 5 meeting
Mark Hartill [a]	President – Elected Jun-2012 to May-2013; Treasurer Mar-2010 to Jun-2012; Director since Mar-2010; Member since Sep-1986; Rugby qualified Company Director Eligible Directors' meetings 5 – Attended 5
Charles Giugni [b]	Director - Elected May-2013; Member since Oct-2002; Rugby qualified Company Director Eligible Directors' meetings 7 – Attended 7
Paula Ward [b]	Director – Elected May-2013; Member since Aug-2012; Company Director Eligible Directors' meetings 7 – Attended 7

**Note:** [a] Outgoing President following the AGM on 29-May-2013; [b] Elected at the AGM on 29-May-2013.

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.



## RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

### DIRECTORS' REPORT [CONTINUED]

#### Objectives

**Short term:** Providing for the members of Rugby Club Ltd and their guests a social club with all the usual services, amenities and facilities of a registered club and to assist generally in the promotion and propagation of the game of Rugby Union football.

**Long term:** To sustain Rugby Club Ltd's position as a leading provider of social entertainment in the Sydney CBD to ensure its long term strategy of promoting and supporting the game of Rugby Union football within the CBD and beyond.

#### Strategy for achieving the objectives

The principal strategies of Rugby Club Ltd include:

- Maximising advantage from property holdings;
- Maximising advantage from marketing opportunities;
- Offering a broad range of entertainment offerings; and
- Maintaining high customer service standards.

#### Principal activities

The principal activity of Rugby Club Ltd (a not for profit entity) in the course of the period was to provide the services and amenities of a registered club to members and their guests, and the support and promotion of district and country rugby in NSW. There were no significant changes in the nature of these activities during the period.

#### How these activities assisted in achieving the objectives:

The activities pursued by Rugby Club Ltd assist in generating revenue to fund the promotion and operations of Rugby Club Ltd and the promotion and propagation of the game of Rugby Union football.

#### Performance measurement and key performance indicators

Performance is assessed regularly against relevant internal and industry benchmarks, enabling assessment on the performance of strategic initiatives, and to measure their effectiveness in achieving short and long term objectives.

Key performance indicators:	2013	2012
Gross bar sales ratio %	63%	60%
Direct employee costs to bar sales %	32%	39%
Retention of poker machine clearances %	41%	35%
Total employee costs to total revenue %	31%	27%
Operating expense change [Year on Year] %	+18%	-4%
EBITDA [earnings before interest, taxes, depreciation and amortisation] \$	\$174,716	\$190,933

#### Dividends

Rugby Club Ltd being a public company limited by guarantee, does not have a capital divided into shares, and is prevented by the *Corporations Act 2001* and by the Club's Constitution from paying a dividend to members.

#### Limitation on members' liability

Rugby Club Ltd is a public company limited by guarantee, and in accordance with the club's constitution, the liability of financial members in the event of the company being wound-up would not exceed \$4.00 per member [includes all membership categories]. The total contribution by financial members in the event of the company being wound-up would be \$7,872 as reported in the table below.

Membership Categories	Member Liability	31 December 2013	31 December 2012
Honorary life members	\$40	10	10
Foundation life members	\$92	23	23
Rugby life members	\$1,020	255	253
City members	\$1,612	403	352
Country members	\$832	208	215
Emeritus members	\$260	65	71
Player/official members	\$272	68	127
Overseas members	\$144	36	35
House members	\$3,588	897	887
50 year members	\$12	3	4
	\$7,872	1,968	1,977

## RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

### DIRECTOR'S REPORT [CONTINUED]

#### Membership [continued]

In previous years, the membership table on the previous page, reported all members of the Club, including non-financial members. This year only **financial** members have been disclosed as at reporting date, as this reflects a more meaningful assessment of members' liability. Comparative 2012 figures have been amended to reflect this change.

#### Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2013 has been received and is located below.

Signed in accordance with a resolution of Directors made pursuant to section 298(2) of the *Corporations Act 2001*, on behalf of Directors by:

---

Angus Bruxner  
President

---

Karin Christie  
Treasurer

Signed at Sydney on this 11<sup>th</sup> day of April 2014

#### AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF RUGBY CLUB LTD

I declare, to the best of my knowledge and belief that during the year ended 31 December 2013 there have been no contraventions of:

- [i] the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- [ii] any applicable code of professional conduct in relation to the audit.

---

Harley Russell & Day  
Chartered Accountants

---

Garry William Day  
Registered Company Auditor

Dated at Sydney this 4<sup>th</sup> day of April 2014

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2013

	Note	2013 \$	2012 \$
Revenue from sale of goods		940,541	780,944
Revenue from rendering services		605,312	583,871
Other revenue		3,855	4,699
<b>Total revenue</b>		<b>1,549,708</b>	<b>1,369,514</b>
Cost of sales		(349,007)	(318,046)
Bar expenses		(268,932)	(259,346)
Poker machine expenses		(62,353)	(47,524)
Restaurant expenses		(39,079)	(37,013)
Function expenses		(33,823)	(31,253)
Keno expenses		(662)	0
Other employee expenses		(140,959)	(44,793)
Other equipment and occupancy expenses		(278,265)	(249,630)
Other expenses		(201,912)	(190,976)
<b>Operating profit</b>		<b>174,716</b>	<b>190,933</b>
Depreciation and amortisation expense		(73,791)	(68,720)
Finance expense		(106,431)	(110,088)
<b>Profit (loss) before income tax expense</b>		<b>(5,506)</b>	<b>12,125</b>
Income tax expense	1[d]	0	0
<b>Profit (loss) for the year</b>		<b>(5,506)</b>	<b>12,125</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income (loss) for the year</b>		<b>(5,506)</b>	<b>12,125</b>

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2013

	\$	\$	\$
	Retained Earnings	Asset Revaluation Reserve	Total Equity
<b>Balance as at 1 January 2012</b>	<b>(521,420)</b>	<b>2,458,656</b>	<b>1,937,236</b>
Total comprehensive income for the year	12,125	0	12,125
<b>Balance as at 31 December 2012</b>	<b>(509,295)</b>	<b>2,458,656</b>	<b>1,949,361</b>
Total comprehensive loss for the year	(5,506)	0	(5,506)
<b>Balance as at 31 December 2013</b>	<b>(514,801)</b>	<b>2,458,656</b>	<b>1,943,855</b>

The Statement of Comprehensive Income and Statement of Changes in Equity are to be read in conjunction with the Notes to the Financial Statements

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2013

	Note	2013 \$	2012 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	177,977	207,196
Trade and other receivables	3	5,960	4,570
Inventories	4	29,450	27,543
Other assets	5	52,060	55,449
<b>Total current assets</b>		<b>265,447</b>	<b>294,758</b>
<b>Non-current assets</b>			
Other assets	5	24,160	16,472
Property, plant and equipment	6	3,072,051	3,005,215
Intangible assets	7	0	1,454
<b>Total non-current assets</b>		<b>3,096,211</b>	<b>3,023,141</b>
<b>Total assets</b>		<b>3,361,658</b>	<b>3,317,899</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	102,553	74,311
Borrowings	9, 17	70,313	62,634
Short term provisions	10	55,712	30,633
Other liabilities	11	55,162	41,247
<b>Total current liabilities</b>		<b>283,740</b>	<b>208,825</b>
<b>Non-current liabilities</b>			
Borrowings	9, 17	1,116,728	1,124,034
Other long term provisions	10	0	15,025
Other liabilities	11	17,335	20,654
<b>Total non-current liabilities</b>		<b>1,134,063</b>	<b>1,159,713</b>
<b>Total liabilities</b>		<b>1,417,803</b>	<b>1,368,538</b>
<b>Net assets</b>		<b>1,943,855</b>	<b>1,949,361</b>
<b>Equity</b>			
Asset revaluation reserve	12	2,458,656	2,458,656
Retained earnings		(514,801)	(509,295)
<b>Total equity</b>		<b>1,943,855</b>	<b>1,949,361</b>

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

**STATEMENT OF CASH FLOW**  
for the year ended 31 December 2013

	<b>Note</b>	<b>2013</b> <b>\$</b>	<b>2012</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers and members		1,568,629	1,368,291
Payments to suppliers and employees		(1,384,225)	(1,204,058)
		<hr/>	<hr/>
Cash generated from operations		184,404	164,233
Finance costs		(106,431)	(110,088)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	16[a]	<b>77,973</b>	<b>54,145</b>
		<hr/>	<hr/>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(111,421)	(34,323)
Interest received		3,856	4,699
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		<b>(107,565)</b>	<b>(29,624)</b>
		<hr/>	<hr/>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		1,169,784	57,338
Repayment of borrowings		(1,166,624)	(51,287)
		<hr/>	<hr/>
<b>Net cash inflow from financing activities</b>		<b>3,160</b>	<b>6,051</b>
		<hr/>	<hr/>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>(26,432)</b>	<b>30,572</b>
Cash and cash equivalents at the beginning of the financial year		204,409	173,837
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	16[b]	<b>177,977</b>	<b>204,409</b>
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements

---

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2013****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the entity, Rugby Club Ltd.

**Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board [AASB], and the *Corporations Act 2001*. Rugby Club Ltd is a not for profit entity for the purpose of preparing the financial statements.

The financial statements of Rugby Club Ltd comply with Australian Accounting Standards – Reduced Disclosure Requirements. This Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1, but substantially reduced reporting requirements. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. These financial statements do not comply with International Financial Reporting Standards [IFRS] as issued by the International Accounting Standards Board [IASB]

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values, but modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The report is presented in Australian Dollars.

**Accounting policies****[a] Property, plant and equipment****Acquisition and depreciation**

Property, plant and equipment are included at cost of acquisition, or at independent or Directors' fair valuation, less any impairment. These assets are depreciated, other than land, over their useful lives commencing from the time the asset is held ready for use. The prime cost method [a straight-line basis] is used to depreciate non-current assets. The following depreciation rates are applied:

Furniture, plant & equipment	10.0% - 20.0%
Computer equipment	20.0% - 33.3%
Poker machines	25.0% - 33.3%
Building	2.0%
Renovations/improvements	2.0% - 10.0%

Profits and losses on disposal of property, plant and equipment are taken into account in determining the operating result for the year. Additionally, impairment of property, plant and equipment is reviewed at least annually.

**Impairment**

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If such an indication exists and where carrying values exceed the recoverable amount, the asset is written down to the recoverable amount. Recoverable amount is the greater of fair value less costs to sell and value in use.

**Revaluation**

The Directors have adopted a revaluation policy for land, at a minimum of three [3] yearly intervals. The revaluation of land, reflects a fair value by independent assessment of the unimproved capital value [U.C.V.] of the land, based on existing or contemplated use, and takes into account market conditions and value levels at the time. A revaluation notice is issued by the Lands Department, NSW State Government, every three years for this purpose, with the last valuation being made on 21 August 2012 [with the notice dated as at 1 July 2012].

Valuation of buildings is based on the insurance replacement valuation. The latest valuation was at 31 December 2013 on renewal of the Club's insurance, and is **not** booked, but shown at cost plus GST at Note 6 to the financial statements.

Revaluation increments are credited directly to the asset revaluation reserve. To the extent that a revaluation decrement reverses a revaluation increment previously credited, and still included in the balance of the asset revaluation reserve, the decrement is debited directly to the asset revaluation reserve. Otherwise the decrement is recognised as an expense. Revaluations do not result in the carrying value of land exceeding the recoverable amount.

---

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2012**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**[b] Inventories**

Inventories are carried at the lower of cost and net realisable value. The cost of inventories comprises all costs directly related to acquisition, such as freight and delivery charges, and liquor taxes where applicable. Cost is based on first-in, first-out principal. Net realisable value is determined on an item by item basis.

**[c] Employee entitlements**

Provision is made for the Club's liability for employee entitlements arising from services rendered by employees to balance date. The provisions for annual leave and long service leave have been calculated at nominal amounts based on current wage and salary rates, and include related costs in accordance with the various award requirements. The provision for long service leave is made on a pro-rata basis for all employees who have an excess of five years service.

Superannuation contributions are made by the Club to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The Club has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

**[d] Taxation**

**Income tax**

In assessing income tax liability, the Club applies the principle of mutuality to the revenue and expenses of the Club. The principle of mutuality is a common law principle arising from the premise that a person cannot profit from himself. Accordingly, receipts from members are deemed to be mutual and not subject to income tax, and expenses in connection with mutual activities are also mutual and not deductible for taxation purposes.

All other receipts and payments are classified, for taxation purposes, in accordance with taxation legislation.

The Club currently has the benefit of accumulated income tax losses, resulting in current income tax expense being reduced to \$Nil [2012 \$Nil]. Future income tax benefits relating to tax losses are not carried forward in the financial statements unless the benefits are virtually certain of being realised.

**Goods and services tax [GST]**

Revenues, expenses and assets are recognised net of the amount of GST in the financial accounts with the exception:

- where the GST incurred on purchases of goods and services is not recoverable from the Australian Taxation Office, in which case the GST is recognised as a part of the cost of acquisition of the asset or as part of the expense item as applicable.
- receivables and payables are stated inclusive of GST.
- Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the Australian Taxation Office, are classified as operating cash flows.
- Net poker machine revenue, which is presented on a GST inclusive basis, with the GST component treated in the financial accounts as an expense. This method provides Directors and members with information on the additional impost of GST on gaming revenue.

Currently the New South Wales State Government [Office of State Revenue] reimburses all Clubs in NSW the GST impost on the first \$200,000 of net gaming revenue, discounted for payment in advance.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the statement of financial position.

**Other taxation**

Where assets have been revalued, no provision for potential capital gains tax has been made.

**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 2013**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]**

**[e] Investments**

Investments are carried at the lower of cost and net recoverable amount. Interest income is brought to account on an accruals basis, and recognised as income as it becomes due.

**[f] Payables [trade and other creditors]**

Trade creditors represent liabilities for goods and services provided to the Club prior to the end of the financial year, and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**[g] Receivables [trade and other debtors]**

The terms of trade are usually 7 days from the date of invoice. Collectability of debtors is reviewed on an ongoing basis. Debts known to be uncollectible are written off as impaired.

**[h] Finance expenses**

Finance expenses are recognised as an operating expense in the period in which they are incurred. Finance expenses may include:

- Interest on bank overdrafts;
- Interest on bank loan;
- Interest on leases [hire purchase contracts];
- Interest on overdue payables;
- Interest on insurance funding.

**[i] Revenue recognition**

**General**

In general, revenue is recognised, where it can be reliably measured, in the period to which it relates. However, where there is not an established pattern of income flow, revenue is recognised on a cash receipts basis.

**Membership subscriptions**

The Clubs subscription year is 1 January to 31 December. Subscriptions are payable annually in advance. Only those membership subscription receipts which are attributable to the current financial year are recognised as revenue. Subscription receipts relating to periods beyond the current financial year are shown on the statement of financial position under the heading of Other Liabilities [refer to Note 11].

**[j] Cash and cash equivalents**

Cash includes cash on hand, cash at bank, deposits at call and highly liquid investments which are readily convertible to cash on hand.

**[k] Accounting for leases/hire purchase agreements**

Lease or hire purchase of plant and equipment, under which the Club assumes substantially all of the risks and benefits of ownership, are classified as **finance leases** [this includes hire purchase contracts].

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments [hiring instalments], including any guaranteed residual values. Leased assets are depreciated on a prime cost basis [straight line] over their estimated useful lives where it is likely the Club will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense [hire purchase charges] for the period.

Other leases are classified as **operating leases**. Minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term.

**[l] Comparative figures**

Where required by the Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.



**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>2. CASH AND CASH EQUIVALENTS</b>		
<b>Current</b>		
Cash on hand	20,610	18,060
Cash at bank	56,860	36,820
Call deposit	100,507	152,316
	<b>177,977</b>	<b>207,196</b>
<b>3. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	5,960	4,570
	<b>5,960</b>	<b>4,570</b>
<b>4. INVENTORIES</b>		
<b>Current</b>		
Stock on hand - at cost	29,450	27,543
	<b>29,450</b>	<b>27,543</b>
<b>5. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	52,060	55,449
	52,060	55,449
<b>Non-current</b>		
Deferred property development expenses	24,160	16,472
<b>Total other assets</b>	<b>76,220</b>	<b>71,921</b>
<b>6. PROPERTY, PLANT AND EQUIPMENT</b>		
<b>[a]</b> Freehold land ** - at valuation	2,470,000	2,470,000
The Directors of the Club review the freehold land asset at least every twelve months, to test for impairment. See Note [1][a].		
<b>[b]</b> Building ** - at cost	240,012	240,012
<b>Less:</b> Accumulated depreciation	(240,012)	(240,012)
	0	0
The current insurance declared valuation of the building is \$7,920,000 [2012: \$7,919,791]. See Note [1][a]. Additionally, the Club has received an <b>indicative</b> estimated value of \$5,400,000 on the Clubs' property [land and building] from the City of Sydney [prepared by National Property Consultants] dated December 2009, with the disclaimer, that it is not and should not be construed as a current <b>market</b> valuation. <b>Note:</b> ** Freehold land and buildings are <b>normally</b> classified as a <b>Core Asset</b> , as defined under the <i>Registered Clubs Act 1976</i> , but at the EGM held on 8 November 2011, members present agreed unanimously, to remove these assets from the restrictions imposed by the Core Assets section of the Act, to allow Directors to negotiate future development proposals. Directors have no authority to dispose of these assets without seeking members approval.		
<b>[c]</b> Renovations/improvements - at cost	1,192,909	1,191,959
<b>Less:</b> Accumulated depreciation	(816,985)	(797,558)
	375,924	394,401
<b>[d]</b> Plant, furniture and fittings - at cost	827,311	746,093
<b>Less:</b> Accumulated depreciation	(658,410)	(654,653)
	168,901	91,440

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT [CONTINUED]</b>		
[e] Poker machines - at cost	174,686	171,777
Less: Accumulated depreciation	(117,460)	(122,403)
	57,226	49,374
<b>Total property, plant and equipment</b>	<b>3,072,051</b>	<b>3,005,215</b>

**Reconciliation of the carrying amounts for each class of property, plant and equipment**

	Freehold Land \$	Building/ Renovations \$	Plant and Equipment \$	Poker Machines \$	Total \$
Opening balance	2,470,000	394,401	91,440	49,374	3,005,215
Additions	0	950	111,863	27,704	140,517
Disposals	0	0	0	(1,344)	(1,344)
Depreciation	0	(19,427)	(34,402)	(18,508)	(72,337)
Impairment	0	0	0	0	0
<b>Closing balance</b>	<b>2,470,000</b>	<b>375,924</b>	<b>168,901</b>	<b>57,226</b>	<b>3,072,051</b>

	2013 \$	2012 \$
<b>7. INTANGIBLE ASSETS</b>		
Website development - at cost	4,883	4,883
Less: Accumulated amortisation	(4,883)	(3,429)
	0	1,454

**Reconciliation of the carrying amount for website development:**

Opening Balance	1,454	3,086
Additions	0	0
Amortisation	(1,454)	(1,632)
<b>Closing Balance</b>	<b>0</b>	<b>1,454</b>

<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	58,790	24,537
Other creditors	3,262	3,349
Tax liabilities	12,993	11,132
Accruals	27,508	35,293
	<b>102,553</b>	<b>74,311</b>

<b>9. BORROWINGS</b>		
<b>Current</b>		
<b>Secured</b>		
Bank overdraft	0	2,787
Other loan	36,484	38,361
Hire purchase/deferred payment liability	33,829	21,486
	70,313	62,634

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>9. BORROWINGS [CONTINUED]</b>		
<b>Non-current</b>		
<b>Secured</b>		
Mortgage loan	0	1,100,000
Bank business loan	1,100,000	0
Hire purchase/deferred payment liability	16,728	24,034
	<u>1,116,728</u>	<u>1,124,034</u>
<b>Total borrowings</b>	<b><u>1,187,041</u></b>	<b><u>1,186,668</u></b>
<b>10. PROVISIONS</b>		
<b>Current</b>		
<b>Short term provisions</b>		
Employee benefits - provision for holiday and long service leave	55,712	30,633
	<u>55,712</u>	<u>30,633</u>
<b>Non-current</b>		
<b>Other long term provisions</b>		
Employee benefits - provision for long service leave	0	15,025
	<u>0</u>	<u>15,025</u>
<b>Total provisions</b>	<b><u>55,712</u></b>	<b><u>45,658</u></b>
<b>11. OTHER LIABILITIES</b>		
<b>Current</b>		
Membership subscriptions in advance	32,660	19,625
Rugby development fund	22,502	21,622
	<u>55,162</u>	<u>41,247</u>
<b>Non-current</b>		
Membership subscriptions in advance	17,335	20,654
	<u>17,335</u>	<u>20,654</u>
<b>Total other liabilities</b>	<b><u>72,497</u></b>	<b><u>61,901</u></b>
<b>12. RESERVES</b>		
<b>Asset revaluation surplus</b>		
The asset revaluation surplus represents the change in the valuation of land from the original carrying value. Land has been revalued by Directors based on the latest unimproved capital value [U.C.V] notice received from the Valuer General, Department of Lands, NSW State Government dated 1 July 2012 [Valuation as at 21 October 2012] at \$2,470,000 [refer to Note: 1(a)].		
<b>13. PROFIT (LOSS) FOR THE YEAR</b>		
Profit (loss) for the year has been arrived at after charging the following items as expense:		
Amounts set aside to provisions: Employee benefits [net]	10,054	3,544
Bad debts written-off	194	3,149
Depreciation	72,337	67,088
Amortisation	1,454	1,632
Interest on loans	106,431	110,088
<b>14. DIRECTORS' BENEFITS</b>		
Directors of Rugby Club Ltd have been duly appointed on an honorary basis. The Board does not receive any benefits or fees for their efforts and time. Out of pocket expenses have been reimbursed in accordance with guidelines set out by Clubs New South Wales and the <i>Registered Clubs Act 1976 [as amended]</i> , and as approved at the last AGM.		
Directors expenses	<b><u>558</u></b>	<b><u>477</u></b>

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>15. RELATED PARTY TRANSACTIONS</b>		
Transactions between related parties are based on normal commercial terms and conditions. These transactions are no more favourable than those available to other parties, unless otherwise stated. During this financial year there were no transactions with Directors/Officers or Director/Officer related entities.		
<b>16. CASH FLOWS</b>		
<b>[a] Reconciliation of net cash provided by operating activities to profit for the year</b>		
Profit (loss) for the year	(5,506)	12,125
<b>Plus non-cash items:</b>		
Depreciation/Amortisation of non-current assets	73,791	68,720
Net loss on disposal of property, plant & equipment	1,344	2,217
	<u>75,135</u>	<u>70,937</u>
<b>Minus non-operating items:</b>		
Interest received	(3,856)	(4,699)
	<u>(3,856)</u>	<u>(4,699)</u>
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in receivables	10,029	(7,833)
(Increase) decrease in inventories	(1,907)	974
(Increase) decrease in other current assets	(15,719)	(5,947)
Increase (decrease) in payables	8,467	(14,290)
Increase (decrease) in current provisions	10,054	1,923
Increase (decrease) in other current liabilities	19,619	1,020
Increase (decrease) in non-current liabilities	(18,343)	(65)
	<u>12,200</u>	<u>(24,218)</u>
<b>Net cash inflow from operating activities</b>	<u><u>77,973</u></u>	<u><u>54,145</u></u>
<b>[b] Reconciliation of cash</b>		
For the purposes of the statement of cash flows, cash includes cash on hand, cash at banks and investments in short term money market instruments, less bank overdrafts. Cash at the end of the reporting period, as shown in the cash flow statement, is reconciled to the items in the statement of financial position as follows:		
Cash on hand	20,610	18,060
Cash at bank	56,860	36,820
Bank overdraft	0	(2,787)
Call deposit	100,507	152,316
<b>Cash position at the end of the financial year</b>	<u><u>177,977</u></u>	<u><u>204,409</u></u>
<b>[c] Cash Restrictions</b>		
All cash referred to in Note 16[b], is available for use without restriction or encumbrance.		
<b>[d] Financing facilities</b>		
An unsecured bank overdraft facility of \$100,000 [2012: \$100,000] provided by the CBA Bank is available to Rugby Club Ltd as at 31 December 2013. Additionally, a combination variable/fixed rate interest only loan of \$1,100,000 provided by National Australia Bank [2012: 1,100,000 provided by Eclipse Prudent Mortgage Corporation], was fully drawn as at 31 December 2013, together with a new \$200,000 overdraft facility, currently not utilised, and are secured by first registered mortgage over Club property. The NAB loan facility expires on 29 May 2015. Refer to Note 9: Borrowings.		
The carrying value of security is:	<u><u>2,470,000</u></u>	<u><u>2,470,000</u></u>

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2013

			2013	2012
			\$	\$
<b>16. CASH FLOWS [CONTINUED]</b>				
<b>[e] Summary of borrowings</b>				
Facility/Review/Term	Original Amount	Current Interest Rate		
CBA Overdraft/annual	100,000	9.98%	0	2,787
Mtg Loan - interest only [repaid]	1,100,000	9.25%	0	1,100,000
NAB Loan - interest only/29-May-15	1,100,000	7.22%	1,100,000	0
Insurance funding/10 months	38,361	18.26%	36,484	38,361
Hire purchase/3 years	65,177	10.47%	50,557	45,520
			<b>1,187,041</b>	<b>1,186,668</b>

**17. COMMITMENTS****[a] Finance lease/hire purchases****Payable:**

Not later than one year	20,768	25,278
Later than one year but not later than five years	4,845	25,603

**Minimum lease payments**

<b>25,613</b>	<b>50,881</b>
---------------	---------------

**[b] Operating leases**

Non-cancellable operating leases contracted for but **not** recognised as liabilities, and payable.

Not later than one year	3,934	3,934
Later than one year but not later than five years	8,195	12,128

**Minimum lease payments**

<b>12,129</b>	<b>16,062</b>
---------------	---------------

**[c] Capital Expenditure**

Rugby Club Ltd has no capital expenditure commitments contracted for at balance date. However, at balance date, trade creditors reported at Note 8: Trade and Other Payables of \$58,790 includes an amount of \$32,004 being the balance due on supply of new furniture to the Club.

**18. KEY MANAGEMENT PERSONNEL COMPENSATION****[a] Key management personnel**

The names and positions held of key management personnel in office at any time during the financial year are:

Angus Bruxner	President
Peter Whittington	Vice-President
Karin Christie	Treasurer
Kenneth Cropper	Director
Ross Hazlett	Director
Ron Latham	Director
Lisa Kane	Director
Tim Kelaher	Director
Charles Giugni	Director
Paula Ward	Director
Mark Hartill	Former Director

**Other key management personnel**

General Manager	Gerard Boyle
-----------------	--------------

## RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2013

	2013	2012
	\$	\$
<hr/>		
18. KEY MANAGEMENT PERSONNEL COMPENSATION [CONTINUED]		
<b>[b] Key management personnel compensation</b>		
The following benefits and payments were made to <b>other key management personnel</b> . Refer to Note 14:		
Directors Benefits.		
Total compensation	87,476	0
	<u>87,476</u>	<u>0</u>

### 19. TAXATION

#### Future income tax benefit

At balance date, a potential future income tax benefit exists in the form of **estimated** [2013] and **confirmed** [2012] accumulated tax losses of:

<u>530,000</u>	<u>555,577</u>
----------------	----------------

These tax losses are available to offset any income tax liability, as a result of applying the principle of mutuality to Club revenue and expenses. Refer to Note 1[d].

The potential future income tax benefit attributable to tax losses, has not been recognised in the financial statements as an asset, as the recovery of this tax asset is regarded as uncertain.

### 20. REGISTERED CLUBS ACT REPORTING REQUIREMENTS

The disclosure requirements under section 41 of the *Registered Clubs Act 1976 [as amended]* are kept by the Club and may be viewed by application in writing to the Club General Manager.

### 21. POKER MACHINE ENTITLEMENTS

Rugby Club Ltd currently owns 11 poker machine entitlements. The value of these intangible assets, in accordance with accounting standards, are **not** recorded on the statement of financial position. The current market value for each entitlement is estimated by your Directors to be in the vicinity of \$8,000. This would make the estimated value of the entitlements held by Rugby Club Ltd to be \$88,000.

## RUGBY CLUB LTD

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

### DIRECTORS' DECLARATION

The Directors of Rugby Club Ltd declare that:

- [a] in the Directors' opinion, there are reasonable grounds to believe that Rugby Club Ltd will be able to pay its debts as and when they become due and payable; and
- [b] in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with Australian Accounting Standards, other mandatory reporting requirements, and giving a true and fair view of the financial position and performance of Rugby Club Ltd for the year ended 31 December 2013.

Signed in accordance with a resolution of the Directors made pursuant to section 295(5) of the *Corporations Act 2001*, on behalf of the Directors by:

---

Angus Bruxner  
President

---

Karin Christie  
Treasurer

Dated at Sydney this 11<sup>th</sup> day of April 2014

### INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RUGBY CLUB LTD

#### Report on the financial report

We have audited the accompanying financial report of Rugby Club Ltd ("the company") which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company at the year's end or from time to time during the financial year, as set out on pages 7 to 21, and the directors' declaration on this page.

#### Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### Audit responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the accounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of Rugby Club Ltd would be in the same terms if provided to the directors as at the date of this auditor's report.

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF  
RUGBY CLUB LTD [CONTINUED]****Auditor's opinion**

In our opinion:

[a] the financial report of Rugby Club Ltd is in accordance with the *Corporations Act 2001*, including:

- [i] giving a true and fair view of the company and its financial position as at 31 December 2013 and of the performance for the year ended on that date; and
- [ii] complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) as described in Note 1 and the *Corporations Regulations 2001*.

---

Harley Russell & Day  
Chartered Accountants

---

Garry William Day  
Registered Company Auditor

Dated at Sydney this 15<sup>th</sup> day of April 2014

**AUDITOR'S DISCLAIMER**

The supplementary financial data presented on the attached pages is in accordance with the books and records of Rugby Club Ltd, which have been subjected to the auditing procedures applied in my statutory audit of the Club for the year ended 31 December 2013. It will be appreciated that my statutory audit did not cover all details of the supplementary financial data. Accordingly, I do not express an opinion on such supplementary financial data and no warranty of accuracy or reliability is given.

In accordance with my firm's policy, I advise that neither the firm nor any member or employee of the firm undertakes responsibility arising in any way whatsoever to any person [other than Rugby Club Ltd], in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

---

Harley Russell & Day  
Chartered Accountants

---

Garry William Day  
Registered Company Auditor

Dated at Sydney this 15<sup>th</sup> day of April 2014



**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**SUPPLEMENTARY INFORMATION**
**EXTRACT FROM THE STATEMENT OF COMPREHENSIVE INCOME**  
**for the year ended 31 December 2013**

		<b>2013</b>	<b>2012</b>
		<b>\$</b>	<b>\$</b>
Bar trading -	Sales revenue	732,197	623,898
	<b>Less:</b> Cost of sales	(271,576)	(253,911)
	Gross profit from bar	460,621	369,987
	Direct expenses	(278,915)	(268,555)
	<b>Net profit from bar</b>	<b>181,706</b>	<b>101,432</b>
Poker machines -	Revenue [net]	402,506	374,863
	Direct expenses	(84,643)	(66,796)
	<b>Net profit from poker machines</b>	<b>317,863</b>	<b>308,067</b>
Keno trading -	Sales revenue	5,564	0
	Direct expenses	(662)	0
	<b>Net profit from keno</b>	<b>4,902</b>	<b>0</b>
Restaurant -	Bar sales revenue	151,841	123,857
	<b>Less:</b> Cost of sales	(56,319)	(50,407)
	Gross profit from bar	95,522	73,450
	Other revenue	19,284	25,031
	Direct expenses	(42,618)	(39,714)
	<b>Net profit from restaurant</b>	<b>72,188</b>	<b>58,767</b>
Functions -	Bar sales revenue	54,812	32,430
	<b>Less:</b> Cost of sales	(20,330)	(13,198)
	Gross profit from bar	34,482	19,232
	Other revenue	18,231	19,027
	Direct expenses	(33,823)	(31,253)
	<b>Net profit from functions</b>	<b>18,890</b>	<b>7,006</b>
Promotion/events -	Revenue	41,218	49,571
	Direct expenses	(34,550)	(46,773)
	<b>Net profit from promotions/events</b>	<b>6,668</b>	<b>2,798</b>
Other revenue		119,418	115,608
Interest received		3,855	4,699
<b>Total other revenue</b>		<b>123,273</b>	<b>120,307</b>
<b>Total revenue</b>		<b>725,490</b>	<b>598,377</b>
Other employee expenses		(140,959)	(44,793)
Other equipment and occupancy expenses		(318,572)	(289,987)
Other expenses		(168,816)	(145,835)
Finance expenses		(102,649)	(105,637)
<b>Total other expenses</b>		<b>(730,996)</b>	<b>(586,252)</b>
<b>Profit (loss) for the year</b>		<b>(5,506)</b>	<b>12,125</b>

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**SUPPLEMENTARY INFORMATION [CONTINUED]****PROFIT & LOSS ACCOUNT**

for the year ended 31 December 2013

		2013 \$	2012 \$
<b>REVENUE</b>			
<b>[a] Sales revenue</b>			
Bar sales	- bars	732,197	623,898
	- restaurant	151,841	123,857
	- functions	54,812	32,430
		<b>938,850</b>	<b>780,185</b>
Merchandise sales		1,691	759
<b>Total sales revenue</b>		<b>940,541</b>	<b>780,944</b>
<b>[b] Other revenue</b>			
<b>[i] Net poker machine revenue</b>		402,506	374,863
<b>[ii] Other</b>			
Catering license fees [rent]		19,284	25,031
Function room hire fees		17,105	18,795
Function room other income		1,126	232
Keno commission		5,564	0
Membership subscriptions		44,665	41,000
Promotion/events income		41,218	49,571
Rental income - 4/5th floors		70,875	72,000
Other income		2,969	2,379
<b>Total other</b>		<b>202,806</b>	<b>209,008</b>
<b>Total other revenue</b>		<b>605,312</b>	<b>583,871</b>
<b>[c] Interest received</b>			
Interest received	- cheque accounts	18	74
	- call deposit accounts	3,837	4,625
<b>Total interest received</b>		<b>3,855</b>	<b>4,699</b>
<b>Total revenue</b>		<b>1,549,708</b>	<b>1,369,514</b>
<b>EXPENSES</b>			
<b>[a] Bar expenses</b>			
Employee expenses		236,361	239,425
Repairs and maintenance		4,881	3,224
Stocktaking		4,518	3,682
Supplies		6,413	7,522
Other		16,759	5,493
		268,932	259,346
Depreciation		9,983	9,209
<b>Total bar expenses</b>		<b>278,915</b>	<b>268,555</b>
<b>[b] Poker machine expenses</b>			
Data monitoring system charges		5,141	4,998
Employee expenses		32,800	20,459
GST expense		19,411	16,898
Loss on sale/disposal		1,344	1,644
<b>Sub-total poker machine expenses</b>		<b>58,696</b>	<b>43,999</b>

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**SUPPLEMENTARY INFORMATION [CONTINUED]****PROFIT & LOSS ACCOUNT**

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>EXPENSES [CONTINUED]</b>		
<b>[b] Poker machine expenses [continued]</b>		
Repairs and maintenance	3,657	3,525
	62,353	47,524
Depreciation	18,508	14,821
Finance expense	3,782	4,451
<b>Total poker machine expenses</b>	<b>84,643</b>	<b>66,796</b>
<b>[c] Restaurant expenses</b>		
Employee expenses	32,429	30,997
Gas supply	6,530	5,644
Other	120	372
	39,079	37,013
Depreciation	3,539	2,701
<b>Total restaurant expenses</b>	<b>42,618</b>	<b>39,714</b>
<b>[d] Function expenses</b>		
Employee expenses	33,429	31,043
Other	394	210
<b>Total function expenses</b>	<b>33,823</b>	<b>31,253</b>
<b>[e] Keno expenses</b>		
Repairs & maintenance	627	0
Other	35	0
	<b>662</b>	<b>0</b>
<b>[f] Other employee expenses</b>		
Holiday/long service leave - provisioning	18,876	13,693
Employee costs - administration	121,170	36,816
Other employee costs	(1,666)	(8,477)
Staff recruitment	252	900
Staff training and welfare	818	1,458
Staff uniforms	1,509	403
<b>Total other employee expenses</b>	<b>140,959</b>	<b>44,793</b>
<b>[g] Other equipment and occupancy expenses</b>		
Cleaning	53,536	38,979
Electricity	58,176	52,620
Fire monitoring and equipment inspection	4,771	11,061
Insurance - general	36,037	37,341
Lease of equipment	4,177	3,770
Loss on disposal of property, plant and equipment	0	573
Rates - council	31,650	32,379
Rates - water	13,808	10,535
Repairs and maintenance	57,934	42,353
Security monitoring	1,348	824
Waste removal	16,828	19,195
	278,265	249,630
Depreciation	40,307	40,357
<b>Total other equipment and occupancy expenses</b>	<b>318,572</b>	<b>289,987</b>

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

**SUPPLEMENTARY INFORMATION [CONTINUED]****PROFIT & LOSS ACCOUNT**

for the year ended 31 December 2013

	2013 \$	2012 \$
<b>EXPENSES [CONTINUED]</b>		
<b>[h] Other expenses</b>		
Accountancy fees	19,900	20,350
Advertising and promotion	6,386	8,778
Auditor - audit fees	7,200	7,500
Auditor - other services	1,300	1,300
ATM - rentals	2,945	2,945
Bad debts written-off	194	3,149
Bank charges and loan application fees	19,046	18,511
Computer software, support & training	5,027	2,692
Consulting fees	7,475	2,666
Credit card charges - eftpos	8,884	4,937
Directors expenses	558	477
Filing fees	251	287
Fox sport	21,014	18,459
General expenses	303	260
Legal expenses	6,381	0
Licence fees and association subscriptions	7,312	8,682
Newspapers and publications	1,040	941
Pest control	2,525	2,561
Postage, printing & stationery	19,479	12,993
Promotion/events expense	34,550	46,773
Security services	22,442	18,091
Taxi and courier expenses	356	286
Telephone/internet	7,528	7,900
Other	(184)	438
	201,912	190,976
Amortisation expense	1,454	1,632
<b>Total other expenses</b>	<b>203,366</b>	<b>192,608</b>
<b>[i] Cost of sales</b>		
Bar	348,225	317,516
Merchandise	782	530
<b>Total cost of sales</b>	<b>349,007</b>	<b>318,046</b>
<b>[j] Finance expenses</b>		
Interest expense - loans	102,649	105,637
<b>Total expenses</b>	<b>1,555,214</b>	<b>1,357,389</b>
 Total revenues	 1,549,708	 1,369,514
<b>Less: Total expenses</b>	<b>(1,555,214)</b>	<b>(1,357,389)</b>
<b>Profit (loss) for the year</b>	<b>(5,506)</b>	<b>12,125</b>

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]  
ABN 80 000 050 279

---

**SUPPLEMENTARY INFORMATION [CONTINUED]****RUGBY DEVELOPMENT FUND**

for the year ended 31 December 2013

	<b>2013</b>	<b>2012</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Donations, sponsorships and net raffles	880	0
	<b>880</b>	<b>0</b>
<b>Expenses</b>		
Bank fees	0	0
Sponsorship and scholarships	0	0
	<b>0</b>	<b>0</b>
<b>Net surplus (deficit)</b>	<b>880</b>	<b>0</b>
<b>Accumulated Funds</b>		
Retained surplus at the beginning of the financial year	21,622	21,622
Net surplus (deficit)	880	0
Retained surplus at the end of the financial year	<b>22,502</b>	<b>21,622</b>
<b>Represented by:</b>		
<b>Current Assets</b>		
Cash at bank	22,502	21,622
	<b>22,502</b>	<b>21,622</b>