

**RUGBY CLUB LTD**

[A Company Limited by Guarantee]

ABN 80 000 050 279

# ANNUAL REPORT 2014



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# RUGBY CLUB LTD

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## ANNUAL REPORT

for the year ended 31 December 2014

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## **PRESIDENT'S REPORT**

At the General Meeting held on 16 September 2014 the Members of the Club resolved to sell the Club's property in Rugby Place for the sum of \$21,000,000.00 and contracts were exchanged with the purchaser on 17 September. The Contract provides that the sale is to settle by no later than 17 September 2015.

On 16 September 2014 the Members also resolved that the Board of Directors is authorised and empowered to take all necessary steps to establish a Foundation having objects that conform with the Objects for which the Club was established and benefit the game of Rugby in general and to pay into the Foundation funds received from the sale of the Club's land and buildings and not required for new club premises and the financial viability of those new club premises.

The establishment of the Foundation will be progressed as and when the process associated with establishing a new Rugby Club has become clearer.

Clearly this decision represents one of the most significant steps taken in the history of the Club. At the outset of this annual report I wish to thank the Members for demonstrating not only their love for the Club but also for working together to ensure that we could realise a magnificent opportunity to guarantee the Club's future and thus provide a legacy for future generations of Rugby players and supporters.

The Board of Directors has been required to undertake what can only be described as a significant and at times onerous role in relation to the sale process. However, recognising that this is a once in a lifetime opportunity for the Club the Directors have exhibited the highest levels of acumen, enthusiasm and commitment in accepting and fulfilling this role.

I wish to reiterate that each Director of the Club recognises and values the ideals and traditions upon which the Club was established and I therefore continue to feel humble and 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. All Directors continue to be united in their 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".

The successful negotiation of the property sale could not have been achieved without the necessary standards of corporate governance, transparency and stability being observed and applied as they have been by the Board of Directors which I feel honoured to lead as President.

The engagement of a group of eminent members to work in conjunction with the current Board was a key feature of the proposal that was taken to the wider membership on 17 September. The 97% yes vote that was recorded in favour of the resolution demonstrates that not only are the present challenges recognised, but that the membership wants the Club to continue for generations to come.

I feel confident in saying that this successful outcome could not have been achieved without the support and wise counsel provided by those eminent members, namely John Freedman, James Hall, Phil Harry, Bruce Hayman, Peter Maxwell and Peter Welch. Each of those gentlemen has in varying capacities served the Club and Rugby in a most exemplary manner in the past. I now specifically express my and the Board's considerable gratitude for their continuing and unstinting contribution during this particular phase of the Club's history.

I thank John Denoon, Simon Gunnis and Ian Rea for the significant contributions which they have made in their capacity as members of our second property advisory panel. They have each provided the commercial and technical experience and expertise which has been so vital in assisting the Club's Property Committee and the Board to negotiate a successful sale transaction and to chart the waters which lie ahead for the establishment of a new Rugby Club.

Although it is pleasing that the Club recorded a small net profit for the year ended 31 December 2014 we must remain vigilant in working towards a successful rebirthing of the Club. Whilst a huge burden was removed when the Club was able to repay its debt to the National Australia Bank the Club continues to be confronted by the challenges which confront many licensed clubs and particularly those situated within the Sydney CBD.

The Club operates within premises which can only be described as out-dated and inefficient and the refurbishment and maintenance of which is increasingly expensive and difficult to justify. During the day we are trying to compete with food and beverage outlets that can better cater to time poor individuals or with establishments which are situated in what are more pleasant surroundings or locations. Purely from a trading perspective, the continued socially responsible changes with regard to drinking, gambling and smoking impact our bottom line. Indeed as this report goes to print the Club's trading results to 31 March 2015 demonstrate that despite our best efforts to improve the profitability and functionality of the existing club premises, this is in the medium to long term a battle that cannot be won if our current business model is maintained.

The Contract for Sale entitles the Club to exercise an option to lease its current premises for a period ending on 31 December 2016. The rent which will be payable by the Club cannot be determined until mid-2015. Any decision to exercise the option to lease will be governed by the outcome of the negotiations with the purchaser regarding the terms of the lease, including rent, and the Club's general circumstances leading up to completion of the sale.

**PRESIDENT'S REPORT [CONTINUED]**

The question which naturally flows from those observations is one of how will the Board best rectify the problems associated with the ongoing trading issues confronted by the Club as it progresses through 2015 and beyond. To that end we have formulated several strategies in respect of the property transaction that has an end goal of ensuring that the Club has options available which will determine its own fate. The strategies which are currently being formulated and investigated include the following:

- (1) Seek to extend the Club's ability to continue occupying its current premises until the building is demolished and to then relocate to either temporary or permanent club premises.
- (2) Locate an interim replacement venue and subsequently establish new permanent club premises within the new development which will be undertaken on the sites which include the Club's current site.
- (3) Locate an interim replacement venue as soon as possible until permanent alternative premises are located.
- (4) Locate, procure, establish and occupy new permanent club premises as soon as possible.

Although each strategy involves several variables within itself it is neither practical nor appropriate to particularise all of those variables in this report. However, members can be assured that:

- (a) the Club's property advisory panels are being comprehensively briefed and regularly consulted;
- (b) the Board and its advisers have considered the feedback received in response to the Members' survey that was conducted during December 2014; and
- (c) the Board will seek to engage more regularly with Members as greater clarity emerges regarding each of the aforementioned strategies.

As we move forward into 2015 I can imagine that some Members may feel that the process is taking too long or that there is insufficient information being communicated to Members or that there is general uncertainty regarding the future of the Club. The Board can certainly empathise with your position in this regard because we sometimes feel the same!

However, the reality of the situation is that the complexities and development scenarios which are associated with the property transaction and the future of the Club do take time to negotiate and resolve. The Board had hoped and indeed wanted to present a more definitive path to Members by this stage. However we are now dealing with a new purchaser who is investigating the possibility of acquiring additional sites within the precinct. Consequently, not for the first or last time during this process, the chess pieces have moved again.

The Board therefore assures the Members that they can be confident that the Board is working towards some surety in the not too distant future – something which we may be able to expand upon by the time of the next Annual General Meeting – and that we are continuing to strive for an outcome with the Club's past, present and future best interests uppermost in our minds.

Turning to financial issues you will note that the Treasurer has prepared a comprehensive report which provides a breakdown of each component of the Club's trading operations. I note that whilst the Club made a small net profit there is much work to be done to ensure that we can reach into more comfortable financial grounds as it were, and a key focus for 2015 will be increasing the number of Members, guests and visitors who visit and patronise the Club facilities.

Rugby of course continues to be 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. Please be assured that the Board remains totally committed to that most important objective when it considers the options which might exist for new club premises.

Having regard to the Club's affinity with New South Wales Rugby we were naturally delighted by the Waratahs success in securing their first Super Rugby title in 2014. With Michael Cheika and his assistant coaches continuing at the helm we look forward to the Waratahs emulating that success in 2015.

Working in conjunction with the relevant Rugby Unions the Board continues to reinvigorate the Club's association with Premier Club Rugby, Suburban Rugby and Country Rugby and is seeking to enhance the Club's relationships and partnerships with the Australian Rugby Union and the Waratahs. We all look forward optimistically to the 2015 Rugby World Cup because any success enjoyed by the Wallabies naturally impacts positively upon the Club.

I express my and the Board's gratitude to the staff of the Club, ably led by General Manager Gerard Boyle, for their efforts during the past year.

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### PRESIDENT'S REPORT [CONTINUED]

I also express my sincere gratitude to Vice President Peter Whittington, Treasurer Karin Christie and each of my fellow Directors for their continuing support and loyalty and for their valuable contribution to the ethos and welfare of the Club during 2014. Without their selfless commitment and direct involvement through committee structures and general policy formulation the Club would not be in the healthy state which it is today.

I again wish to particularly thank Peter Whittington, Ross Hazlett and Charles Giugni for the 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 continued to contribute to this role have ensured that the best interests of the Club and its Members are being fully considered and protected at all times.

Finally I would also like to thank the Members for their continued support during these exciting yet significantly challenging times. Time is indeed an interesting theme to ponder at this point. We all become frustrated by how long certain processes seem to take, but in the end it is time that will help us build the most ideal Club that we can for Members and Rugby in general. We therefore seek your continued support of this institution which we all love and respect so much.

Angus Bruxner  
**President**

### TREASURER'S REPORT

I am pleased to announce that for the fourth year running The Rugby Club has recorded an operating profit, which this year has also, once again, resulted in a net profit.

	2010	2011	2012	2013	2014
Operating Profit (Loss)	(\$38,538)	\$143,704	\$190,933	\$174,716	\$163,980
Profit (Loss) for the year	(\$205,054)	(\$34,223)	\$12,125	(\$5,506)	\$9,217

Our total revenue after direct expenses is \$661,299, which is a decrease of 9% compared to \$725,490 in 2013. A decrease in trading was to be expected, given that the 2013 result included a windfall in patronage from fans during the British & Irish Lions tour.

The following is a brief summary of each of our revenue streams:

**Bar Trading:** Our net profit from bar trading decreased from \$180,319 in 2013 to \$162,366 in 2014, a decrease of 10%, which is attributed to not having the "Lions tourists" as mentioned above. However, the 2014 result is an increase of 60% on the 2012 profit of \$101,432. The increase since 2012 is a testament to management strategies around engaging with the rugby community through events such as hosting the "Gold Brigade" and a Waratahs fan night, and driving additional business into the club through promotions and events.

**Gaming:** The net income from poker machines continues to represent a significant portion of our total revenue, contributing \$227,782 (2013: \$317,863) during 2014. Unfortunately this is a decrease on 2013 of \$90,081 (28%). A contributing factor to this decrease is the fact that many of our local competitors are now providing a smoking solution in their gaming areas and have newer machines. We are continuing with our strategy of replacing at least two machines each year to keep the room fresh and inviting.

**Restaurant:** Profit from the restaurant bar decreased by 7% compared to 2013, which is again likely to be the effect of not having so many British and Irish visitors this year. However, the catering licence fees are approximately \$12,000 higher as a result of the caterer paying the licence fees for the full year. In 2013 we provided the new caterer with a "rent free" incentive to assist with their start-up costs.

**Functions:** Gross income from functions increased by 43% during the year, from \$69,106 in 2013 to \$99,062 in 2014. This translates to a net profit from Functions of \$35,729 compared to \$16,413 in 2013. This is the second year running where we have seen large increases (2012 profit was \$7,000), reflecting the additional focus placed on this revenue centre as a result of us previously identifying this as an area of potential growth.

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### TREASURER'S REPORT [CONTINUED]

**Promotions/Events:** We again held a series of very successful "Sportsmen's Lunches" in the club during the year. Profit from events has increased 147%, from \$15,591 in 2013 to \$38,629 in 2014. We are extremely grateful to the number of speakers who don't charge us a speaking fee, and also to Sequoia Financial Group who sponsored a number of the lunches.

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

**Property Sale:** In September we exchanged contracts to sell the property for \$21,000,000, with settlement deferred until September 2015. The gain on the sale will be accounted for at the time of settlement. Until that time we continue to carry the land and property at the values disclosed in note 6.

On exchange of contracts we received an irrevocable deposit of \$2,100,000 which allowed us to repay the loan to National Australia Bank, pay legal and similar costs in relation to the sale, and invest three-quarters of a million dollars into higher interest term deposits.

**Expenses:** Our employee costs have increased compared to last year, but equipment and occupancy costs have decreased by a similar amount due to cost-saving initiatives implemented over the last 18 months.

Interest costs are down considerably as a result of repaying the loan from NAB, as mentioned above.

I would like to thank the General Manager and all the employees of the Club for the dedication and hard work they demonstrate on a daily basis.

Finally, I would like to thank the other members of the Finance Committee, namely Angus Bruxner, Peter Whittington, Paula Ward and Charles Giugni, for their brilliant support and hard work throughout the year.

Karin Christie

**Treasurer**

### GENERAL MANAGER'S REPORT

In what has been one of the most successful and significant years in the Club's history, it gives me great pleasure to present to you The Rugby Club's 70<sup>th</sup> Annual Report and Financial Statements. The upcoming sale of the Club's premises has ensured the Club will continue long into the future as a place for all Rugby lovers to meet and enjoy the game of Rugby in new premises – wherever that may be.

The operating performance of the Club was pleasing. As mentioned in Karin's Treasurer's Report, 2014 resulted in an overall net profit – only the third such occurrence since 2000. This is despite us having to confront many external challenges.

In February 2014 the State Government, in response to so-called "alcohol-fuelled violence", passed lock out laws and restrictions to every Club and Hotel in "Sydney's CBD Entertainment Precinct" in which the Club is positioned. Subsequently NSW Bureau of Crime Statistics and Research reports a 40% reduction in assaults and The Rocks Police have also mentioned to me their evenings are far quieter.

Certainly this is an enormously positive social outcome. However, the laws have reportedly resulted in up to an 84 per cent decrease in footpath congestion in parts of the precinct. While The Rugby Club has never been a high risk venue, and rarely trades late at night, the consequences of lower patronage staying in or visiting the CBD has negatively affected our trade. A major ongoing illustration of this will be the Club's inability to open for the Rugby World Cup held in Europe this year, as the main matches fall within the no service and lock out periods.

Another major hurdle was suffering an unexpected and significant reduction in net gaming revenue of \$77,356 – a 19% reduction on 2013. This has been caused by loss of business to nearby competitors as they have matched, and exceeded, our offerings – particularly in the alfresco area and with newer machines.

In response to these events, we have concentrated on strict expenditure controls and increasing the performance of our other revenue centres. This May the gaming floor will receive a much needed boost with the purchase of two of the latest and most popular gaming machines on the market. It is anticipated this investment will reverse the declining trend.

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

A new tiered loyalty membership system named *Rugby Rewards*, incorporating electronic Ticket-In Ticket-Out [TITO] technology has been introduced, improving customer service for our poker machine players. All members earn points on their card for each dollar they spend across the bars and in the gaming room and move up tiers the more they spend, earning greater benefits the higher the tier they occupy. I encourage all members to come in, pick up their new cards and use them for each purchase or play.

Strong relationships have been developed and maintained with key external stakeholders including the Wallaby Supporters group the Gold Brigade, and digital and print media organisations. Fox Sports filmed several times in the Club for their shows *The Call of the Wallaby* and *Rugby HQ*. This exposure has been invaluable and the Gold Brigade event held prior to the Bledisloe Cup was an enormous success, and one we are working to emulate this year.

The Club has committed to form strong partnerships with the Waratahs and the Australian Rugby Union. We also remain proud sponsors of NSW Rugby Union's Shute Shield, Suburban Rugby and Country Rugby competitions.

Feedback has been overwhelmingly positive in response to our refurbishments, which includes painting of all the floors, installing the new modern furniture, carpet and awning, and upgrading our TVs and sound systems.

A sustained focus on facilitating best practice in financial management has led to changing service providers or renegotiating deals for more attractive arrangements. Effectively monitoring staffing levels and increasing patronage through an integrated marketing plan have also ensured a profitable result.

None of these results would have been possible without a great team, and The Rugby Club is extremely fortunate to have an excellent hospitality team. Carolyn Moldavskaya is a tireless Operations Manager, constant sounding board for me and exceptional manager for the staff. The dramatic increase in Functions revenue particularly is due to Carolyn's professionalism. Carolyn has notched up almost 12 years' service, a rarity in this day and age in the Club Industry, and I thank her sincerely for her ongoing loyalty and dedication.

We also welcomed a bright spark to our Dining Room with Mariana joining the wonderful Anna. With the exceptional catering provided by Jason, Dylan and Susan, Mariana and Anna make the Wallaby Dining Room a special and unique place to dine and conduct business and social meetings.

The rest of our staff has continued to perform in a professional and committed manner, and have had the benefits of excellent supervision from the highly capable Stana and Cameron. I thank you for all of your hard work in 2014 and beyond. I also thank the Club's accountant Denis Cheetham for his financial advice, analytical expertise and humorous stories.

I thank those Directors who have helped me throughout the year, most notably Ron Latham in his role as Chair of the Operations Committee. Ron has been a tremendous support, collaborator and mentor, and has also helped significantly with the positive performance in 2014.

Most important of all, I thank you, the members and many supporters who use the Club as "your local". Without you the Club could not exist. The sale of The Rugby Club property has confused many people into thinking we have already shut the doors – which of course we haven't. Your Club needs your ongoing support and participation in Club activities more now than ever, and by spreading the word we are still very much open, the Club will long continue to be *The Home of the True Spirit of Rugby*.

Gerard Boyle ACCM  
**General Manager**

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### DIRECTORS' REPORT

Your Directors present their report of Rugby Club Ltd for the financial year ended 31 December 2014.

#### Directors

The directors who 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 Partnership Executive Eligible Directors' meetings 12 – Attended 10 Leave of absence granted – 2 meetings
Karin Christie	Treasurer – Elected May-2013; Director since May-2011; Member since Mar-2010; Rugby qualified Chartered Accountant Eligible Directors' meetings 12 – Attended 7 Leave of absence granted – 5 meetings
Kenneth Cropper	Director since Feb-2006; Member since Apr-1989; Rugby qualified Company Director Eligible Directors' meetings 12 – Attended 12
Charles Giugni	Director - Elected May-2013; Member since Oct-2002; 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 8 Leave of absence granted – 4 meetings
Lisa Kane	Director since May-2011; Member since Feb-2010; Rugby qualified Rugby Competition Manager Eligible Directors' meetings 12 – Attended 8 Leave of absence granted – 4 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 6 Leave of absence granted – 6 meeting
Ron Latham	Director since May-2009; Member since Jan-1998 Company Director Eligible Directors' meetings 12 – Attended 11 Leave of absence granted – 1 meeting
Paula Ward	Director – Elected May-2013; Member since Aug-2012; Company Director Eligible Directors' meetings 12 – Attended 9 Leave of absence granted – 3 meetings

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

#### 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.



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### DIRECTORS' REPORT [CONTINUED]

#### 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:	2014	2013
Gross bar sales ratio %	64%	63%
Direct employee costs to bar sales %	31%	32%
Retention of poker machine clearances %	38%	41%
Total employee costs to total revenue %	32%	31%
Operating expense change [Year on Year] %	+1%	+18%
EBITDA [earnings before interest, taxes, depreciation and amortisation] \$	\$163,980	\$174,716

#### 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.

#### Operating result

The net profit for the year was \$9,217 [2013: Loss of \$5,506], and was after charging \$87,413 in depreciation/amortisation [2013: \$73,791] and interest expense of \$67,350 [2013: \$106,431]. There was no impairment of assets or income tax charges for either 2014 or 2013.

#### Significant events and future developments

At the General Meeting held on 16 September 2014 the members present at the meeting passed a special resolution approving the sale of all the Club's property for \$21,000,000. Settlement of the sale should occur on or before 17 September 2015. The sale contract allows for the Club to exercise an option to lease the property so as to continue trading in the current premises whilst paying rent until 31 December 2016, at which time the Club may require alternative trading premises. The trading and operational effects on 2015 and future years are unclear at this time.

#### 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 \$7,488 [2013: \$7,872] as reported in the table below.

#### Membership

Categories	Member Liability	31 December 2014	31 December 2013
Honorary life members	\$40	10	10
Foundation life members	\$92	23	23
Rugby life members	\$1,044	261	255
City members	\$1,512	378	403
Country members	\$848	212	208
Emeritus members	\$256	64	65
Player/official members	\$272	68	68
Overseas members	\$144	36	36
House members	\$3,272	818	897
50 year members	\$8	2	3
	<hr/>	<hr/>	<hr/>
	\$7,488	1,872	1,968

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**DIRECTOR'S REPORT [CONTINUED]****Auditor's independence declaration**

The auditor's independence declaration for the year ended 31 December 2014 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 9<sup>th</sup> day of April 2015

**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 2014 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.

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Harley Russell & Day  
Chartered Accountants

Dated at Sydney this 10<sup>th</sup> day of April 2015



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Garry William Day  
Registered Company Auditor

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**STATEMENT OF COMPREHENSIVE INCOME**

for the year ended 31 December 2014

	Note	2014 \$	2013 \$
Revenue from sale of goods		880,610	940,541
Revenue from rendering services		612,271	605,312
Other revenue		9,005	3,855
<b>Total revenue</b>		<b>1,501,886</b>	<b>1,549,708</b>
Cost of sales		(313,773)	(349,007)
Bar expenses		(244,568)	(268,932)
Poker machine expenses		(67,551)	(62,353)
Restaurant expenses		(36,895)	(39,079)
Function expenses		(34,563)	(33,823)
Promotions/events expenses		(93,473)	(34,550)
Keno expenses		(1,310)	(662)
Other employee expenses		(170,945)	(140,959)
Other equipment and occupancy expenses		(240,277)	(278,265)
Other expenses		(134,551)	(167,362)
<b>Operating profit</b>		<b>163,980</b>	<b>174,716</b>
Depreciation and amortisation expense		(87,413)	(73,791)
Finance expense		(67,350)	(106,431)
<b>Profit (loss) before income tax expense</b>		<b>9,217</b>	<b>(5,506)</b>
Income tax expense	1[d]	0	0
<b>Profit (loss) for the year</b>		<b>9,217</b>	<b>(5,506)</b>
<b>Other comprehensive income</b>		<b>0</b>	<b>0</b>
<b>Total comprehensive income (loss) for the year</b>		<b>9,217</b>	<b>(5,506)</b>

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 December 2014

	\$	\$	\$
	Retained Earnings	Asset Revaluation Reserve	Total Equity
<b>Balance as at 1 January 2013</b>	(509,295)	2,458,656	1,949,361
Total comprehensive loss for the year	(5,506)	0	(5,506)
<b>Balance as at 31 December 2013</b>	(514,801)	2,458,656	1,943,855
Total comprehensive income for the year	9,217	0	9,217
<b>Balance as at 31 December 2014</b>	<b>(505,584)</b>	<b>2,458,656</b>	<b>1,953,072</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

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**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2014

	Note	2014 \$	2013 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	1,024,390	177,977
Trade and other receivables	3	14,486	5,960
Inventories	4	29,608	29,450
Other assets	5	66,603	52,060
<b>Total current assets</b>		<b>1,135,087</b>	<b>265,447</b>
<b>Non-current assets</b>			
Property, plant and equipment	6	3,212,893	3,096,211
Intangible assets	7	7,294	0
<b>Total non-current assets</b>		<b>3,220,187</b>	<b>3,096,211</b>
<b>Total assets</b>		<b>4,355,274</b>	<b>3,361,658</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	117,930	102,553
Borrowings	9, 17	54,111	70,313
Short term provisions	10	57,448	55,712
Other liabilities	11	2,149,333	55,162
<b>Total current liabilities</b>		<b>2,378,822</b>	<b>283,740</b>
<b>Non-current liabilities</b>			
Borrowings	9, 17	4,823	1,116,728
Other liabilities	11	18,557	17,335
<b>Total non-current liabilities</b>		<b>23,380</b>	<b>1,134,063</b>
<b>Total liabilities</b>		<b>2,402,202</b>	<b>1,417,803</b>
<b>Net assets</b>		<b>1,953,072</b>	<b>1,943,855</b>
<b>Equity</b>			
Asset revaluation reserve	12	2,458,656	2,458,656
Retained earnings		(505,584)	(514,801)
<b>Total equity</b>		<b>1,953,072</b>	<b>1,943,855</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 2014

	<b>Note</b>	<b>2014</b> <b>\$</b>	<b>2013</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from customers and members		1,484,355	1,568,629
Payments to suppliers and employees		(1,330,865)	(1,376,537)
Cash generated from operations		153,490	192,092
Finance costs		(67,350)	(106,431)
<b>Net cash inflow from operating activities</b>	16[a]	<b>86,140</b>	<b>85,661</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(103,568)	(111,421)
Payments to suppliers - property development		(117,057)	(7,688)
Proceeds from sale of property, plant and equipment		2,100,000	0
Interest received		9,005	3,856
<b>Net cash inflow (outflow) from investing activities</b>		<b>1,888,380</b>	<b>(115,253)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		156,434	1,169,784
Repayment of borrowings		(1,284,541)	(1,166,624)
<b>Net cash inflow (outflow) from financing activities</b>		<b>(1,128,107)</b>	<b>3,160</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		<b>846,413</b>	<b>(26,432)</b>
Cash and cash equivalents at the beginning of the financial year		177,977	204,409
<b>Cash and cash equivalents at the end of the financial year</b>	16[b]	<b>1,024,390</b>	<b>177,977</b>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 December 2014****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 2014 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.

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**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 [2013 \$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**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>2. CASH AND CASH EQUIVALENTS</b>		
<b>Current</b>		
Cash on hand	18,460	20,610
Cash at bank	64,480	56,860
Call deposit	191,450	100,507
Term deposits	750,000	0
	<b>1,024,390</b>	<b>177,977</b>
<b>3. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	8,256	5,960
Other receivables	6,230	0
	<b>14,486</b>	<b>5,960</b>
<b>4. INVENTORIES</b>		
<b>Current</b>		
Stock on hand - at cost	29,608	29,450
	<b>29,608</b>	<b>29,450</b>
<b>5. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	66,603	52,060
	<b>66,603</b>	<b>52,060</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
<b>[c]</b> Deferred property development costs	141,217	24,160
The current insurance declared valuation of the building is \$7,920,000 [2013: \$7,920,000]. See Note [1][a].		
<b>Note:</b> ** Freehold land and building are normally 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. Subsequently, at the EGM held on 16 September 2014 a special resolution was passed by members present, approving the sale of the whole of the Club's property for \$21,000,000. Contracts for the sale were exchanged on 17 September 2014 with settlement to occur within the next twelve [12] months. In addition, the Club received payment of a 10% irrevocable deposit of \$2,100,000 on this date. These funds were used to repay a loan from the National Australia Bank Ltd for \$1,200,000 with the balance placed on deposit with the National Australia Bank. See Note 2: Cash and Cash Equivalents, and Note 9: Borrowings.		
<b>[d]</b> Renovations/improvements - at cost	1,127,433	1,192,909
<b>Less:</b> Accumulated depreciation	(768,684)	(816,985)
	<b>358,749</b>	<b>375,924</b>

**RUGBY CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>6. PROPERTY, PLANT AND EQUIPMENT [CONTINUED]</b>		
[e] Plant, furniture and fittings - at cost	529,211	827,311
Less: Accumulated depreciation	(370,047)	(658,410)
	159,164	168,901
[f] Poker machines - at cost	201,259	174,686
Less: Accumulated depreciation	(117,496)	(117,460)
	83,763	57,226
<b>Total property, plant and equipment</b>	<b>3,212,893</b>	<b>3,096,211</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	400,084	168,901	57,226	3,096,211
Additions	0	2,500	36,739	55,833	95,072
Deferred costs	0	117,057	0	0	117,057
Disposals	0	0	(8,351)	(885)	(9,236)
Depreciation	0	(19,675)	(38,125)	(28,411)	(86,211)
Impairment	0	0	0	0	0
<b>Closing balance</b>	<b>2,470,000</b>	<b>499,966</b>	<b>159,164</b>	<b>83,763</b>	<b>3,212,893</b>

	2014 \$	2013 \$
<b>7. INTANGIBLE ASSETS</b>		
Website development - at cost	8,496	4,883
Less: Accumulated amortisation	(1,202)	(4,883)
	7,294	0
<b>Reconciliation of the carrying amount for website development:</b>		
Opening Balance	0	1,454
Additions	8,496	0
Amortisation	(1,202)	(1,454)
<b>Closing Balance</b>	<b>7,294</b>	<b>0</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	23,949	58,790
Other creditors	47,007	3,262
Tax liabilities	19,051	12,993
Accruals	27,923	27,508
	117,930	102,553
<b>9. BORROWINGS</b>		
<b>Current</b>		
<b>Secured</b>		
Other loan	0	36,484
Hire purchase agreement/deferred payment liabilities	54,111	33,829
	54,111	70,313

**RUGBY CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

	2014 \$	2013 \$
<b>9. BORROWINGS [CONTINUED]</b>		
<b>Non-current</b>		
<b>Secured</b>		
Bank business loan	0	1,100,000
Hire purchase agreement/deferred payment liabilities	4,823	16,728
	4,823	1,116,728
<b>Total borrowings</b>	<b>58,934</b>	<b>1,187,041</b>
<b>10. PROVISIONS</b>		
<b>Current</b>		
<b>Short term provisions</b>		
Employee benefits - provision for holiday and long service leave	57,448	55,712
<b>11. OTHER LIABILITIES</b>		
<b>Current</b>		
Membership subscriptions in advance	20,773	32,660
Irrevocable deposit - land and building sale [refer Note: 6 [a] and [b]]	2,100,000	0
Rugby development fund	28,560	22,502
	2,149,333	55,162
<b>Non-current</b>		
Membership subscriptions in advance	18,557	17,335
<b>Total other liabilities</b>	<b>2,167,890</b>	<b>72,497</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]	1,736	10,054
Bad debts written-off	0	194
Depreciation	86,211	72,337
Amortisation	1,202	1,454
Interest on loans	67,350	106,431
<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	464	558

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

	2014 \$	2013 \$
<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 commercial transactions [purchase of goods or services] 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 (loss) for the year</b>		
Profit (loss) for the year	9,217	(5,506)
<b>Plus non-cash items:</b>		
Depreciation/Amortisation of non-current assets	87,413	73,791
Net loss on disposal of property, plant & equipment	9,236	1,344
	96,649	75,135
<b>Minus non-operating items:</b>		
Interest received	(9,005)	(3,856)
	(9,005)	(3,856)
<b>Changes in assets and liabilities:</b>		
(Increase) decrease in receivables	(8,526)	10,029
(Increase) decrease in inventories	(158)	(1,907)
(Increase) decrease in other current assets	(14,543)	(8,031)
Increase (decrease) in payables	15,377	(853)
Increase (decrease) in current provisions	1,736	10,054
Increase (decrease) in other current liabilities	(5,829)	13,915
Increase (decrease) in non-current liabilities	1,222	(3,319)
	(10,721)	19,888
<b>Net cash inflow from operating activities</b>	<b>86,140</b>	<b>85,661</b>
<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	18,460	20,610
Cash at bank	64,480	56,860
Call deposit	191,450	100,507
Term deposits	750,000	0
<b>Cash position at the end of the financial year</b>	<b>1,024,390</b>	<b>177,977</b>
<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>		
The unsecured overdraft facility of \$100,000 with the Commonwealth Bank of Australia is no longer available, following the account closure in December 2014 [2013: \$100,000]. In addition, there was a combination fixed/variable rate interest only loan for \$1,200,000 [this was increased during the year by +\$100,000] provided by the National Australia Bank which was repaid in September 2014 [2013: \$1,100,000]. The NAB also provides an overdraft facility of \$200,000 [currently unutilised] which is still available [2013: \$200,000 unutilised]. The overdraft facility is secured by first registered mortgage over Club property. See Note 9: Borrowings.		
The carrying value of security is:	<b>2,470,000</b>	<b>2,470,000</b>

**RUGBY CLUB LTD**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

			2014	2013
			\$	\$
<b>16. CASH FLOWS [CONTINUED]</b>				
<b>[e] Summary of borrowings</b>				
	<b>Original Amount</b>	<b>Current Interest Rate</b>		
Facility/Review/Term				
NAB Loan - interest only [repaid]	1,100,000	0.00%	0	1,100,000
Insurance funding/10 mths [repaid]	38,361	0.00%	0	36,484
Deferred payments/3 years	57,869	0.00%	31,346	26,523
Deferred payment/12 months	28,934	0.00%	22,916	0
Hire purchase/3 years	65,177	9.81%	4,672	24,034
			<b>58,934</b>	<b>1,187,041</b>

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

Not later than one year	4,845	20,768
Later than one year but not later than five years	0	4,845

**Minimum lease payments**

<b>4,845</b>	<b>25,613</b>
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**[b] Operating leases**

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

Not later than one year	12,056	3,934
Later than one year but not later than five years	29,982	8,195

**Minimum lease payments**

<b>42,038</b>	<b>12,129</b>
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**[c] Capital Expenditure**

Rugby Club Ltd has no capital expenditure commitments contracted for at balance date.

**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
Charles Giugni	Director
Ross Hazlett	Director
Lisa Kane	Director
Tim Kelaher	Director
Ron Latham	Director
Paula Ward	Director

**Other key management personnel**

General Manager	Gerard Boyle
Operations Manager	Carolyn Moldavskaya

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 December 2014

	2014	2013
	\$	\$
<b>18. KEY MANAGEMENT PERSONNEL COMPENSATION [CONTINUED]</b>		
<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	211,845	171,955
	<u>211,845</u>	<u>171,955</u>

**19. TAXATION**

**Future income tax benefit**

At balance date, a potential future income tax benefit exists in the form of **estimated** [2014] and **confirmed** [2013] accumulated tax losses of:

	<u>530,000</u>	<u>542,192</u>
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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 \$13,500. This would make the estimated value of the entitlements held by Rugby Club Ltd to be \$148,500.

## RUGBY CLUB LTD

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### 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 2014.

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 9<sup>th</sup> day of April 2015

### 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 2014, 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

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**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 2014 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*.

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Harley Russell & Day  
Chartered Accountants

Dated at Sydney this 10<sup>th</sup> day of April 2015

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Garry William Day  
Registered Company Auditor

**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 2014. 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.

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Harley Russell & Day  
Chartered Accountants

Dated at Sydney this 10<sup>th</sup> day of April 2015

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Garry William Day  
Registered Company Auditor



**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 2014

		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
Bar trading -	Sales revenue	647,363	729,993
	<b>Less:</b> Cost of sales	(230,664)	(270,759)
	Gross profit from bar	416,699	459,234
	Other revenue	3,000	0
	Direct expenses	(257,333)	(278,915)
	<b>Net profit from bar</b>	<b>162,366</b>	<b>180,319</b>
Poker machines -	Revenue [net]	325,150	402,506
	Direct expenses	(97,368)	(84,643)
	<b>Net profit from poker machines</b>	<b>227,782</b>	<b>317,863</b>
Keno trading -	Sales revenue	3,511	5,564
	Direct expenses	(1,310)	(662)
	<b>Net profit from keno</b>	<b>2,201</b>	<b>4,902</b>
Restaurant -	Bar sales revenue	130,302	143,798
	<b>Less:</b> Cost of sales	(46,428)	(53,335)
	Gross profit from bar	83,874	90,463
	Other revenue	31,182	19,284
	Direct expenses	(42,767)	(42,618)
	<b>Net profit from restaurant</b>	<b>72,289</b>	<b>67,129</b>
Functions -	Bar sales revenue	80,744	50,875
	<b>Less:</b> Cost of sales	(28,770)	(18,870)
	Gross profit from bar	51,974	32,005
	Other revenue	18,318	18,231
	Direct expenses	(34,563)	(33,823)
	<b>Net profit from functions</b>	<b>35,729</b>	<b>16,413</b>
Promotion/events -	Bar sales revenue	22,201	14,184
	<b>Less:</b> Cost of sales	(7,911)	(5,261)
	Gross profit from bar	14,290	8,923
	Other revenue	117,812	41,218
	Direct expenses	(93,473)	(34,550)
	<b>Net profit from promotions/events</b>	<b>38,629</b>	<b>15,591</b>
Other revenue		113,298	119,418
Interest received		9,005	3,855
<b>Total other revenue</b>		<b>122,303</b>	<b>123,273</b>
<b>Total revenue</b>		<b>661,299</b>	<b>725,490</b>
Other employee expenses		(170,945)	(140,959)
Other equipment and occupancy expenses		(279,440)	(318,572)
Other expenses		(135,753)	(168,816)
Finance expenses		(65,944)	(102,649)
<b>Total other expenses</b>		<b>(652,082)</b>	<b>(730,996)</b>
<b>Profit (loss) for the year</b>		<b>9,217</b>	<b>(5,506)</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 2014

		2014	2013
		\$	\$
<b>REVENUE</b>			
<b>[a] Sales revenue</b>			
Bar sales	- bars	647,363	729,993
	- restaurant	130,302	143,798
	- functions	80,744	50,875
	- promotion/events	22,201	14,184
		<b>880,610</b>	<b>938,850</b>
Merchandise sales		0	1,691
<b>Total sales revenue</b>		<b>880,610</b>	<b>940,541</b>
<b>[b] Other revenue</b>			
<b>[i] Net poker machine revenue</b>		325,150	402,506
<b>[ii] Other</b>			
Brewery venue support		3,000	0
Catering license fees [rent]		31,182	19,284
Function room hire fees		16,936	17,105
Function room other income		1,382	1,126
Keno commission		3,511	5,564
Membership subscriptions		39,894	44,665
Promotion/events income		117,812	41,218
Rental income - 4/5th floors		72,000	70,875
Other income		1,404	2,969
<b>Total other</b>		<b>287,121</b>	<b>202,806</b>
<b>Total other revenue</b>		<b>612,271</b>	<b>605,312</b>
<b>[c] Interest received</b>			
Interest received	- cheque accounts	0	18
	- call deposit accounts	2,885	3,837
	- term deposit accounts	6,120	0
<b>Total interest received</b>		<b>9,005</b>	<b>3,855</b>
<b>Total revenue</b>		<b>1,501,886</b>	<b>1,549,708</b>
<b>EXPENSES</b>			
<b>[a] Bar expenses</b>			
Employee expenses		218,750	236,361
Gas - outdoor heating		2,000	0
Repairs and maintenance		5,414	4,881
Stocktaking		4,800	4,518
Supplies		3,889	6,413
Other		9,715	16,759
		244,568	268,932
Depreciation		12,765	9,983
<b>Total bar expenses</b>		<b>257,333</b>	<b>278,915</b>
<b>[b] Poker machine expenses</b>			
Data monitoring system charges		5,291	5,141
Employee expenses		43,667	32,800
Licence fees		1,237	0
GST expense [net]		12,379	19,411
<b>Sub-total poker machine expenses</b>		<b>62,574</b>	<b>57,352</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 2014

	2014 \$	2013 \$
<b>EXPENSES [CONTINUED]</b>		
<b>[b] Poker machine expenses [continued]</b>		
Loss on sale/disposal	885	1,344
Repairs and maintenance	4,092	3,657
	67,551	62,353
Depreciation	28,411	18,508
Finance expense	1,406	3,782
<b>Total poker machine expenses</b>	<b>97,368</b>	<b>84,643</b>
<b>[c] Restaurant expenses</b>		
Employee expenses	24,030	32,429
Gas supply	11,601	6,530
Other	1,264	120
	36,895	39,079
Depreciation	5,872	3,539
<b>Total restaurant expenses</b>	<b>42,767</b>	<b>42,618</b>
<b>[d] Function expenses</b>		
Employee expenses	33,862	33,429
Other	701	394
<b>Total function expenses</b>	<b>34,563</b>	<b>33,823</b>
<b>[e] Promotion/event expenses</b>		
Beverages	18,256	14,184
Catering	23,727	16,084
Other	51,490	4,282
	<b>93,473</b>	<b>34,550</b>
<b>[f] Keno expenses</b>		
Repairs & maintenance	1,310	627
Other	0	35
	<b>1,310</b>	<b>662</b>
<b>[g] Other employee expenses</b>		
Holiday/long service leave - provisioning	21,055	18,876
Employee costs - administration	140,860	121,170
Other employee costs	1,256	(1,666)
Staff recruitment	765	252
Staff training and welfare	5,455	818
Staff uniforms	1,554	1,509
<b>Total other employee expenses</b>	<b>170,945</b>	<b>140,959</b>
<b>[h] Other equipment and occupancy expenses</b>		
Cleaning	37,702	53,536
Electricity	47,634	58,176
Fire monitoring and equipment inspection	4,734	4,771
Insurance - general	37,409	36,037
Lease of equipment	3,576	4,177
Loss on disposal/sale of property, plant and equipment	8,351	0
Rates - council	30,923	31,650
<b>Sub-total other equipment and occupancy expenses</b>	<b>170,329</b>	<b>188,347</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 2014

	2014 \$	2013 \$
<b>EXPENSES [CONTINUED]</b>		
<b>[h] Other equipment and occupancy expenses [continued]</b>		
Rates - water	10,895	13,808
Repairs and maintenance	47,472	57,934
Security monitoring	744	1,348
Waste removal	10,837	16,828
	<hr/> 240,277	<hr/> 278,265
Depreciation	39,163	40,307
<b>Total other equipment and occupancy expenses</b>	<hr/> <b>279,440</b>	<hr/> <b>318,572</b>
<b>[i] Other expenses</b>		
Accountancy fees	19,850	19,900
Advertising and promotion	21,622	6,386
Auditor - audit fees	7,500	7,200
Auditor - other services	1,300	1,300
ATM - rentals	(245)	2,945
Bad debts written-off	0	194
Bank charges and loan application fees	3,174	19,046
Computer software, support & training	3,199	5,027
Consulting fees	0	7,475
Credit card charges - eftpos	6,039	8,884
Directors expenses	464	558
Filing fees	734	251
Fox sport	20,176	21,014
General expenses	104	303
Legal expenses	2,167	6,381
Licence fees and association subscriptions	6,037	7,312
Newspapers and publications	29	1,040
Pest control	1,640	2,525
Postage, printing & stationery	10,441	19,479
Security services	18,096	22,442
Sponsorship	2,000	0
Taxi and courier expenses	366	356
Telephone/internet	7,900	7,528
Other	1,958	(184)
	<hr/> 134,551	<hr/> 167,362
Amortisation expense	1,202	1,454
<b>Total other expenses</b>	<hr/> <b>135,753</b>	<hr/> <b>168,816</b>
<b>[j] Cost of sales</b>		
Bar	313,773	348,225
Merchandise	0	782
<b>Total cost of sales</b>	<hr/> <b>313,773</b>	<hr/> <b>349,007</b>
<b>[k] Finance expenses</b>		
Interest expense - loans	65,944	102,649
<b>Total expenses</b>	<hr/> <b>1,492,669</b>	<hr/> <b>1,555,214</b>
Total revenues	1,501,886	1,549,708
<b>Less: Total expenses</b>	<hr/> (1,492,669)	<hr/> (1,555,214)
<b>Profit (loss) for the year</b>	<hr/> <b>9,217</b>	<hr/> <b>(5,506)</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 2014

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Donations, sponsorships and net raffle proceeds	5,633	880
Interest received	425	0
	<b>6,058</b>	<b>880</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>6,058</b>	<b>880</b>
<b>Accumulated Funds</b>		
Retained surplus at the beginning of the financial year	22,502	21,622
Net surplus (deficit)	6,058	880
Retained surplus at the end of the financial year	<b>28,560</b>	<b>22,502</b>
<b>Represented by:</b>		
<b>Current Assets</b>		
Call deposit account	28,560	22,502
	<b>28,560</b>	<b>22,502</b>