

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 2018



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FINANCIAL REPORT

for the year ended 30 June 2018

CONTENTS	Page
Financial Report	
Directors' report	2-4
Auditor's independence declaration	4
Financial Statements	
Statement of comprehensive income	5
Statement of changes in equity	5
Statement of financial position	6
Statement of cash flows	7
Notes to the Financial Statements	
Note 1 Summary of significant accounting policies	8-10
Note 2 Cash and cash equivalents	11
Note 3 Trade and other receivables	11
Note 4 Investments	11
Note 5 Other assets	11
Note 6 Plant and equipment	11
Note 7 Intangible assets	12
Note 8 Trade and other payables	12
Note 9 Provisions	12
Note 10 Other liabilities	12
Note 11 Reserves	12
Note 12 Profit for the year	13
Note 13 Directors' benefits	13
Note 14 Related party transactions	13
Note 15 Commitments	13
Note 16 Key management personnel compensation	13
Note 17 Poker machine entitlements	14
Directors' declaration	15
Independent audit report to the members	15-17
Disclaimer	17
Supplementary Information	
Rugby development fund	18

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DIRECTORS' REPORT

Your Directors present their report of The Rugby Club Foundation Limited for the year ended 30 June 2018.

Directors

The names of the directors who held office at any time during the year ended 30 June 2018 and changes in respect of those directors since the year ended 30 June 2018 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 9 – Attended 8 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 9 – Attended 9
Tim Kelahe [a]	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 5 – Attended 3 Leave of absence granted – 2 meetings
Stirling Mortlock AM [b]	Treasurer – Elected Feb-2018 Director since Sep-2015; Member since Apr-2015 Rugby qualified Wealth Director Eligible Directors' meetings 9 – Attended 7 Leave of absence granted – 2 meetings
Stuart Dickinson	Director – Elected Sep-2015; Member since Oct-2008 Rugby qualified Marketing and Sales Manager Eligible Directors' meetings 9 – Attended 7 Leave of absence granted – 2 meetings
Adam Freier	Director – Elected Sep-2015; Member since Oct-2003 Rugby qualified Head of Digital Eligible Directors' meetings 9 – Attended 9
James Maxwell	Director – Elected Sep-2015; Member since Oct-1988 Rugby qualified Solicitor Eligible Directors' meetings 9 – Attended 5 Leave of absence granted – 4 meetings
Paula Ward	Director – Appointed Mar-2017; Director May-2013 to Sep-2015; Company Director Eligible Directors' meetings 9 – Attended 9
Owen Finegan [c]	Director – Appointed Oct-2017 Rugby qualified Chief Executive Officer Eligible Directors' meetings 6 – Attended 2 Leave of absence granted – 4 meetings

Note: [a] Treasurer resigned 19 February 2018
[b] Treasurer appointed 19 February 2018
[c] Director appointed 16 October 2017

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 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 2018 was to actively commence the pursuit of 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 \$542,081 [2017: \$90,142], which was derived after charging \$1,347 in depreciation and amortisation [2017: \$33,120] and interest expense of \$0 [2017: \$44]. There was no impairment of assets for either year [2018 or 2017]. Income tax expense for the year was \$0 [2017: \$25,468].

Significant events and future developments

At an Extraordinary General Meeting of the Rugby Club Ltd 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 Ltd to The Rugby Club Foundation Limited.
- (b) A Special Resolution adopting the Primary Object in lieu of the existing objects of the company.

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.

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

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DIRECTORS' REPORT [CONTINUED]

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 \$4,732 [2017: \$3,276] as reported in the table below.

Membership

Categories	Member Liability	30 June 2018	30 June 2017
Honorary life members	\$28	7	7
Rugby life members	\$2,252	563	258
City members	\$852	213	176
Country members	\$548	137	122
Emeritus members	\$280	70	64
Overseas members	\$76	19	17
House members [redundant category]	\$696	174	175
	\$4,732	1,183	819

Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2018 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 25th day of October, 2018

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

I declare, to the best of my knowledge and belief that during the year ended 30 June 2018 there have been no contraventions of:

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

Harley Russell & Day
Chartered Accountants



Garry William Day
Registered Company Auditor

Dated at Sydney this 24th day of October, 2018

THE RUGBY CLUB FOUNDATION LIMITED
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STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2018

	Note	2018 \$	2017 \$
Revenue from sale of goods		0	455,404
Revenue from rendering services		62,519	247,500
Interest received		179,652	554,691
Investment income		728,389	0
Total revenue		970,560	1,257,595
Cost of sales		0	(167,146)
Bar expenses		0	(151,766)
Poker machine expenses		(4,538)	(53,630)
Restaurant expenses		0	(29,069)
Function expenses		0	(21,049)
Promotion/event expenses		(47,615)	(36,588)
Keno expenses		0	(277)
Other employee expenses		(117,560)	(132,310)
Other equipment and occupancy expenses		(35,187)	(273,576)
Other expenses - sponsorships/grants		(122,045)	(26,659)
- other		(100,187)	(242,219)
Total expenses		(427,132)	(1,134,289)
Operating profit		543,428	123,306
Depreciation and amortisation expense		(1,347)	(33,120)
Finance expense		0	(44)
Profit before income tax expense		542,081	90,142
Income tax expense	1[c]	0	(25,468)
Profit for the year		542,081	64,674
Other comprehensive income		0	0
Total comprehensive income for the year		542,081	64,674

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2018

	\$	\$	\$
	Retained Earnings	Capital Profit Reserve	Total Equity
Balance as at 1 July 2016	(121,814)	20,307,141	20,185,327
Total comprehensive income for the year	64,674	0	64,674
Balance as at 30 June 2017	(57,140)	20,307,141	20,250,001
Total comprehensive income for the year	542,081	0	542,081
Balance as at 30 June 2018	484,941	20,307,141	20,792,082

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 30 June 2018

	Note	2018 \$	2017 \$
Assets			
Current assets			
Cash and cash equivalents	2	689,730	20,314,838
Trade and other receivables	3	2,100	31,623
Investments	4	20,147,743	0
Other assets	5	5,083	12,693
Total current assets		20,844,656	20,359,154
Non-current assets			
Plant and equipment	6	4,489	142
Intangible assets	7	16,385	218
Total non-current assets		20,874	360
Total assets		20,865,530	20,359,514
Liabilities			
Current liabilities			
Trade and other payables	8	19,125	46,418
Short term provisions	9	4,143	2,123
Other liabilities	10	48,093	55,083
Total current liabilities		71,361	103,624
Non-current liabilities			
Other liabilities	10	2,087	5,889
Total non-current liabilities		2,087	5,889
Total liabilities		73,448	109,513
Net assets		20,792,082	20,250,001
Equity			
Capital profit reserve	11	20,307,141	20,307,141
Retained earnings		484,941	(57,140)
Total equity		20,792,082	20,250,001

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 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Receipts from customers and members	88,699	679,908
Payments to suppliers; grant and sponsorship recipients and employees	(452,244)	(1,019,446)
Cash expended from operations	(363,545)	(339,538)
Finance costs	0	(44)
Net cash outflow from operating activities	(363,545)	(339,582)
Cash flows from investing activities		
Purchase of plant and equipment	(5,461)	0
Website development costs	(16,400)	0
Purchase of Mercer investment funds	(20,147,743)	0
Proceeds from sale of plant and equipment	0	30,000
Income received from Mercer investments	728,389	0
Interest received	179,652	637,221
Net cash inflow (outflow) from investing activities	(19,261,563)	667,221
Cash flows from financing activities		
Proceeds from borrowings	0	0
Repayment of borrowings	0	0
Net cash inflow (outflow) from financing activities	0	0
Net increase (decrease) in cash and cash equivalents held	(19,625,108)	327,639
Cash and cash equivalents at the beginning of the financial year	20,314,838	19,987,199
Cash and cash equivalents at the end of the financial year	689,730	20,314,838

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 30 June 2018

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

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:

Computer equipment	20.0% - 33.3%
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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] 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.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2018

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] Investments

Bank term and call deposits: Deposits 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.

Mercer investment funds: The Foundations investments with Mercer Investments (Australia) Limited are carried at the lower of cost and net recoverable amount. The investment funds distributions are brought to account on a cash receipts basis each six months, as these distributions cannot be reliably measured.

[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.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

[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 2017 covers the full year period 1 July 2016 to 30 June 2017.

It must be noted that the comparative period 1 July 2016 to 30 June 2017 includes a period (to 31 December 2016) during which the Foundation was trading as a licensed club. The revenue stream and operating expenses associated with a licensed club operation vary significantly from the operations of a foundation entity. As a foundation entity, the Foundation derives almost exclusively investment revenue, which, under the Foundation's amended constitution (which took effect from 14 June 2017), is to be applied for the primary purpose of encouraging a particular sport. The comparative period figures therefore present a distorted picture, involving, as they do, a comparison between a period during which the entity traded and also ceased trading as a club entity, and a period during which it was operating solely as a foundation entity.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

	2018	2017
	\$	\$
2. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank	5,084	8,261
Call deposit	95,862	366,770
Term deposits	0	19,939,807
Cash held by Mercer Investments (Aust.) Limited [reinvested 2 July 2018]	588,784	0
	689,730	20,314,838
3. TRADE AND OTHER RECEIVABLES		
Current		
Trade debtors	2,100	7,875
Other receivables	0	23,748
	2,100	31,623
4. INVESTMENTS		
Current		
Mercer moderate growth fund - at cost	18,126,331	0
Mercer australian direct property fund - at cost	2,021,412	0
	20,147,743	0
Both the above investments are reported by Mercer Investments (Australia) Limited on a "marked-to-market" basis.		
As at 30 June 2018 the holding value of these investments prior to the half yearly distributions were:		
Mercer moderate growth fund	18,448,935	
Mercer australian direct property fund	2,154,561	
Total investment	20,603,496	
5. OTHER ASSETS		
Current		
Prepayments	5,083	12,693
	5,083	12,693
6. PLANT AND EQUIPMENT		
Plant and equipment - at cost	7,725	11,455
Less: Accumulated depreciation	(3,236)	(11,313)
	4,489	142

Reconciliation of the carrying amount for plant and equipment:

Opening balance	142
Additions	5,461
Disposals [net]	0
Depreciation	(1,114)
Impairment	0
Closing balance	4,489

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

		2018	2017
		\$	\$
7. INTANGIBLE ASSETS			
Website development	- at cost	16,400	8,496
Less: Accumulated amortisation		(15)	(8,278)
		16,385	218
The new interactive website for the Foundation commenced live on 29 June 2018.			
Reconciliation of the carrying amount for website development:			
Opening Balance	218		
Additions	16,400		
Disposals	0		
Amortisation	(233)		
Closing Balance	16,385		
8. TRADE AND OTHER PAYABLES			
Current			
Trade creditors		9,593	8,437
Other creditors		3,490	0
Income tax liability		0	25,468
Accruals and other liabilities		6,042	12,513
		19,125	46,418
9. PROVISIONS			
Current			
Short term provisions			
Employee benefits - provision for holiday leave		4,143	2,123
10. OTHER LIABILITIES			
Current			
Membership subscriptions in advance		10,702	18,282
Rugby development fund [see supplementary information]		37,391	36,801
		48,093	55,083
Non-current			
Membership subscriptions in advance		2,087	5,889
Total other liabilities		50,180	60,972
11. 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.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

	2018 \$	2017 \$
12. 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	2,183	2,106
Interest received on term deposits	169,332	552,585
Investment income [includes interest received \$8,137 from Mercer]	736,526	0
[b] Charging the following items as expense:		
Amounts set aside to provisions: Employee benefits	(8,780)	(20,514)
Sponsorship/grants	(122,045)	(26,659)
Loss on disposal of assets	0	(105,568)
Depreciation	(1,114)	(30,713)
Amortisation	(233)	(2,832)
Interest on loans	0	(44)
13. DIRECTORS' BENEFITS		
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	<u>1,054</u>	<u>311</u>
14. 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.		
15. COMMITMENTS		
Capital Expenditure		
The Rugby Club Foundation Limited has no capital expenditure commitments contracted for at balance date.		
16. 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 transition period are:		
Angus Bruxner	President	
Peter Whittington	Vice-President; Secretary	
Tim Kelaher	Treasurer [resigned 19 February 2018]	
Stirling Mortlock AM	Treasurer [appointed 19 February 2018]	
Stuart Dickinson	Director	
Adam Freier	Director	
James Maxwell	Director	
Paula Ward	Director	
Owen Finegan	Director [appointed 16 October 2018]	
[b] Other key management personnel		
Business Operations Manager	Lisa Kane	
[c] Key management personnel compensation		
The following benefits and payments were made to other key management personnel . Refer to Note 13: Directors Benefits.		
Total compensation	<u>100,000</u>	<u>169,546</u>

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2018

17. POKER MACHINE ENTITLEMENTS

The Rugby Club Foundation Limited 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 of each entitlement is estimated by your Directors to be in the vicinity of \$20,000. This would make the estimated value of the entitlements held by The Rugby Club Foundation Limited to be \$220,000.

As the Foundation's continuing ownership of these poker machine entitlement assets currently does not yield investment income which can be applied towards the pursuit of the Foundation's Primary Object, the Directors anticipate that consideration will need to be given in the course of the current financial year as to how best to deal with those presently redundant non-income producing , but not material, assets of the Foundation.

THE RUGBY CLUB FOUNDATION LIMITED

[Formerly Rugby Club Ltd]

[A Company Limited by Guarantee]

ABN 80 000 050 279

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 2018.

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 25th day of October, 2018

INDEPENDENT AUDIT 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 (the Company) which comprises the statement of financial position as at 30 June 2018, 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 The Rugby Club Foundation Limited, is in accordance with the *Corporations Act 2001*, including:

- [a] Giving a true and fair view of the company's financial position as at 30 June 2018, 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 qualified 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.

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INDEPENDENT AUDIT REPORT TO THE MEMBERS OF THE RUGBY CLUB FOUNDATION LIMITED [CONTINUED]

Responsibilities of the directors for the financial report

The directors of the registered entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements under the Corporations Law and Registered Clubs Act, and for such internal control as the directors determine is necessary to enable the preparation of the 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 registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the registered entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibility 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 the 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 the 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 registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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 registered entity'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 registered entity 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.

Basis for qualified opinion

The company since incorporation has been a tax paying entity, up to and including the 2017 financial year.

Having regard to the changes to the constitution of the company on 14th June 2017 (including new objects of the company from that date) referred to in the Directors' Report and to the other matters stated in that Report, your directors are of the view this year that the company is entitled to self-assess its entitlement to exemption from Income Tax for the whole of the financial year ending 30th June 2018 (see Note 1(c) to the Financial Statements). And no provision for income tax has been made in the financial statements.

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**INDEPENDENT AUDIT REPORT TO THE MEMBERS OF
THE RUGBY CLUB FOUNDATION LIMITED [CONTINUED]**

However no tax ruling or determination has been sought or received from the Australian Taxation Office to confirm the company's income tax exemption.

Qualified opinion

In the absence of any tax ruling or determination from the Australian Taxation Office confirming the company's income tax exemption, we are of the opinion there exists an uncertainty that the company is exempt from Income Tax. If it is not, there exists an income tax liability of approximately \$162,000 on the reported profit that should be recognised in the accounts by way of note (or taken up as an actual liability).

Other information

The directors are responsible for the other information. The other information comprises the information contained in The Rugby Club Foundation Limited 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

Garry William Day
Registered Company Auditor

Dated at Sydney this 26th day of October, 2018

AUDITOR'S DISCLAIMER

The supplementary financial data presented on the attached 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 my statutory audit of the Club for the year ended 30 June 2018. 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 The Rugby Club Foundation Limited], in respect of such data, including any errors or omissions therein, arising through negligence or otherwise however caused.

Harley Russell & Day
Chartered Accountants

Garry William Day
Registered Company Auditor

Dated at Sydney this 26th day of October, 2018

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

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SUPPLEMENTARY INFORMATION**RUGBY DEVELOPMENT FUND**

for the year ended 30 June 2018

	2018	2017
	\$	\$
Income		
Donations, sponsorships and net raffle proceeds	398	2,073
Interest received	192	107
	590	2,180
Expenses		
Bank fees	0	0
Sponsorship and scholarships	0	0
	0	0
Net surplus (deficit)	590	2,180
Accumulated Funds		
Retained surplus at the beginning of the financial year	36,801	34,621
Net surplus (deficit)	590	2,180
Retained surplus at the end of the financial year	37,391	36,801
Represented by:		
Current Assets		
Call deposit account	37,391	36,801
	37,391	36,801