

**THE RUGBY CLUB FOUNDATION LIMITED**

[A Company Limited by Guarantee]

ABN 80 000 050 279

# **FINANCIAL REPORT**

**for the year ended 30 June 2020**



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# THE RUGBY CLUB FOUNDATION LIMITED

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## FINANCIAL REPORT

for the year ended 30 June 2020

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## THE RUGBY CLUB FOUNDATION LIMITED

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### DIRECTORS' REPORT

Your Directors present their report of The Rugby Club Foundation Limited for the year ended 30 June 2020.

#### Directors

The names of the directors who held office at any time during the year ended 30 June 2020 and changes in respect of those directors since the year ended 30 June 2020 are as follows:

Angus Bruxner	President/Chairperson – Elected May-2013; Vice-President Apr-2003 to May-2013; Director since Mar-1998; Member since Mar-1996; Rugby qualified Solicitor Eligible Directors' meetings 7 – Attended 7
Peter Whittington	Vice-President/Deputy Chairperson – Elected May-2013; Treasurer Jun-2012 to May-2013; Director since Feb-2009; Member since Dec-2006; Rugby qualified Lead Partner Eligible Directors' meetings 7 – Attended 7
Stirling Mortlock AM	Treasurer – Elected Feb-2018 Director since Sep-2015; Member since Apr-2015 Rugby qualified Wealth Director Eligible Directors' meetings 7 – Attended 4 Leave of absence granted – 3 meetings
Robert Bradley AM	Director – Appointed Sep-2018; Member since May-2002 Chief Executive Officer Eligible Directors' meetings 7 – Attended 7
Stuart Dickinson	Director – Elected Sep-2015; Member since Oct-2008 Rugby qualified Managing Director Eligible Directors' meetings 7 – Attended 5 Leave of absence granted – 2 meetings
Owen Finegan	Director – Appointed Oct-2017; Member since Nov-1999 Rugby qualified Chief Executive Officer Eligible Directors' meetings 7 – Attended 7
Adam Freier	Director – Elected Sep-2015; Member since Oct-2003 Rugby qualified General Manager of Marketing and Digital Eligible Directors' meetings 7 – Attended 7
James Maxwell	Director – Elected Sep-2015; Member since Oct-1988 Rugby qualified Solicitor Eligible Directors' meetings 7 – Attended 6 Leave of absence granted – 1 meeting
Paula Ward	Director – Appointed Mar-2017; Director May-2013 to Sep-2015; Member since Jul-2012 General Manager, Governance & Business Eligible Directors' meetings 7 – Attended 7

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

## THE RUGBY CLUB FOUNDATION LIMITED

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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"* (**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 2020 was to actively pursue the Primary Object through the support and promotion of grassroots Rugby in NSW, including grade, suburban, country, women's and junior 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 \$709,171 [2019: \$206,451], which was derived after financial grants totalling \$355,765 [2019: \$313,878] were awarded to recipients in respect of grassroots rugby programs, and after charging \$6,560 in depreciation and amortisation [2019: \$6,560] and interest expense of \$4 [2019: \$12]. There was no impairment of assets for either year [2020 or 2019]. Income tax expense for the year was \$0 [2019: \$0]. See Note 1[c]: Taxation.

Other comprehensive income reported the fair value gain/(loss) on financial assets held at fair value [these are the investments managed by Mercer investments (Australia) Limited (**Mercer**)] amounting to a revaluation loss of (\$1,061,123) [2019: +\$707,948] with the fair value gain/(loss) held in the financial assets reserve as part of equity.

#### Significant events and future developments

At a General Meeting of The Rugby Club Foundation Limited held on 22 October 2019 the Members passed the following Ordinary Resolutions:

*"That the Members hereby approve:*

- (a) *the surrender (to the Independent Liquor and Gaming Authority) of the club licence held by the Foundation in respect of its former premises located at Rugby Union House, Rugby Place off 31a Pitt Street, Sydney (Former Premises); and*

## THE RUGBY CLUB FOUNDATION LIMITED

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### DIRECTORS' REPORT [CONTINUED]

#### Significant events and future developments [continued]

- (b) *for the purpose of section 21(4) of the Gaming Machines Act 2001 (NSW), the sale of the eleven (11) gaming machine entitlements attached to the club licence in respect of the Former Premises".*

The Members also passed the following Special Resolution at the General Meeting held on 22 October 2019:

*"That the constitution of The Rugby Club Foundation Limited in the form presented to the meeting (and having previously been made available to Members) be adopted as the Constitution of The Rugby Club Foundation Limited in substitution for and to the exclusion of the existing Constitution".*

By passing each of these resolutions, the Members took an appropriate step following the transition of the Foundation from 'registered club' status to 'not-for-profit foundation' status at the General Meeting of Rugby Club Limited held on 14 June 2017.

Having conducted a comprehensive request for proposal process the Foundation selected and appointed Mercer as the Foundation's investment manager in December 2017. The Foundation and Mercer 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 Prime Object. This principle should guide the Foundation's investment policy and the Foundation's grant-making policy and protocols.

The Foundation continues to enhance 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 NSW Rugby Union and its Affiliated Unions.

Concurrently with those significant events the Board of Directors of the Foundation is currently developing an expanded strategic plan encompassing objectives and policies which will provide greater benefits for the Foundation, its Members and Rugby in general. This strategic plan 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 still 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 \$3,856 [2019: \$4,192] as reported in the table below.

#### Membership

Categories	Member Liability	30 June 2020	30 June 2019
Honorary life members	\$24	6	6
Rugby life members	\$2,212	553	554
City members	\$696	174	201
Country members	\$472	118	127
Emeritus members	\$252	63	68
Overseas members	\$96	24	30
House members [redundant category]	\$104	26	62
	<b>\$3,856</b>	<b>964</b>	<b>1,048</b>

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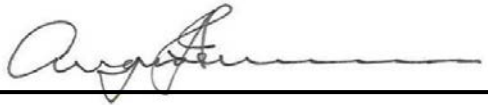
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**DIRECTORS' REPORT [CONTINUED]**

**Auditor's independence declaration**


The auditor's independence declaration for the year ended 30 June 2020 has been received and is located on the next page.

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  
**Chairperson**

Signed at Sydney on this 29<sup>th</sup> day of October, 2020



Stirling Mortlock AM  
**Treasurer**

**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 30 June 2020 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.



Chris Allen  
Partner

Date: 30/10/2020

## Independent Auditor's Report

To the members of The Rugby Club Foundation Limited

### Report on the Audit of the Financial Report

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### Opinion

We have audited the financial report of The Rugby Club Foundation Limited (the Foundation), which comprises the statement of financial position as at 30 June 2020, 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 Foundation's financial position as at 30 June 2020 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 Foundation 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 Foundation, 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 Foundation 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 Foundation'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 Foundation 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 Foundation'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 Foundation'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 Foundation 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.



**Boroughs Assurance**



**Chris Allen**  
Partner

Date: 30/10/2020  
Sydney.

# THE RUGBY CLUB FOUNDATION LIMITED

[A Company Limited by Guarantee]

ABN 80 000 050 279

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

for the year ended 30 June 2020

		Note	2020 \$	2019 \$
Investment income	- Mercer distributions and fee rebates	12	1,241,937	802,501
Other income	- Other	13	36,605	37,732
	- Interest received	13	558	611
<b>Total income</b>			<b>1,279,100</b>	<b>840,844</b>
Grants awarded		14	(355,765)	(313,878)
Overheads	- employee		(86,133)	(108,780)
	- equipment and occupancy		(32,102)	(35,288)
	- other		(89,348)	(169,875)
<b>Total expenses</b>			<b>(563,348)</b>	<b>(627,821)</b>
<b>Operating profit</b>			<b>715,752</b>	<b>213,023</b>
Depreciation and amortisation expense			(6,577)	(6,560)
Borrowing costs			(4)	(12)
<b>Profit before income tax expense</b>			<b>709,171</b>	<b>206,451</b>
Income tax expense		1[c]	0	0
<b>Profit for the year</b>			<b>709,171</b>	<b>206,451</b>
<b>Other comprehensive income</b>				
Fair value gain/(loss) on financial assets held at fair value			(1,061,123)	707,948
			<b>(1,061,123)</b>	<b>707,948</b>
<b>Total comprehensive income for the year</b>			<b>(351,952)</b>	<b>914,399</b>

## STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2020

	\$	\$	\$	\$
	Retained Earnings	Financial Assets Reserve	Capital Profit Reserve	Total Equity
<b>Balance as at 1 July 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>
Profit for the year	709,171	0	0	709,171
Other comprehensive income	0	(1,061,123)	0	(1,061,123)
<b>Balance as at 30 June 2020</b>	<b>811,779</b>	<b>102,579</b>	<b>20,307,141</b>	<b>21,221,499</b>

The Statement of Profit/(Loss) and Other 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

[A Company Limited by Guarantee]  
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## STATEMENT OF FINANCIAL POSITION

as at 30 June 2020

		2020	2019
	Note	\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2	23,992	152,043
Trade and other receivables	3	13,254	16,879
Other current assets	4	7,894	8,317
<b>Total current assets</b>		<b>45,140</b>	<b>177,239</b>
<b>Non-current assets</b>			
Plant and equipment - at cost	5	2,301	3,396
Intangible assets - at cost	6	5,436	10,918
Financial assets - at fair value	7	21,225,599	21,516,545
<b>Total non-current assets</b>		<b>21,233,336</b>	<b>21,530,859</b>
<b>Total assets</b>		<b>21,278,476</b>	<b>21,708,098</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	8	15,378	81,745
Short term provisions	9	37,279	47,883
Other current liabilities	10	4,320	4,604
<b>Total current liabilities</b>		<b>56,977</b>	<b>134,232</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	10	0	415
<b>Total non-current liabilities</b>		<b>0</b>	<b>415</b>
<b>Total liabilities</b>		<b>56,977</b>	<b>134,647</b>
<b>Net assets</b>		<b>21,221,499</b>	<b>21,573,451</b>
<b>Equity</b>			
Reserves	11	20,409,720	21,470,843
Retained earnings		811,779	102,608
<b>Total equity</b>		<b>21,221,499</b>	<b>21,573,451</b>

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

**THE RUGBY CLUB FOUNDATION LIMITED**

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**STATEMENT OF CASH FLOWS**

for the year ended 30 June 2020

	<b>Note</b>	<b>2020</b> <b>\$</b>	<b>2019</b> <b>\$</b>
<b>Cash flows from operating activities</b>			
Receipts from members		39,532	29,962
Payments: grants awarded	14	(355,765)	(312,378)
Payments: Sir Leslie Herron scholarships awarded	15	(3,000)	0
Payments to suppliers and employees		(281,131)	(266,206)
		<b>(600,364)</b>	<b>(548,622)</b>
Cash expended from operations			
Borrowing costs		(4)	(12)
		<b>(600,368)</b>	<b>(548,634)</b>
<b>Cash flows from investing activities</b>			
Redemption of Mercer investments		471,759	636,500
Purchase of Mercer investment funds [new investments]		0	(37,488)
		<b>471,759</b>	<b>599,012</b>
Interest received		558	719
		<b>472,317</b>	<b>599,731</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		0	0
Repayment of borrowings		0	0
		<b>0</b>	<b>0</b>
<b>Net increase (decrease) in cash and cash equivalents held</b>			
Cash and cash equivalents at the beginning of the financial year		(128,051)	51,097
		152,043	100,946
<b>Cash and cash equivalents at the end of the financial year</b>		<b>23,992</b>	<b>152,043</b>

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

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2020**

**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, Level 8, 65 York Street, Sydney NSW 2000.

**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.

**[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 Profit & Loss & Other Comprehensive Income

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**NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 30 June 2020**

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

**[c] Taxation [continued]**

**Income tax [continued]**

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.

**[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.

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**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 30 June 2020**

**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] Leases**

Leases of property, plant and equipment, where substantially all the risks and benefits incidental to the ownership of these assets, but not legal ownership are transferred to the lessee, are classified as **finance leases**. Finance leases are capitalised recording an asset and liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Lease assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease charges taken to expense for the period in accordance with AASB 117: Leases.

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.

Commencing 1 January 2019 a new lease standard [AASB 16: Leases] was introduced. In the past **operating leases**, where substantially all the risks and benefits remained with the lessor, were treated as off-balance sheet transactions, where lease payments are charged as expense in the period in which they occurred, but under the new standard are required to be reported on-balance sheet. The lease cost which is the initial amount of the lease liability at present value plus any direct costs, if applicable, is recognised in the financial accounts as a "right-of-use" asset with an off-setting lease liability. The right-of-use asset is subsequently depreciated over the term of the lease or useful life on a straight-line basis. The lease liability at present value is reduced by the period lease payments made to the lessor, and the interest component of these payments charged to the P&L. Right-of-use assets are reported in property, plant and equipment and lease liabilities in financial liabilities.

The Foundation has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets or short-term leases. Lease payments associated with these leases are expensed on a straight-line basis over the lease term.

**[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 2020 covers the full year period 1 July 2018 to 30 June 2019.

**THE RUGBY CLUB FOUNDATION LIMITED**

[A Company Limited by Guarantee]

ABN 80 000 050 279

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2020

		<b>2020</b>	<b>2019</b>
		<b>\$</b>	<b>\$</b>
<b>2. CASH AND CASH EQUIVALENTS</b>			
<b>Current</b>			
Cash at bank		8,702	4,412
Call deposit		15,290	147,631
		<b>23,992</b>	<b>152,043</b>
<b>3. TRADE AND OTHER RECEIVABLES</b>			
<b>Current</b>			
Trade debtors		0	2,985
Tax asset [GST]		13,254	13,894
		<b>13,254</b>	<b>16,879</b>
<b>4. OTHER ASSETS</b>			
<b>Current</b>			
Prepayments		7,894	8,317
		<b>7,894</b>	<b>8,317</b>
<b>5. PLANT AND EQUIPMENT</b>			
<b>Non-current</b>			
Plant and equipment	- at cost	6,310	7,725
<b>Less:</b> Accumulated depreciation		(4,009)	(4,329)
		<b>2,301</b>	<b>3,396</b>
<b>Reconciliation of the carrying amount for plant and equipment:</b>			
<b>Opening balance</b>	<b>3,396</b>		
Additions	0		
Disposals [net]	0		
Depreciation	(1,095)		
Impairment	0		
<b>Closing balance</b>	<b>2,301</b>		
<b>6. INTANGIBLE ASSETS</b>			
<b>Non-current</b>			
Website development	- at cost	16,400	16,400
<b>Less:</b> Accumulated amortisation		(10,964)	(5,482)
		<b>5,436</b>	<b>10,918</b>
<b>Reconciliation of the carrying amount for website development:</b>			
<b>Opening balance</b>	<b>10,918</b>		
Additions	0		
Disposals [net]	0		
Amortisation	(5,482)		
Impairment	0		
<b>Closing balance</b>	<b>5,436</b>		



**THE RUGBY CLUB FOUNDATION LIMITED**

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

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2020

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>7. FINANCIAL ASSETS</b>		
<b>Non-current</b>		
Mercer moderate growth fund	18,357,609	18,806,636
Mercer Australian direct property fund	1,614,384	1,545,472
Mercer global unlisted infrastructure fund	1,217,560	1,125,451
Sir Leslie Herron scholarship - Mercer moderate growth fund	36,046	38,986
	<b>21,225,599</b>	<b>21,516,545</b>
<b>8. TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade creditors	5,003	67,544
Other creditors	1,516	2,273
Accruals and other	8,859	11,928
	<b>15,378</b>	<b>81,745</b>
<b>9. PROVISIONS</b>		
<b>Current</b>		
<b>Short term provisions</b>		
Employee benefits - provision for holiday leave	441	8,774
Sir Leslie Herron scholarship	36,838	39,109
	<b>37,279</b>	<b>47,883</b>
<b>10. OTHER LIABILITIES</b>		
<b>Current</b>		
Membership subscriptions in advance	4,320	4,604
	4,320	4,604
<b>Non-current</b>		
Membership subscriptions in advance	0	415
<b>Total other liabilities</b>	<b>4,320</b>	<b>5,019</b>
<b>11. RESERVES</b>		
Capital profits reserve	20,307,141	20,307,141
Financial assets reserve	102,579	1,163,702
	<b>20,409,720</b>	<b>21,470,843</b>
<b>Capital profits reserve</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>Financial assets reserve</b>		
The financial assets reserve records revaluation of financial assets.		
<b>12. INVESTMENT INCOME</b>		
Mercer - distributions	340,559	318,861
Mercer - distributions	877,687	462,207
Mercer - fee rebates	23,691	21,433
	<b>1,241,937</b>	<b>802,501</b>

# THE RUGBY CLUB FOUNDATION LIMITED

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

	2020 \$	2019 \$
<b>13. OTHER INCOME</b>		
Membership subscriptions received	16,476	20,500
Member receipts - game tickets and functions	9,368	17,231
Donations received	750	0
ATO - cash flow boost for employers [covid-19]	10,000	0
Other income	11	1
	<u>36,605</u>	<u>37,732</u>
Interest received - NAB investment account	558	611
<b>Total other income</b>	<u><b>37,163</b></u>	<u><b>38,343</b></u>

## 14. GRANTS AWARDED

### Recipient

#### 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

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

#### 2020

Sydney and Country Referees Associations  
NSW Country Rugby Union  
Trytons Rugby  
Australian Schools Rugby Union  
Classic Wallabies  
Sydney Junior Rugby Union

### Grassroots Rugby Programs

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  
Referee development carnivals  
State carnival  
Grow the 7s competition including referee recruitment  
Recruitment and education programs  
Occupational therapy programs to enable children in rural NSW with developmental delays or mental health conditions to use rugby as a form of therapy.  
State trials  
Refs R Us program  
Grassroots rugby initiative across rural NSW  
National championships  
Development officers program  
Donation - Support a catastrophically injured junior player

Junior rugby referees and referee coach development  
National rugby camp in Armidale  
Programme for children with special needs  
National championship and barbarians tour  
Drought and fire relief clinics across rural NSW  
Coach and referees education programs for girls and 7's rugby

# THE RUGBY CLUB FOUNDATION LIMITED

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

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

	2020 \$	2019 \$
<b>14. GRANTS AWARDED [CONTINUED]</b>		
<b>Recipient</b>	<b>Grassroots Rugby Programs</b>	
<b>2020 [continued]</b>		
NSW Suburban Rugby	Colts recruitment program	
Sydney Junior Rugby Union	Inter-district minis gala day	
Sense Rugby	Occupational therapy program expansion into rural NSW	
Sydney Rugby Union	"Green Whistle" medical courses	
Sydney Rugby Union	Assistant referee education programs	
NSW Junior Rugby Union	Support of the U10 and U11 State championships	
Central Coast Rugby Union Referees	Video support for referee coaching and development	
Central Coast Junior Rugby Union	Coach and referee courses	
Rugby Australia	On-going storage and maintenance of Rugby memorabilia	
Sydney West Rugby Referees Association	Referee coaching communications consolidation	
Country Junior Rugby Union of NSW	Development program	
Disability Sports Australia	Neurological impairment national talent ID plan	
NSW Rugby Union	Development officers program	
<b>Total grants awarded</b>	<b>(355,765)</b>	<b>(313,878)</b>
<b>15. SIR LESLIE HERRON SCHOLARSHIPS AWARDED</b>		
<b>[See supplementary information on page 23]</b>		
<b>Recipients</b>		
Ms Ally Bullman [Nominee of Sydney Junior Rugby Union]	(1,500)	0
Mr Jayden Blake [Nominee of NSW Country Junior Rugby Union]	(1,500)	0
<b>Note:</b> Both scholarships are awarded over two years totalling \$3,000 each		
<b>Total Herron scholarships awarded</b>	<b>(3,000)</b>	<b>0</b>
<b>16. 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	1,241,937	802,501
Interest received on call deposits	558	611
<b>[b] Charging the following items as expense:</b>		
Grants awarded	(355,765)	(313,878)
Amounts set aside to provisions: employee benefits	(6,593)	(9,153)
Depreciation	(1,095)	(1,093)
Amortisation	(5,482)	(5,467)
Interest on payables	(4)	(12)
<b>17. 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	(298)	(262)

## THE RUGBY CLUB FOUNDATION LIMITED

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

### NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2020

2020  
\$

2019  
\$

#### 18. COMMITMENTS

##### Capital Expenditure

The Rugby Club Foundation Limited has no capital expenditure commitments contracted for at balance date.

#### 19. 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 the following dealings:

Director/Officer	Entity		
James Maxwell - Director	<b>Peter Maxwell &amp; Associates</b> <b>Details:</b> Dealings with Trade Mark and Business Names on behalf of the Foundation	0	9,502
James Maxwell - Director	<b>Maxwells Patent &amp; Trade Mark Attorneys</b> <b>Details:</b> Dealings with Trade Mark and Business Names on behalf of the Foundation	10,198	0

#### 20. 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 are:

Angus Bruxner	President/Chairperson
Peter Whittington	Vice-President/Deputy Chairperson; Secretary
Stirling Mortlock AM	Director; Treasurer
Robert Bradley AM	Director
Stuart Dickinson	Director
Owen Finegan	Director
Adam Freier	Director
James Maxwell	Director
Paula Ward	Director

##### [b] Other key management personnel

Business Operations Manager	Lisa Kane
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##### [c] Key management personnel compensation

The following benefits and payments were made to **other key management personnel only**. Refer to Note 17: Directors Benefits.

Total compensation	<u>74,782</u>	<u>102,790</u>
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#### 21. FIRST YEAR ADOPTION OF MANDATORY ACCOUNTING STANDARD

Management have adopted measurement, recognition and disclosure requirements of AASB 16: Leases and prepared a general purpose financial report.

In applying the standard, the Foundation has elected not to recognise right-of-use assets and lease liabilities for leases of low value assets or short term leases. The lease payments associated with these leases are expensed on a straight-line basis over the term of the lease. The Foundation has only one lease liability. This is for a small photocopier as part of the office rental. Photocopier rental cost is not material.

**NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 30 June 2020

**22. SUBSEQUENT EVENTS**

The sale of the Foundation's gaming machine entitlements and the surrender of the Foundation's club licence were approved by the Members at the General Meeting held on 22 October 2019.

Subsequent to the end of the financial year, the Foundation sold its 11 gaming machine entitlements for \$110,000 net of GST.

Subsequent to the sale its gaming machine entitlements, the Foundation took action to surrender its club licence by lodging a Surrender of Liquor Licence with Liquor and Gaming NSW. The Foundation ceased to hold a club licence under the *Liquor Act 2007* on 22 October 2020.

By implementing these actions, the Foundation has completed the transition of the Foundation from 'registered club' status to 'not-for-profit foundation' status.

**23. COVID-19 IMPACTS**

The Foundation has been impacted by the outbreak of COVID-19 which commenced in early 2020, and has continued post balance sheet date. Disruption to business and economic activities has been observed as a result of quarantine measures, travel and trade restrictions as imposed by both Australian and foreign governments alike.

The Directors are of the view that the fair value of the Foundation's investments as at 30 June 2020 have been adversely affected by the impact of COVID-19 across publicly traded securities markets. The quantum of this impact directly attributable to COVID-19 is not readily ascertainable.

Although the situation remains fluid, as at the date of these financial statements are issued, given the inherent unpredictability associated with the COVID-19 pandemic and any contingency measures that may be put in place by relevant governments, the actual financial impact of the COVID-19 pandemic, if any, on the Foundation's financial statements is uncertain.

## THE RUGBY CLUB FOUNDATION LIMITED

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

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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 2020.

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  
**Chairperson**



Stirling Mortlock AM  
**Treasurer**

Dated at Sydney this 29<sup>th</sup> day of October, 2020

# BOROUGH'S ASSURANCE

CHARTERED ACCOUNTANTS

ABN 42 178 198 610  
Level 6,  
77 Castlereagh Street  
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DX 232, Sydney  
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 2020. 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.



**Boroughs Assurance**



**Chris Allen**  
Partner

Date 30/10/2020

Sydney

**THE RUGBY CLUB FOUNDATION LIMITED**

[A Company Limited by Guarantee]

ABN 80 000 050 279

**SUPPLEMENTARY INFORMATION****PROVISION - SIR LESLIE HERRON SCHOLARSHIP**

[Formally the Rugby Club Development Fund]

for the year ended 30 June 2020

	2020 \$	2019 \$
<b>Income</b>		
Interest received	(10)	107
Fee rebates - Mercer medium growth fund	36	12
Distributions - Mercer medium growth fund	702	1,598
	<b>728</b>	<b>1,718</b>
<b>Expenses</b>		
Scholarships awarded:		
Ms Ally Bullman [Nominee of Sydney Junior Rugby Union]	(1,500)	0
Mr Jayden Blake [Nominee of NSW Country Junior Rugby Union]	(1,500)	0
<b>Note:</b> Both scholarships are awarded over two years totalling \$3,000 each.	<b>(3,000)</b>	<b>0</b>
<b>Net surplus (deficit) for the year</b>	<b>(2,272)</b>	<b>1,718</b>
<b>Accumulated funds</b>		
Retained surplus at the beginning of the financial year	39,109	37,391
Net surplus (deficit) for the year	(2,272)	1,718
Retained surplus at the end of the financial year	<b>36,838</b>	<b>39,109</b>
<b>Represented by:</b>		
<b>Current assets</b>		
Due from The Rugby Club Foundation Limited	0	1,611
<b>Non-current assets</b>		
<b>Financial assets</b>		
Investment - Mercer medium growth fund - at fair value	36,046	38,986
<b>Equity</b>		
Financial assets reserve	792	(1,488)
	<b>36,838</b>	<b>39,109</b>