

# **THE RUGBY CLUB FOUNDATION LIMITED**

[Formerly Rugby Club Ltd]

[A Company Limited by Guarantee]

ABN 80 000 050 279

## **FINANCIAL REPORT**

for the year ended 30 June 2019



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## FINANCIAL REPORT

for the year ended 30 June 2019

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### DIRECTORS' REPORT

Your Directors present their report of The Rugby Club Foundation Limited for the year ended 30 June 2019.

#### Directors

The names of the directors who held office at any time during the year ended 30 June 2019 and changes in respect of those directors since the year ended 30 June 2019 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 10 – Attended 8 Leave of absence granted – 2 meetings
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 10 – Attended 10
Stirling Mortlock AM	Treasurer – Elected Feb-2018 Director since Sep-2015; Member since Apr-2015 Rugby qualified Wealth Director Eligible Directors' meetings 10 – Attended 8 Leave of absence granted – 2 meetings
Robert Bradley AM [a]	Director – Appointed Sep-2018; Member since May-2002 Rugby Qualified Chief Executive Officer Eligible Directors' meetings 7 – Attended 7
Stuart Dickinson	Director – Elected Sep-2015; Member since Oct-2008 Rugby qualified Marketing and Sales Manager Eligible Directors' meetings 10 – Attended 7 Leave of absence granted – 3 meetings
Owen Finegan	Director – Appointed Oct-2017; Member since Nov-1999 Rugby qualified Chief Executive Officer Eligible Directors' meetings 10 – Attended 8 Leave of absence granted – 2 meetings
Adam Freier	Director – Elected Sep-2015; Member since Oct-2003 Rugby qualified General Manager of Marketing and Digital Eligible Directors' meetings 10 – Attended 9 Leave of absence granted – 1 meeting
James Maxwell	Director – Elected Sep-2015; Member since Oct-1988 Rugby qualified Solicitor Eligible Directors' meetings 10 – Attended 5 Leave of absence granted – 5 meetings
Paula Ward	Director – Appointed Mar-2017; Director May-2013 to Sep-2015; Member since Jul-2012 General Manager, Governance & Business Eligible Directors' meetings 10 – Attended 10

Note: [a] Director appointed 26-Sep-2018.

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

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### DIRECTORS' REPORT [CONTINUED]

#### Objectives

**Short term:** To establish and implement the structures, procedures, protocols and relationships which are required to achieve the below mentioned primary (and long term) objective of The Rugby Club Foundation Limited (**Foundation**) and to assist generally in the promotion and propagation of the game of Rugby Union football.

**Long term:** To maintain and hopefully improve the Foundation's financial position so as to generate sufficient funds annually in order to be able to successfully and indefinitely continue to fund its primary objective which is "to encourage the sport of Rugby in the State of New South Wales and elsewhere and especially at grade, suburban, country, women's, junior and school levels" (**Primary Object**) and, in furtherance of the Primary Object, to do anything incidental to maintaining a strong and supportive Member base, which is regarded by the Board of Directors (**Board**) as essential to the optimum successful achievement of the Primary Object.

#### Strategy for achieving the objectives

The principal strategies which the Foundation is implementing include the following:

- Investing and managing the funds received from the sale of the Foundation's real estate in a manner which preserves the real value of capital, maximises the investment return on capital for an agreed level of risk, and ensures a reasonable level of investment return stability, in order to fund the pursuit of the Foundation's objectives over the short and long terms.
- Maximising advantage from marketing and promotional opportunities attaching to the Foundation's heritage and brand.
- Organising activities and events for the Members of the Foundation and supporters of Rugby generally, in pursuit of the Primary Object.
- Applying those strategies to pursue the Foundation's Primary Object, and its strategic vision of "Sharing the Spirit of the Game".

#### Principal activities

The principal activity of the Foundation (a not-for-profit entity) during the course of the financial year ended 30 June 2019 was to actively pursue the Primary Object through the support and promotion of grassroots Rugby in NSW, including premier, suburban, country and women's Rugby and Rugby referees. There were no significant changes in the nature of these activities during the relevant period.

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

The activities pursued by the Foundation assist in generating revenue which is then able to be (and was) applied in furtherance of the Primary Object of the Foundation and the promotion and propagation of the game of Rugby Union football.

#### Dividends

The Foundation 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 its Constitution from paying a dividend to members.

#### Operating result

The net operating profit before income tax for the year was \$206,451 [2018: \$(46,703)], which was derived after charging \$6,560 in depreciation and amortisation [2018: \$1,347] and interest expense of \$12 [2018: \$0]. There was no impairment of assets for either year [2019 or 2018]. Income tax expense for the year was \$0 [2018: \$0]. See Note 1[c]: Taxation.

#### Significant events and future developments

At a General Meeting of Rugby Club Limited held on 14 June 2017 the Members passed the following Special Resolutions:

- (a) A Special Resolution changing the name of the company from Rugby Club Limited to The Rugby Club Foundation Limited.
- (b) A Special Resolution adopting the Primary Object in lieu of the existing objects of the company.

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### DIRECTORS' REPORT [CONTINUED]

Having conducted a comprehensive request for proposal process the Foundation selected and appointed Mercer Investments (Australia) Limited (**Mercer**) as the Foundation's investment manager. The Foundation and Mercer have formulated an Investment Policy Statement and the Foundation's funds have been invested by Mercer in accordance with that statement.

Under both the Foundation's Constitution and relevant tax legislation, the Board is under a legal obligation to use all reasonable endeavours to ensure that the Foundation applies its income and its assets solely in furtherance of the Primary Object.

The purpose of the Foundation's grant-making policy is to set out the principles that should guide the annual grant-making commitments approved by the Board and notified to the grantees, in furtherance of the Primary Object.

One of those guiding principles is that the Foundation should always endeavour to at least maintain its corpus in real terms, so that the net income derived from it each financial year is available to be applied in perpetuity in furtherance of the Primary Object. This principle should guide the Foundation's investment policy and the Foundation's grant-making policy and protocols.

The Foundation has enhanced its relationship with New South Wales Rugby by focussing on grassroots Rugby and, in furtherance of the Primary Object, distributing funds to the NSW Rugby Union and its Affiliated Unions.

Concurrently with those significant events the Board of Directors of the Foundation is continuing to develop and implement its strategic plan for the future of the Foundation. This strategic plan, which includes the establishment and structuring of the ongoing operation of the Foundation, will continue to be developed and implemented by the Board in a manner which will be in furtherance of the Primary Object of the Foundation and Rugby in general, and, incidentally (but importantly), in the interests of the Foundation's strong and supportive Member base, which is regarded by the Board as essential to the optimum successful achievement of the Primary Object.

#### Limitation on members' liability

The Rugby Club Foundation Limited is a public company limited by guarantee, and in accordance with its 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 \$4,192 [2018: \$4,732] as reported in the table below.

#### Membership

Categories	Member Liability	30 June 2019	30 June 2018
Honorary life members	\$24	6	7
Rugby life members	\$2,216	554	563
City members	\$804	201	213
Country members	\$508	127	137
Emeritus members	\$272	68	70
Overseas members	\$120	30	19
House members [redundant category]	\$248	62	174
	<u>\$4,192</u>	<u>1,048</u>	<u>1,183</u>

#### Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2019 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



Stirling Mortlock AM  
Treasurer

Signed at Sydney on this 7th day of November, 2019

# BOROUGHS ASSURANCE

CHARTERED ACCOUNTANTS

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Level 6,  
77 Castlereagh Street  
Sydney NSW 2000, Australia  
DX 232, Sydney  
T +61 2 9930 7700  
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## AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE MEMBERS OF THE RUGBY CLUB FOUNDATION LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30th June 2019 there have been:

- (i) no contraventions of the auditor's independence requirements as set out in the Corporations Act 2001 in relation to the audit, and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**BOROUGHS ASSURANCE**



Partner: CHRIS ALLEN

8th November 2019

## Independent Auditor's Report

To the members of The Rugby Club Foundation Limited.

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of The Rugby Club Foundation Limited, which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, 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 The Rugby Club Foundation Limited is in accordance with the *Corporation's Act 2001*, including:

- (I) giving a true and fair view of the company's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (II) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

#### Basis of 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 of our report. 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 also fulfilled our 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 this auditor's report.

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

#### Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes such internal controls as the directors determine are necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.



# BOROUGH'S ASSURANCE

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Borough's Assurance*

**Borough's Assurance**

*Chris Allen*

**Chris Allen**  
Partner

Date: *8th November, 2019*  
Sydney.



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**STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME**

for the year ended 30 June 2019

		2019	(As restated) 2018
	Note	\$	\$
Investment income - Mercer distributions and fee rebates	12	802,501	139,605
Other income - Other	13	37,732	62,519
- Interest received	13	611	179,652
<b>Total income</b>		<b>840,844</b>	<b>381,776</b>
Grants awarded	14	(313,878)	(122,045)
Overheads - employee		(108,780)	(117,560)
- equipment and occupancy		(35,288)	(35,187)
- other		(169,875)	(152,340)
<b>Total expenses</b>		<b>(627,821)</b>	<b>(427,132)</b>
<b>Operating profit (loss)</b>		<b>213,023</b>	<b>(45,356)</b>
Depreciation and amortisation expense		(6,560)	(1,347)
Borrowing costs		(12)	0
<b>Profit (loss) before income tax expense</b>		<b>206,451</b>	<b>(46,703)</b>
Income tax expense	1[c]	0	0
<b>Profit for the year</b>		<b>206,451</b>	<b>(46,703)</b>
Fair value gains on financial assets held at fair value		707,948	455,754
<b>Total comprehensive income for the year</b>		<b>914,399</b>	<b>409,051</b>

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 30 June 2019

	\$	\$	\$	\$
	Retained Earnings	Financial Assets Reserve	Capital Profit Reserve	Total Equity
<b>Balance as at 1 July 2017</b>	<b>(57,140)</b>	<b>0</b>	<b>20,307,141</b>	<b>20,250,001</b>
Loss for the year	(46,703)	0	0	(46,703)
Other comprehensive income	0	455,754	0	455,754
<b>Balance as at 30 June 2018</b>	<b>(103,843)</b>	<b>455,754</b>	<b>20,307,141</b>	<b>20,659,052</b>
Profit for the year	206,451	0	0	206,451
Other comprehensive income	0	707,948	0	707,948
<b>Balance as at 30 June 2019</b>	<b>102,608</b>	<b>1,163,702</b>	<b>20,307,141</b>	<b>21,573,451</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

**THE RUGBY CLUB FOUNDATION LIMITED****[Formerly Rugby Club Ltd]**

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**STATEMENT OF FINANCIAL POSITION**

as at 30 June 2019

		2019	(As restated) 2018	1 July 2017
	Note	\$	\$	\$
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	2	152,043	100,946	20,314,838
Trade and other receivables	3	16,879	9,984	31,623
Other current assets	4	8,317	5,083	12,693
<b>Total current assets</b>		<b>177,239</b>	<b>116,013</b>	<b>20,359,154</b>
<b>Non-current assets</b>				
Plant and equipment	5	3,396	4,489	142
Intangible assets	6	10,918	16,385	218
Financial assets	7	21,516,545	20,603,497	0
<b>Total non-current assets</b>		<b>21,530,859</b>	<b>20,624,371</b>	<b>360</b>
<b>Total assets</b>		<b>21,708,098</b>	<b>20,740,384</b>	<b>20,359,514</b>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Trade and other payables	8	81,745	27,009	46,418
Short term provisions	9	8,774	4,143	2,123
Other current liabilities	10	43,713	48,093	55,083
<b>Total current liabilities</b>		<b>134,232</b>	<b>79,245</b>	<b>103,624</b>
<b>Non-current liabilities</b>				
Other non-current liabilities	10	415	2,087	5,889
<b>Total non-current liabilities</b>		<b>415</b>	<b>2,087</b>	<b>5,889</b>
<b>Total liabilities</b>		<b>134,647</b>	<b>81,332</b>	<b>109,513</b>
<b>Net assets</b>		<b>21,573,451</b>	<b>20,659,052</b>	<b>20,250,001</b>
<b>Equity</b>				
Reserves	11	21,470,843	20,762,895	20,307,141
Retained earnings		102,608	(103,843)	(57,140)
<b>Total equity</b>		<b>21,573,451</b>	<b>20,659,052</b>	<b>20,250,001</b>

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

**THE RUGBY CLUB FOUNDATION LIMITED****[Formerly Rugby Club Ltd]**

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**STATEMENT OF CASH FLOWS**

for the year ended 30 June 2019

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from members		29,962	88,699
Payments: grants awarded	14	(312,378)	(122,045)
Payments to suppliers and employees		(266,206)	(330,199)
		<u>(548,622)</u>	<u>(363,545)</u>
Cash expended from operations		<b>(548,622)</b>	<b>(363,545)</b>
Borrowing costs		(12)	0
		<u>(548,634)</u>	<u>(363,545)</u>
<b>Net cash outflow from operating activities</b>		<b>(548,634)</b>	<b>(363,545)</b>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		0	(5,461)
Website development costs		0	(16,400)
Redemption of Mercer investments		636,500	0
Purchase of Mercer investment funds [new investments]		(37,488)	(20,000,000)
		<u>599,012</u>	<u>(20,021,861)</u>
Interest received		719	171,514
		<u>599,731</u>	<u>(19,850,347)</u>
<b>Net cash inflow (outflow) from investing activities</b>		<b>599,731</b>	<b>(19,850,347)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
		<u>0</u>	<u>0</u>
<b>Net cash inflow (outflow) from financing activities</b>		<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>		51,097	(20,213,892)
Cash and cash equivalents at the beginning of the financial year		100,946	20,314,838
		<u>152,043</u>	<u>100,946</u>
<b>Cash and cash equivalents at the end of the financial year</b>		<b>152,043</b>	<b>100,946</b>

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

# THE RUGBY CLUB FOUNDATION LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019

### 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, The Rugby Club Foundation Limited.

#### 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*. The Rugby Club Foundation Limited is a not for profit entity for the purpose of preparing the financial statements.

The financial statements of The Rugby Club Foundation Limited 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 and intangible assets

###### Acquisition, depreciation and amortisation

Plant and equipment and intangible assets are included at cost of acquisition, less any impairment. These assets are depreciated or amortised 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/amortise non-current assets. The following depreciation/amortisation rates are applied:

Computer equipment	20.0% - 33.3%
Website development costs	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 and intangible assets are reviewed at least annually.

###### Impairment

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

##### [b] Employee entitlements

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

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## NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2019

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

#### [c] Taxation

##### Income tax

The income tax (if any) payable is based on taxable profit (if any) for the year. Taxable profit differs from profit before income tax as reported in the Statement of Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The company's income tax (if any) is calculated using income tax rates that have been enacted or substantively enacted by the end of the reporting period.

However, the Foundation has self-assessed its entitlement to exemption from income tax from 15 June 2017 (being the day after the amendment of its constitution on 14 June 2017) under item 9.1(c) in the table section 50-45 of the *Income Tax Assessment Act 1997 (Cth)*, on the basis that, since 15 June 2017, it is a society, association or club established for the encouragement of a game or sport, namely the game or sport of Rugby Union football, and complies with the special conditions in section 50-70 of that Act, namely that:

- (a) the Foundation is not carried on for the purpose of profit or gain to its individual members;
- (b) it has a physical presence in Australia and, to that extent, incurs its expenditure and pursues its objectives principally in Australia;
- (c) it complies with all the substantive requirements in its governing rules; and
- (d) it applies its income and its assets solely for the purpose for which it is now established.

##### 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.

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.

#### [d] Fair Value of Assets

The Company measures some of its assets at fair value. Fair value is the price the Company would receive to sell an asset in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2019**

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

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

Trade creditors represent liabilities for goods and services provided to the Foundation 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.

**[f] 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.

**[g] 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; and
- Interest on overdue payables.

**[h] 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 Foundations subscription year is 1 July to 30 June. 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 10].

**[i] 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.

**[j] Accounting for operating leases**

The minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term. Operating leases cover such items as the rental of office equipment [photocopiers etc.].

**[k] 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. The comparative period for 2018 covers the full year period 1 July 2017 to 30 June 2018.

**THE RUGBY CLUB FOUNDATION LIMITED**

**[Formerly Rugby Club Ltd]**

[A Company Limited by Guarantee]

ABN 80 000 050 279

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>2. CASH AND CASH EQUIVALENTS</b>		
<b>Current</b>		
Cash at bank	4,412	5,084
Call deposit	147,631	95,862
	<u><b>152,043</b></u>	<u><b>100,946</b></u>
<b>3. TRADE AND OTHER RECEIVABLES</b>		
<b>Current</b>		
Trade debtors	2,985	2,100
Tax Asset [GST]	13,894	7,884
	<u><b>16,879</b></u>	<u><b>9,984</b></u>
<b>4. OTHER ASSETS</b>		
<b>Current</b>		
Prepayments	8,317	5,083
	<u><b>8,317</b></u>	<u><b>5,083</b></u>
<b>5. PLANT AND EQUIPMENT</b>		
Plant and equipment - at cost	7,725	7,725
<b>Less:</b> Accumulated depreciation	(4,329)	(3,236)
	<u><b>3,396</b></u>	<u><b>4,489</b></u>
<b>Reconciliation of the carrying amount for plant and equipment:</b>		
<b>Opening balance</b>	<b>4,489</b>	
Additions	0	
Disposals [net]	0	
Depreciation	(1,093)	
Impairment	0	
<b>Closing balance</b>	<u><b>3,396</b></u>	
<b>6. INTANGIBLE ASSETS</b>		
Website development - at cost	16,400	16,400
<b>Less:</b> Accumulated amortisation	(5,482)	(15)
	<u><b>10,918</b></u>	<u><b>16,385</b></u>
<b>Reconciliation of the carrying amount for website development:</b>		
<b>Opening Balance</b>	<b>16,385</b>	
Additions	0	
Disposals	0	
Amortisation	(5,467)	
<b>Closing Balance</b>	<u><b>10,918</b></u>	



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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>7. FINANCIAL ASSETS</b>		
<b>Non-current</b>		
Mercer moderate growth fund	18,806,636	18,448,936
Mercer Australian direct property fund	1,545,472	2,154,561
Mercer global unlisted infrastructure fund	1,125,451	0
Herron grant - mercer moderate growth fund	38,986	0
	<b>21,516,545</b>	<b>20,603,497</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	67,544	9,593
Other creditors	2,273	3,490
Accruals and other liabilities	11,928	13,926
	<b>81,745</b>	<b>27,009</b>
<b>9. PROVISIONS</b>		
<b>Current</b>		
<b>Short term provisions</b>		
Employee benefits - provision for holiday leave	8,774	4,143
<b>10. OTHER LIABILITIES</b>		
<b>Current</b>		
Membership subscriptions in advance	4,604	10,702
Rugby development fund [see supplementary information]	39,109	37,391
	43,713	48,093
<b>Non-current</b>		
Membership subscriptions in advance	415	2,087
<b>Total other liabilities</b>	<b>44,128</b>	<b>50,180</b>
<b>11. RESERVES</b>		
Capital profits reserve	20,307,141	20,307,141
Financial assets reserve	1,163,703	455,754
	<b>21,470,844</b>	<b>20,762,895</b>
<b>Financial assets reserve</b>		
The financial assets reserve records revaluation of financial assets.		
<b>Capital profits</b>		
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.		
<b>12. INVESTMENT INCOME</b>		
Mercer - Distributions - capital gains	318,861	53,563
Mercer - Distributions - other income	462,207	74,006
Mercer - fee rebates	21,433	12,036
<b>Total investment income</b>	<b>802,501</b>	<b>139,605</b>

**THE RUGBY CLUB FOUNDATION LIMITED**

[Formerly Rugby Club Ltd]

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2019

	2019 \$	2018 \$
<b>13. OTHER INCOME</b>		
Membership subscriptions received	20,500	22,284
Member receipts - game tickets and functions	17,232	40,235
	37,732	62,519
Interest received - NAB investment account	611	2,183
Interest received - NAB term deposits	0	169,332
Interest received - Mercer Investments Australia	0	8,137
	611	179,652
<b>Total other income</b>	<b>38,343</b>	<b>242,171</b>

**14. GRANTS AWARDED**

**Recipient**

**2018**

Sydney Rugby Union  
 NSW Suburban Rugby Union  
 NSW Country Rugby Union  
 Sydney Women's Rugby Union  
 NSW Rugby Union - Referees  
 Classic Wallabies  
 NSW Country Rugby Union  
 Sydney Rugby Union

Sydney South Rugby Referees

Sydney North Rugby Referees  
 NSW Suburban Rugby Union

Sydney West Rugby Referees  
 Sydney Women's Rugby Union

**2019**

Central West Rugby Union  
 Lloyd McDermott Rugby Development Team

Sydney North Rugby Referees  
 Sydney West Rugby Referees  
 Sydney Junior Rugby Union  
 Sydney Junior Rugby Union  
 Sydney Junior Rugby Union  
 Central Coast Rugby Union Referees  
 Disability Sports Australia  
 Central North Referees  
 NSW Women's Rugby Union  
 NSW Suburban Rugby

**Grassroots Rugby Programs**

] Assist and support the Foundation in the development  
 ] and implementation of its strategic vision of "Sharing  
 ] the spirit of the Game"  
 ]  
 Purchase communications gear to improve referee coaching  
 Grassroots rugby initiative across rural NSW  
 Junior referee development  
 Development of the Women's competition; female referee  
 education; defibrillator training for Club personnel.  
 Facilitate referee education for minis age groups; purchase  
 of video equipment to assist with referee education  
 Purchase communications gear to improve referee coaching  
 Development of Colts and Women's competitions; Referee  
 education; App development to assist volunteer  
 administrators at Clubs  
 Purchase communications gear to improve referee coaching  
 Development of Women's 7's competition; Coach  
 education for 7's and 15's.

Colts retention program  
 Assist in enabling participation in the Junior Country  
 Championships  
 Referee development program  
 Referee development and improvement program  
 Coach and referee education programs  
 Inter-district Minis Gala Days  
 Create a 7s competition  
 Junior referees program  
 Come 'n' Try Wheelchair Rugby Days  
 Referee development program  
 Academy program  
 Develop technology to alleviate the administrative burden  
 on volunteer administrators

**THE RUGBY CLUB FOUNDATION LIMITED****[Formerly Rugby Club Ltd]**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
	<hr/>	<hr/>
<b>14. GRANTS AWARDED [CONTINUED]</b>		
<b>Recipient</b>		
<b>2019 [continued]</b>		
NSW Country Rugby Union Referees		
NSW Country Junior Rugby Union		
Sydney Women's Rugby Union		
Sydney Rugby Union Referees		
Sense Rugby		
NSW Schools Rugby Union		
NSW Suburban Rugby		
Classic Wallabies		
Australian Schools Rugby Union		
NSW Rugby Union		
Alex Noble Trust		
<b>Grants awarded</b>	<b>(313,878)</b>	<b>(122,045)</b>
	<hr/>	<hr/>
<b>15. PROFIT FOR THE YEAR</b>		
Profit for the year has been arrived at:		
<b>[a] Addition of the following items as income:</b>		
Investment income	802,501	147,742
Interest received on call deposits	611	2,183
Interest received on term deposits	0	169,332
<b>[b] Charging the following items as expense:</b>		
Grants awarded	(313,878)	(122,045)
Amounts set aside to provisions: Employee benefits	(9,153)	(8,780)
Donation	0	300
Depreciation	(1,093)	(1,114)
Amortisation	(5,467)	(233)
Interest on payables	(12)	0
<b>16. DIRECTORS' BENEFITS</b>		
Directors of The Rugby Club Foundation Limited have been duly appointed on an honorary basis. The Board does not receive any benefits or fees for their efforts and time. Out of pocket expenses have been reimbursed in accordance with guidelines set out by Clubs New South Wales and the <i>Registered Clubs Act 1976 [as amended]</i> , and as approved at the last AGM.		
Directors expenses	<b>(262)</b>	<b>(2,270)</b>
	<hr/>	<hr/>
<b>17. 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>18. COMMITMENTS</b>		
<b>Capital Expenditure</b>		
The Rugby Club Foundation Limited has no capital expenditure commitments contracted for at balance date.		

**THE RUGBY CLUB FOUNDATION LIMITED**

**[Formerly Rugby Club Ltd]**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>19. KEY MANAGEMENT PERSONNEL COMPENSATION</b>		
<b>[a] Key management personnel</b>		
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 transition period are:		
Angus Bruxner	President	
Peter Whittington	Vice-President; Secretary	
Stirling Mortlock AM	Treasurer	
Robert Bradley AM	Director [appointed 26-Sep-2018]	
Stuart Dickinson	Director	
Owen Finegan	Director	
Adam Freier	Director	
James Maxwell	Director	
Paula Ward	Director	
<b>[b] Other key management personnel</b>		
Business Operations Manager	Lisa Kane	
<b>[c] Key management personnel compensation</b>		
The following benefits and payments were made to <b>other key management personnel</b> . Refer to Note 16:		
Directors Benefits.		
Total compensation	<u><b>102,790</b></u>	<u><b>100,000</b></u>

**20. GAMING MACHINE ENTITLEMENTS**

The Foundation currently owns 11 gaming 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 of those entitlements is estimated by your Directors to be in the vicinity of \$40,000 for each block of 3 entitlements. This would make make the estimated gross value of the 11 entitlements held by the Foundation to be \$150,000.

As the Foundation's continuing ownership of these gaming machine entitlement assets currently does not yield investment income which can be applied towards the pursuit of the Foundation's Primary Object, the Directors will, in the course of the current financial year, be seeking the Members' approval to sell those presently redundant non-income producing , but not material, assets of the Foundation.

**THE RUGBY CLUB FOUNDATION LIMITED****[Formerly Rugby Club Ltd]**

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**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2019

**21. FIRST YEAR ADOPTION OF MANDATORY ACCOUNTING STANDARDS**

Management have adopted measurement, recognition and disclosure requirements of AASB 13 "Fair Value Measurement" and AASB 112 "Income Taxes" and prepared a general purpose financial report.

In applying AASB 13 "Fair Value Measurement" and AASB 112 "Income Taxes" there is a requirement to recognise deferred income tax balances, however as the Foundation is exempt from income tax there is no tax effect. The effect of applying the standard on prior years and opening balances is reconciled below:

Statement of Financial Position (extract)	30 June 2018		
	Previous Amount	Adjustment	Restated Amount
	\$	\$	\$
Financial assets	20,147,743	455,754	20,603,497
Financial asset reserve	-	455,754	455,754

	30 June 2018		
	Previous Amount	Adjustment	Restated Amount
	\$	\$	\$
Loss for the year	(46,703)	-	(46,703)
Other comprehensive income:			
Fair value gains on financial assets	-	455,754	455,754
<b>Total comprehensive income</b>	<b>(46,703)</b>	<b>455,754</b>	<b>409,051</b>

**THE RUGBY CLUB FOUNDATION LIMITED**

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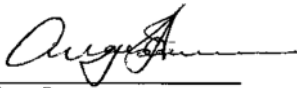
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**DIRECTORS' DECLARATION**

The Directors of The Rugby Club Foundation Limited declare that:

- [a] in the Directors' opinion, there are reasonable grounds to believe that The Rugby Club Foundation Limited 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 The Rugby Club Foundation Limited for the year ended 30 June 2019.

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**



Stirling Mortlock AM  
**Treasurer**

Dated at Sydney this 7th day of November, 2019

# BOROUGH'S ASSURANCE

CHARTERED ACCOUNTANTS

ABN 42 178 198 610  
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77 Castlereagh Street  
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T +61 2 9930 7700  
F +61 2 9930 7777  
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www.boroughs.net.au

## DISCLAIMER ON ADDITIONAL FINANCIAL INFORMATION FOR THE MEMBERS OF THE RUGBY CLUB FOUNDATION LIMITED

The additional information on the following pages is in accordance with the books and records of The Rugby Club Foundation Limited which have been subjected to the auditing procedures applied in the audit of the company for the year ended 30 June 2019. It will be appreciated that the audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

In accordance with our firm policy, we 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 the company) in respect of such information, including any errors or omissions therein, arising through negligence or otherwise however caused.

*Borough's Assurance*

**Borough's Assurance**

*Chris Allen*

**Chris Allen**  
Partner

Date *8th November, 2019*  
Sydney



**THE RUGBY CLUB FOUNDATION LIMITED**

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**SUPPLEMENTARY INFORMATION****RUGBY DEVELOPMENT FUND [HERRON GRANT]**

for the year ended 30 June 2019

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Income</b>		
Donations, sponsorships and net raffle proceeds	0	398
Interest received	107	192
Fee rebates - Mercer medium growth fund	12	0
Distribution - Mercer medium growth fund	1,598	0
	<b>1,718</b>	<b>590</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>1,718</b>	<b>590</b>
<b>Accumulated Funds</b>		
Retained surplus at the beginning of the financial year	37,391	36,801
Net surplus (deficit)	1,718	590
Retained surplus at the end of the financial year	<b>39,109</b>	<b>37,391</b>
<b>Represented by:</b>		
<b>Current Assets</b>		
Call deposit account	0	37,391
Cheque account	10	0
Mercer cash account [re-invested 01-Jul-2019 into Mercer MGF]	1,601	0
Investment - Mercer Medium Growth Fund [at Cost]	37,498	0
	<b>39,109</b>	<b>37,391</b>