

RUGBY CLUB LTD

[A Company Limited by Guarantee]

ABN 80 000 050 279

ANNUAL REPORT 2016



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ANNUAL REPORT

for the year ended 31 December 2016

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RUGBY CLUB LTD

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DIRECTORS' REPORT

Your Directors present their report of Rugby Club Ltd for the financial year ended 31 December 2016.

Directors

The names of the directors who held office at any time during the financial year and changes in respect of those directors since the end of the financial year are as follows:

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 11 – Attended 11
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 11 – Attended 10 Leave of absence granted – 1 meeting
Tim Kelaher	Treasurer – Elected Sep-2015 Director since Jun-2012; Director Oct-2002 to Feb-2004; Member since Jan-2002; Rugby qualified Sales and Marketing Manager Eligible Directors' meetings 11 – Attended 9 Leave of absence granted – 2 meetings
Karin Christie [a]	Director since May-2011; Treasurer – May-2013 to Sep-2015 Member since Mar-2010; Rugby qualified Chartered Accountant Eligible Directors' meetings 5 – Attended 4 Leave of absence granted – 1 meeting
Stuart Dickinson	Director – Elected Sep-2015; Member since Oct-2008 Rugby qualified Marketing and Sales Manager Eligible Directors' meetings 11 – Attended 7 Leave of absence granted – 4 meetings
Adam Freier	Director – Elected Sep-2015; Member since Oct-2003 Rugby qualified Head of Digital Eligible Directors' meetings 11 – Attended 8 Leave of absence granted – 3 meetings
Ron Latham [c]	Director since May-2009; Member since Jan-1998 Company Director Eligible Directors' meetings 11 – Attended 11
James Maxwell	Director – Elected Sep-2015; Member since Oct-1988 Rugby qualified Solicitor Eligible Directors' meetings 11 – Attended 10 Leave of absence granted – 1 meeting
Stirling Mortlock AM	Director – Elected Sep-2015; Member since Apr-2015 Rugby qualified Wealth Director Eligible Directors' meetings 11 – Attended 4 Leave of absence granted – 7 meetings
Daniel Vickerman [b]	Director – Elected Sep-2015; Member since Nov-2014 Rugby qualified Property Funds Management Eligible Directors' meetings 11 – Attended 6 Leave of absence granted – 5 meetings

Note: [a] Director resigned 6 May 2016.
[b] Director deceased 18 February 2017.
[c] Director resigned 10 April 2017

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DIRECTORS' REPORT [CONTINUED]

Directors [continued]

The 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 viable commercial entity to develop and implement its long term strategy of promoting and supporting the game of Rugby Union football.

Strategy for achieving the objectives

The principal strategies of Rugby Club Ltd include:

- Maximising the financial advantage and benefits arising from the sale of Club property holdings;
- Maximising advantage from marketing and promotional opportunities;
- Offering a broad range of Rugby event offerings; and
- Applying those strategies to pursuing the Club's strategic vision of "Sharing the Spirit of the Game".

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:	2016	2015
Gross bar sales ratio %	64%	65%
Direct employee costs to bar sales %	34%	33%
Retention of poker machine clearances %	35%	36%
Total employee costs to total revenue %	23%	28%
Operating expense change [Year on Year] %	+20%	+1%
EBITDA [earnings before interest expense, taxes, depreciation and amortisation] \$	\$361,443	\$263,007

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 \$299,261 [2015: net profit of \$172,614], and was after charging \$62,138 in depreciation and amortisation [2015: \$90,218] and interest expense of \$44 [2015: \$175]. There was no impairment of assets for either year [2015 or 2016] or income tax charges [2015: \$Nil] with 2016 estimated at \$Nil.

Significant events and future developments

The sale of the Club's property to Wanda One Sydney Pty Limited was completed on 17 September 2015. The net proceeds of sale remaining after repayment of the Club's debt to its bank [being a sum of approximately \$19,600,000.00] have subsequently been invested in interest bearing term deposits with the Club's bank. The Club continued to occupy its premises pursuant to a lease from the purchaser which terminated on 31 December 2016. The Club ceased trading from its premises on 23 December 2016.

Concurrently with negotiating and completing the sale and vacating of the property the Board of Directors of the Club has been formulating a strategic plan for the future Club. This strategic plan, which presently includes the establishment of a Foundation, will continue to be developed and implemented by the Board in a manner which will be in the best interests of the Club, its Members and Rugby in general.

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DIRECTORS' REPORT [CONTINUED]

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 \$5,256 [2015: \$6,592] as reported in the table below.

Membership

Categories	Member Liability	31 December 2016	31 December 2015
Honorary life members	\$44	11	11
Foundation life members	\$0	0	23
Rugby life members	\$1,040	260	260
City members	\$1,016	254	320
Country members	\$588	147	171
Emeritus members	\$188	47	56
Player/official members	\$112	28	72
Overseas members	\$108	27	31
House members	\$2,160	540	702
50 year members	\$0	0	2
	\$5,256	1,314	1,648

Auditor's independence declaration

The auditor's independence declaration for the year ended 31 December 2016 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



Tim Kelaher
Treasurer


Signed at Sydney on this 26th day of April 2017

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 2016 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
Dated at Sydney this 25th day of April 2017



Garry William Day
Registered Company Auditor

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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2016

	Note	2016 \$	2015 \$
Revenue from sale of goods		856,523	874,589
Revenue from rendering services		507,128	537,509
Other revenue		587,655	189,013
Total revenue		1,951,306	1,601,111
Cost of sales		(309,664)	(307,072)
Bar expenses		(251,281)	(243,665)
Poker machine expenses		(64,176)	(60,268)
Restaurant expenses		(49,043)	(53,614)
Function expenses		(41,113)	(35,218)
Promotion/event expenses		(109,076)	(70,114)
Keno expenses		(507)	(441)
Other employee expenses		(138,980)	(139,942)
Other equipment and occupancy expenses		(415,284)	(244,528)
Other expenses		(210,739)	(183,242)
Total expenses		(1,589,863)	(1,338,104)
Operating profit		361,443	263,007
Depreciation and amortisation expense		(62,138)	(90,218)
Finance expense		(44)	(175)
Profit before income tax expense		299,261	172,614
Income tax expense	1[d]	0	0
Profit for the year		299,261	172,614
Other comprehensive income (expense)		(312)	20,307,453
Reversal of land revaluation on sale		0	(2,458,656)
Other comprehensive income		(312)	17,848,797
Total comprehensive income for the year		298,949	18,021,411

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2016

	\$	\$	\$	\$
	Retained Earnings	Asset Revaluation Reserve	Capital Profit Reserve	Total Equity
Balance as at 1 January 2015	(505,584)	2,458,656	0	1,953,072
Total comprehensive income for the year	172,614	(2,458,656)	20,307,453	18,021,411
Balance as at 31 December 2015	(332,970)	0	20,307,453	19,974,483
Total comprehensive income for the year	299,261	0	(312)	298,949
Balance as at 31 December 2016	(33,708)	0	20,307,141	20,273,433

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

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STATEMENT OF FINANCIAL POSITION

as at 31 December 2016

	Note	2016 \$	2015 \$
Assets			
Current assets			
Cash and cash equivalents	2	20,329,522	19,710,448
Trade and other receivables	3	42,847	162,011
Inventories	4	0	23,546
Other assets	5	35,226	69,532
Total current assets		20,407,595	19,965,537
Non-current assets			
Plant and equipment	6	42,911	197,161
Intangible assets	7	1,622	4,462
Total non-current assets		44,533	201,623
Total assets		20,452,128	20,167,160
Liabilities			
Current liabilities			
Trade and other payables	8	74,756	75,247
Borrowings	9	0	4,822
Short term provisions	10	54,947	49,413
Other liabilities	11	43,103	48,824
Total current liabilities		172,806	178,306
Non-current liabilities			
Other liabilities	11	5,889	14,371
Total non-current liabilities		5,889	14,371
Total liabilities		178,695	192,677
Net assets		20,273,433	19,974,483
Equity			
Capital profit reserve	12	20,307,141	20,307,453
Retained earnings		(33,708)	(332,970)
Total equity		20,273,433	19,974,483

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

RUGBY CLUB LTD

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STATEMENT OF CASH FLOW

for the year ended 31 December 2016

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Receipts from customers and members		1,355,750	1,264,573
Payments to suppliers and employees		(1,459,719)	(1,224,472)
Cash generated (expended) from operations		(103,969)	40,101
Finance costs		(44)	(175)
Net cash inflow (outflow) from operating activities	16[a]	(104,013)	39,926
Cash flows from investing activities			
Purchase of property, plant and equipment		(770)	(62,494)
Payments to suppliers - property development		(312)	(161,969)
Proceeds from sale of property, plant and equipment		1,220	18,900,000
Interest received		727,771	24,707
Net cash inflow from investing activities		727,909	18,700,244
Cash flows from financing activities			
Proceeds from borrowings		0	0
Repayment of borrowings		(4,822)	(54,112)
Net cash outflow from financing activities		(4,822)	(54,112)
Net increase in cash and cash equivalents held		619,074	18,686,058
Cash and cash equivalents at the beginning of the financial year		19,710,448	1,024,390
Cash and cash equivalents at the end of the financial year	16[b]	20,329,522	19,710,448

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 2016**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] Plant and equipment****Acquisition and depreciation**

Plant and equipment are included at cost of acquisition, less any impairment. These assets are depreciated 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%

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

Impairment

The carrying values of 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.

[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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016****1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]****[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 an estimated \$Nil [2015 \$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.

[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.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

[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.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

	2016	2015
	\$	\$
2. CASH AND CASH EQUIVALENTS		
Current		
Cash on hand	2,000	17,060
Cash at bank	81,900	47,616
Call deposits	265,644	487,827
Term deposits	19,979,978	19,157,945
	20,329,522	19,710,448
3. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	11,930	4,739
Other receivables	30,917	157,272
	42,847	162,011
4. INVENTORIES		
Current		
Stock on hand - at cost	0	23,546
	0	23,546
5. OTHER ASSETS		
Current		
Prepayments	12,917	58,183
Deferred foundation establishment costs	22,309	11,349
	35,226	69,532
6. PLANT AND EQUIPMENT		
[a] Plant, furniture and fittings - at cost	11,455	316,461
Less: Accumulated depreciation	(11,041)	(213,121)
	414	103,340
[b] Poker machines - at cost	179,975	212,604
Less: Accumulated depreciation	(137,478)	(118,783)
	42,497	93,821
Total plant and equipment	42,911	197,161

Reconciliation of the carrying amounts for each class of plant and equipment:

	Plant and Equipment	Poker Machines	Total
	\$	\$	\$
Opening balance	103,340	93,821	197,161
Additions	0	770	770
Disposals [net]	(77,878)	(17,844)	(95,722)
Depreciation	(25,048)	(34,250)	(59,298)
Impairment	0	0	0
Closing balance	414	42,497	42,911

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

	2016	2015
	\$	\$
7. INTANGIBLE ASSETS		
Website development - at cost	8,496	8,496
Less: Accumulated amortisation	(6,874)	(4,034)
	1,622	4,462
Reconciliation of the carrying amount for website development:		
Opening Balance	4,462	7,294
Additions	0	0
Amortisation	(2,840)	(2,832)
Closing Balance	1,622	4,462
8. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	24,879	27,589
Other creditors	2,594	6,861
Tax liabilities	20,693	13,939
Accruals	26,590	26,858
	74,756	75,247
9. BORROWINGS		
Current		
Secured		
Hire purchase agreement/deferred payment liabilities	0	4,822
10. PROVISIONS		
Current		
Short term provisions		
Employee benefits - provision for holiday and long service leave	54,947	49,413
11. OTHER LIABILITIES		
Current		
Membership subscriptions in advance	8,482	15,093
Rugby development fund	34,621	33,731
	43,103	48,824
Non-current		
Membership subscriptions in advance	5,889	14,371
Total other liabilities	48,992	63,195
12. RESERVES		
Capital profits		

The capital profits reserve represents the net surplus on sale of the Club's land and building. The profit is derived after legal and other costs, write-back of the land revaluation surplus and the retirement of the written-down value of building renovation costs and certain plant & equipment.

RUGBY CLUB LTD

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

	2016 \$	2015 \$
13. PROFIT FOR THE YEAR		
Profit for the year has been arrived at:		
[a] Addition of the following items as income:		
Interest received on call deposits	2,037	5,306
Interest received on term deposits	585,618	183,707
[b] Charging the following items as expense:		
Amounts set aside to provisions: Employee benefits [net]	(5,534)	8,035
Bad debts written-off	0	(471)
Loss on disposal of assets	(94,502)	(1,606)
Stock written-off	(7,846)	0
Depreciation	(59,298)	(87,386)
Amortisation	(2,840)	(2,832)
Interest on loans	(44)	(175)
14. DIRECTORS' BENEFITS		
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	<u>1,780</u>	<u>0</u>
15. RELATED PARTY TRANSACTIONS		
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.		
16. CASH FLOWS		
[a] Reconciliation of net cash provided by operating activities to profit (loss) for the year		
Profit for the year	299,261	172,614
Plus non-cash items:		
Depreciation/Amortisation of non-current assets	62,138	90,218
Net loss on disposal of property, plant & equipment	94,502	1,606
	<u>156,640</u>	<u>91,824</u>
Minus non-operating items:		
Interest received	(727,771)	(24,707)
	<u>(727,771)</u>	<u>(24,707)</u>
Changes in assets and liabilities:		
(Increase) decrease in receivables	(7,901)	(147,525)
(Increase) decrease in inventories	23,546	6,062
(Increase) decrease in other current assets	161,371	(2,929)
Increase (decrease) in payables	(223)	(42,683)
Increase (decrease) in current provisions	5,534	(8,035)
Increase (decrease) in other current liabilities	(5,988)	(509)
Increase (decrease) in non-current liabilities	(8,482)	(4,186)
	<u>167,857</u>	<u>(199,805)</u>
Net cash inflow (outflow) from operating activities	<u>(104,013)</u>	<u>39,926</u>

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

2016	2015
\$	\$

16. CASH FLOWS [CONTINUED]**[b] Reconciliation of cash**

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	2,000	17,060
Cash at bank	81,900	47,616
Call deposits	265,644	487,827
Term deposits	19,979,978	19,157,945
Cash position at the end of the financial year	20,329,522	19,710,448

[c] Cash Restrictions

All cash referred to in Note 16[b], is available for use without restriction or encumbrance.

[d] Summary of borrowings

Facility/Review/Term	Original Amount	Current Interest Rate		
Deferred payments/3 yrs	57,869	0.00%	0	4,822

17. COMMITMENTS**[a] Operating leases**

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

Not later than one year	8,450	12,056
Later than one year but not later than five years	9,476	17,926
Minimum lease payments	17,926	29,982

Note: On 10 February 2017 the Club negotiated with the lessor and has paid-out in full this commitment.

[b] 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 who held office at any time during the financial year and changes in respect of those key management personnel since the end of the financial year are:

Angus Bruxner	President
Peter Whittington	Vice-President; Secretary [appointed 31 January 2017]
Tim Kelaher	Treasurer
Karin Christie	Director [resigned 6 May 2016]
Stuart Dickinson	Director
Adam Freier	Director
Ron Latham	Director [resigned 10 April 2017]
James Maxwell	Director
Stirling Mortlock AM	Director
Daniel Vickerman	Director [deceased 18 February 2017]

Other key management personnel

Secretary/General Manager	Peter Farr-Jones [resigned 10 August 2016]
Acting Secretary/General Manager	Carolyn (Moldavskaya) Frost [appointed 11 August 2016; resigned 31 January 2017]

RUGBY CLUB LTD

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2016

	2016 \$	2015 \$
18. KEY MANAGEMENT PERSONNEL COMPENSATION [CONTINUED]		
[b] Key management personnel compensation		
The following benefits and payments were made to other key management personnel . Refer to Note 14:		
Directors Benefits.		
Total compensation	174,176	190,542
	174,176	190,542
19. TAXATION		
Future income tax benefit		
At balance date, a potential future income tax benefit exists in the form of estimated [2016] and confirmed [2015] accumulated tax losses of:	0	311,284
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].		
20. REGISTERED CLUBS ACT REPORTING REQUIREMENTS		
The disclosure requirements under section 41 of the <i>Registered Clubs Act 1976 [as amended]</i> are kept by the Club and may be viewed by application in writing to the Club President.		
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.		

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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 2016.

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



Tim Kelaher
Treasurer

Dated at Sydney this 26th day of April 2017

INDEPENDENT AUDIT REPORT TO THE MEMBERS OF RUGBY CLUB LTD

Report on the audit of the financial report

Opinion

We have audited the accompanying financial report of Rugby Club Ltd (the Company) which comprises the statement of financial position as at 31 December 2016, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of Rugby Club Ltd is in accordance with the *Corporations Act 2001*, including:

- [a] giving a true and fair view of the company's financial position as at 31 December 2016, and of its financial performance for the year then ended; and
- [b] complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section set out under Auditing Standard ASA 700. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company would be in the same terms if given to the directors as at the time of the auditor's report.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

RUGBY CLUB LTD

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
RUGBY CLUB LTD [CONTINUED]****Qualification**

The Club ceased trading as a going concern on 23 December 2016. Future revenue and expenses will be limited to interest income, membership fees income, event and functions income, proceeds of sale of remaining assets, and administrative expenses.

Other information

The directors are responsible for the other information. The other information comprises the information contained in the Rugby Club Ltd Annual Report [but does not include the financial report and our auditor's report thereon].

Our opinion on the financial report does not cover the other information and accordingly we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is no material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Harley Russell & Day
Chartered Accountants

Dated at Sydney this 27th day of April 2017



Garry William Day
Registered Company Auditor

RUGBY CLUB LTD

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SUPPLEMENTARY INFORMATION
EXTRACT FROM THE STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2016

		2016	2015
		\$	\$
Bar trading -	Sales revenue	645,699	654,719
	Less: Cost of sales	(233,444)	(229,875)
	Gross profit from bar	412,255	424,844
	Other revenue	0	0
	Direct expenses	(261,201)	(255,198)
	Net profit from bar	151,054	169,646
Poker machines -	Revenue [net]	277,319	304,498
	Direct expenses	(98,426)	(99,929)
	Net profit from poker machines	178,893	204,569
Keno trading -	Sales revenue	1,512	3,475
	Direct expenses	(507)	(441)
	Net profit from keno	1,005	3,034
Restaurant -	Bar sales revenue	125,641	117,296
	Less: Cost of sales	(45,424)	(41,183)
	Gross profit from bar	80,217	76,113
	Other revenue	25,136	31,182
	Direct expenses	(54,329)	(59,798)
	Net profit from restaurant	51,024	47,497
Functions -	Bar sales revenue	78,140	85,636
	Less: Cost of sales	(28,250)	(30,067)
	Gross profit from bar	49,890	55,569
	Other revenue	19,162	18,664
	Direct expenses	(41,113)	(35,218)
	Net profit from functions	27,939	39,015
Promotion/events -	Bar sales revenue	7,043	16,938
	Less: Cost of sales	(2,546)	(5,947)
	Gross profit from bar	4,497	10,991
	Other revenue	111,520	81,318
	Direct expenses	(109,076)	(70,114)
	Net profit from promotions/events	6,941	22,195
Other revenue		72,479	98,372
Interest received		587,655	189,013
Total other revenue		660,134	287,385
Total revenue		1,076,990	773,341
Other employee expenses		(138,980)	(139,942)
Other equipment and occupancy expenses		(425,126)	(274,709)
Other expenses		(213,579)	(186,074)
Finance expenses		(44)	(2)
Total other expenses		(777,729)	(600,727)
Profit for the year		299,261	172,614

RUGBY CLUB LTD

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

for the year ended 31 December 2016

		2016	2015
		\$	\$
REVENUE			
[a] Sales revenue			
Bar sales	- bars	645,699	654,719
	- restaurant	125,641	117,296
	- functions	78,140	85,636
	- promotion/events	7,043	16,938
Total sales revenue		856,523	874,589
[b] Other revenue			
[i] Net poker machine revenue		277,319	304,498
[ii] Other			
Catering license fees [rent]		25,136	31,182
Function room hire fees		15,355	16,975
Function room other income		3,807	1,689
Keno commission		1,512	3,475
Membership subscriptions		28,635	33,902
Promotion/events income		111,520	81,318
Rental income	- 4/5th floors	38,367	63,000
Other income		5,477	1,470
Total other		229,809	233,011
Total other revenue		507,128	537,509
[c] Interest received			
Interest received	- call deposit accounts	2,037	5,306
	- term deposit accounts	585,618	183,707
Total interest received		587,655	189,013
Total revenue		1,951,306	1,601,111
EXPENSES			
[a] Bar expenses			
Employee expenses		212,140	211,070
Gas - outdoor heating		2,000	1,100
Repairs and maintenance		5,727	10,645
Stocktaking		4,400	4,800
Stock written-off		7,846	0
Supplies		5,323	4,530
Other		13,845	11,520
		251,281	243,665
Depreciation		9,920	11,533
Total bar expenses		261,201	255,198
[b] Poker machine expenses			
Data monitoring system charges		5,596	5,444
Employee expenses		29,743	34,457
Licence fees		2,640	3,038
GST expense [net]		3,570	10,502
Loss on sale/disposal		17,544	1,606
Repairs and maintenance		4,884	5,107
Other		199	114
Sub-total poker machine expenses		64,176	60,268

RUGBY CLUB LTD

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

for the year ended 31 December 2016

	2016 \$	2015 \$
EXPENSES [CONTINUED]		
[b] Poker machine expenses [continued]		
Depreciation	34,250	39,488
Finance expense	0	173
Total poker machine expenses	98,426	99,929
[c] Restaurant expenses		
Employee expenses	42,330	42,940
Gas supply	5,482	8,905
Other	1,231	1,769
	49,043	53,614
Depreciation	5,286	6,184
Total restaurant expenses	54,329	59,798
[d] Function expenses		
Employee expenses	37,599	34,558
Other	3,514	660
Total function expenses	41,113	35,218
[e] Promotion/event expenses		
Beverages	7,043	14,963
Catering	12,045	18,900
Other	89,988	36,251
	109,076	70,114
[f] Keno expenses		
Repairs & maintenance	442	441
Stationery/other	65	0
	507	441
[g] Other employee expenses		
Holiday/long service leave - provisioning	27,697	21,013
Employee costs - administration	106,702	110,403
Other employee costs	2,358	352
Staff recruitment	255	1,723
Staff training and welfare	626	4,524
Staff uniforms	1,342	1,927
Total other employee expenses	138,980	139,942
[h] Other equipment and occupancy expenses		
Cleaning	38,155	41,443
Electricity	42,026	39,810
Fire monitoring and equipment inspection	8,388	4,770
Insurance - general	46,511	43,059
Land tax	49,980	0
Lease of equipment	3,576	3,576
Loss on disposal/sale of property, plant and equipment	76,958	0
Rates - council	39,248	31,697
Rent - club premises	54,000	15,600
Sub-total other equipment and occupancy expenses	358,842	179,955

RUGBY CLUB LTD

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

for the year ended 31 December 2016

	2016 \$	2015 \$
EXPENSES [CONTINUED]		
[h] Other equipment and occupancy expenses [continued]		
Rates - water	12,280	10,660
Repairs and maintenance	29,962	44,140
Security monitoring	1,024	1,502
Waste removal	13,176	8,271
	415,284	244,528
Depreciation	9,842	30,181
Total other equipment and occupancy expenses	425,126	274,709
[i] Other expenses		
Accountancy fees	20,100	18,000
Advertising and promotion	29,945	15,293
Auditor - audit fees	8,500	7,500
Auditor - other services	2,740	2,100
Bad debts written-off	0	471
Bank charges and loan application fees	2,163	1,886
Computer software, support & training	3,965	4,057
Consulting fees	11,383	3,303
Credit card charges - eftpos	7,201	6,499
Directors expenses	1,780	0
Filing fees	236	353
Fox sport	21,484	20,862
General expenses	121	181
Legal expenses	18,471	20,019
Licence fees and association subscriptions	13,947	10,964
Newspapers and publications	16	0
Pest control	841	2,459
Postage, printing & stationery	11,772	20,494
Security services	11,997	15,878
Sponsorship	27,201	20,209
Taxi and courier expenses	806	985
Telephone/internet	11,239	10,699
Other	3,831	1,030
	210,739	183,242
Amortisation expense	2,840	2,832
Total other expenses	213,579	186,074
[j] Cost of sales		
Bar	309,664	307,072
Total cost of sales	309,664	307,072
[k] Finance expenses		
Interest expense - loans/other	44	2
Total expenses	1,652,045	1,428,497
Total revenues	1,951,306	1,601,111
Less: Total expenses	(1,652,045)	(1,428,497)
Profit for the year	299,261	172,614

RUGBY CLUB LTD

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

for the year ended 31 December 2016

	2016	2015
	\$	\$
Income		
Donations, sponsorships and net raffle proceeds	555	4,679
Interest received	335	492
	890	5,171
Expenses		
Bank fees	0	0
Sponsorship and scholarships	0	0
	0	0
Net surplus (deficit)	890	5,171
Accumulated Funds		
Retained surplus at the beginning of the financial year	33,731	28,560
Net surplus (deficit)	890	5,171
Retained surplus at the end of the financial year	34,621	33,731
Represented by:		
Current Assets		
Call deposit account	34,621	33,731
	34,621	33,731