

THE RUGBY CLUB FOUNDATION LIMITED

[A Company Limited by Guarantee]

ABN 80 000 050 279

FINANCIAL REPORT

for the year ended 30 June 2022



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for the year ended 30 June 2022

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THE RUGBY CLUB FOUNDATION LIMITED

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DIRECTORS' REPORT

The Directors present their report of The Rugby Club Foundation Limited for the year ended 30 June 2022.

Directors

The names of the directors who held office at any time during the year ended 30 June 2022 and changes in respect of those directors since the year ended 30 June 2022 are as follows:

Angus Bruxner	Director/Chairperson – Elected Nov-2019 President May-2013 to Nov-2019; Vice-President Apr-2003 to May-2013 Director since Mar-1998; Member since Mar-1996 Rugby qualified Solicitor Eligible Directors' meetings 6 – Attended 6
Peter Whittington	Director/Deputy Chairperson – Elected Nov-2019 Vice-President May-2013 to Nov-2019; Treasurer Jun-2012 to May-2013 Director since Feb-2009; Member since Dec-2006 Rugby qualified Lead Partner Eligible Directors' meetings 6 – Attended 6
Stirling Mortlock AM	Director/Treasurer – Elected Nov-2020 Treasurer Feb-2018 to Nov-2020 Director since Sep-2015; Member since Apr-2015 Rugby qualified Founding Partner Eligible Directors' meetings 6 – Attended 6
Robert Bradley AM	Director – Elected Nov-2021 Director since Sep-2018; Member since May-2002 Chief Executive Officer Eligible Directors' meetings 6 – Attended 6
Stuart Dickinson	Director – Elected Nov-2020 Director since Sep-2015; Member since Oct-2008 Rugby qualified Managing Director Eligible Directors' meetings 6 – Attended 5 Leave of absence granted – 1 meeting
Owen Finegan	Director- Elected Nov-2020 Director since Oct-2017; Member since Nov-1999 Rugby qualified Chief Executive Officer Eligible Directors' meetings 6 – Attended 5 Leave of absence granted – 1 meeting
Adam Freier	Director – Elected Nov-2021 Director since Sep-2015; Member since Oct-2003 Rugby qualified General Manager Eligible Directors' meetings 6 – Attended 5 Leave of absence granted – 1 meeting
James Maxwell	Director – Elected Nov-2021 Director since Sep-2015; Member since Oct-1988 Rugby qualified Solicitor Eligible Directors' meetings 6 – Attended 2 Leave of absence granted – 4 meetings

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DIRECTORS' REPORT [CONTINUED]

Directors [continued]

Paula Ward

Director – Elected Nov-2019

Director May-2013 to Sep-2015 and since Mar-2017; Member since Jul-2012

Executive Director Human Recourses

Eligible Directors' meetings 6 – Attended 6

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

Objectives

Short term: 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 enhance and maintain the Foundation's financial position so as to generate sufficient funds annually in order to successfully and indefinitely 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 being essential to the optimum level of 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 Foundation's funds 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 2022 was to actively pursue the Primary Object through the support and promotion of grassroots Rugby in NSW and elsewhere, 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 could be (and indeed was) applied in furtherance of the Primary Object of the Foundation and the promotion and propagation of the game of Rugby Union football.

Dividends

As a public company limited by guarantee, the Foundation 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 \$1,921,772 [2021: \$461,557], which was derived after financial grants totalling \$503,091 [2021: \$433,415] were awarded to recipients in respect of grassroots Rugby programs, and after charging \$1,264 in depreciation and interest expense of \$0 [2021: \$0]. There was no impairment of assets for either year [2021 or 2022]. Income tax expense for the year was \$0 [2021: \$0]. See Note 1[c]: Taxation.

Other comprehensive income reports the movement on the fair value gain/(loss) on financial assets held [these are the investments managed by Escala Partners (**Escala**)] and are held in the financial assets reserve as part of equity. For the current financial year this amounted to a revaluation loss of \$3,018,382 [2021: \$1,797,602 gain] together with a charge against the reserve removing the balance of \$1,900,181 fair value gain as at 30 June 2021 [this gain was taken to the Foundation's profit and loss]. The net movement against reserve was a charge of \$4,918,563, resulting in a financial assets reserve balance of negative \$3,018,382.

Significant events and future developments

At a General Meeting of The Rugby Club Foundation Limited held on 22 October 2019 the Members passed resolutions which completed the transition of the Foundation from 'registered club' status to 'not-for-profit' status.

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DIRECTORS' REPORT [CONTINUED]

Significant events and future developments [continued]

Having conducted a comprehensive request for proposal process the Foundation selected and appointed Escala as the Foundation's investment manager on 27 October 2021. The Foundation and Escala entered into an Investment Management Agreement (IMA) and the Foundation's funds continue to be invested by Escala in accordance with the IMA.

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

The continuing purpose of the Foundation's grant-making policy is to define 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 during each financial year is available to be applied in perpetuity in furtherance of the Prime Object. This principle continues to 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, and entities associated with those Unions.

Concurrently with those significant events, the Board is continuing to develop an expanded strategic plan encapsulating objectives and policies which will provide greater benefits for the Foundation, its Members and Rugby in general. This strategic plan continues 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 being essential to pursuing and achieving 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 [a liability attaching to all membership categories]. The total contribution by financial members in the event of the company being wound-up would be \$3,368 [2021: \$3,452] as reported in the table below.

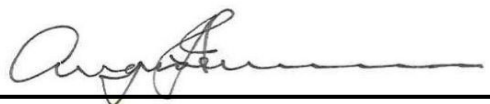
Membership

Categories	Member Liability	30 June 2022	30 June 2021
Honorary life members	\$24	6	6
Rugby life members	\$2,176	544	550
City members	\$524	131	140
Country members	\$348	87	98
Emeritus members	\$224	56	53
Overseas members	\$72	18	16
	\$3,368	842	863

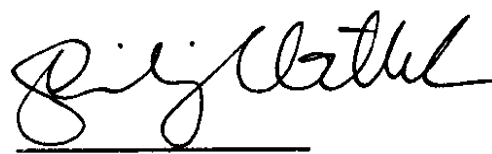
Auditor's independence declaration

The auditor's independence declaration for the year ended 30 June 2022 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



Stirling Mortlock AM
Treasurer

Signed at Sydney on this 18th day of November 2022

**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 2022 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: 18th November 2022

Independent Auditor's Report

To the members of The Rugby Club Foundation Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The Rugby Club Foundation Limited (the Foundation), which comprises the statement of financial position as at 30 June 2022, 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 2022 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: 18th November 2022
Sydney.

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STATEMENT OF PROFIT/(LOSS) AND OTHER COMPREHENSIVE INCOME

for the year ended 30 June 2022

		Note	2022 \$	2021 \$
Investment income	- Mercer and Escala income	11	2,883,838	934,423
Other income	- Other	12	14,260	125,421
	- Interest received	12	410	572
Total income			2,898,508	1,060,416
Grants awarded		13	(503,091)	(433,415)
Rugby advocacy		15	(38,342)	0
Investment direct costs	- Escala	11	(257,615)	0
Overheads	- employee		(89,302)	(80,700)
	- equipment and occupancy		(28,816)	(32,663)
	- other		(58,306)	(45,552)
Depreciation and amortisation expense			(1,264)	(6,529)
Total expenses			(976,736)	(598,859)
Profit before income tax expense			1,921,772	461,557
Income tax expense		1[c]	0	0
Profit for the year			1,921,772	461,557
Other comprehensive income				
Fair value gain/(loss) on financial assets held at fair value			(3,018,382)	1,797,602
Reclassification adjustment of fair value gain on financial assets sold during the year			(1,900,181)	0
			(4,918,563)	1,797,602
Total comprehensive income for the year			(2,996,791)	2,259,159

STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2022

	\$	\$	\$	\$
	Retained Earnings	Financial Assets Reserve	Capital Profit Reserve	Total Equity
Balance as at 1 July 2020	811,779	102,579	20,307,141	21,221,499
Profit for the year	461,557	0	0	461,557
Other comprehensive income	0	1,797,602	0	1,797,602
Balance as at 30 June 2021	1,273,336	1,900,181	20,307,141	23,480,658
Profit for the year	1,921,772	0	0	1,921,772
Other comprehensive income	0	(4,918,563)	0	(4,918,563)
Balance as at 30 June 2022	3,195,108	(3,018,382)	20,307,141	20,483,867

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

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STATEMENT OF FINANCIAL POSITION

as at 30 June 2022

		2022	2021
	Note	\$	\$
Assets			
Current assets			
Cash and cash equivalents	2	48,261	7,431
Trade and other receivables	3	216,001	90,382
Other current assets	4	7,207	7,900
Total current assets		<u>271,469</u>	<u>105,713</u>
Non-current assets			
Plant and equipment	- at cost 5	2,648	1,208
Financial assets	- at fair value 6	20,281,027	23,426,624
Total non-current assets		<u>20,283,675</u>	<u>23,427,832</u>
Total assets		<u><u>20,555,144</u></u>	<u><u>23,533,545</u></u>
Liabilities			
Current liabilities			
Trade and other payables	7	24,368	13,358
Short term provisions	8	36,803	35,579
Other liabilities	9	3,136	3,950
Total current liabilities		<u>64,307</u>	<u>52,887</u>
Non-current liabilities			
Employee provision	8	6,943	0
Other liabilities	9	27	0
Total non-current liabilities		<u>6,970</u>	<u>0</u>
Total liabilities		<u>71,277</u>	<u>52,887</u>
Net assets		<u><u>20,483,867</u></u>	<u><u>23,480,658</u></u>
Equity			
Reserves	10	17,288,759	22,207,322
Retained earnings		3,195,108	1,273,336
Total equity		<u><u>20,483,867</u></u>	<u><u>23,480,658</u></u>

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 2022

	Note	2022	2021
		\$	\$
Cash flows from operating activities			
Receipts from members and customers		13,584	124,941
Payments: grants awarded	14	(503,091)	(433,415)
Payments: Sir Leslie Herron Rugby Scholarships awarded	15	(6,000)	(6,000)
Payments to suppliers and employees		(183,507)	(178,659)
		<u>(679,014)</u>	<u>(493,133)</u>
Net cash outflow from operating activities			
		<u>(679,014)</u>	<u>(493,133)</u>
Cash flows from investing activities			
Purchase of plant & equipment		(3,316)	0
Redemption of Mercer investments		24,158,942	476,000
Purchase of investments		(24,103,942)	0
Transfer of cash from Escala investments		667,750	0
		<u>719,434</u>	<u>476,000</u>
Interest received		410	572
		<u>719,844</u>	<u>476,572</u>
Net cash inflow from investing activities			
		<u>719,844</u>	<u>476,572</u>
Net increase (decrease) in cash and cash equivalents held			
Cash and cash equivalents at the beginning of the financial year		40,830	(16,561)
		7,431	23,992
		<u>48,261</u>	<u>7,431</u>
Cash and cash equivalents at the end of the financial year			
		<u>48,261</u>	<u>7,431</u>

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 2022

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 incorporated in Australia.

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 Standard – Simplified Disclosure for “For-Profit” and “Not-For-Profit” Entities. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in the 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 2022

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] Investments and other financial assets

Investments and other financial assets (except for receivables) are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

[e] Investments and other financial assets [continued]

within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

[f] 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.

[g] Receivables [trade and other debtors]

The terms of trade are usually 7 days from the date of invoice. Collectability of debtors is reviewed on an ongoing basis. Debts known to be uncollectible are written off as impaired.

[h] Finance expenses

Finance expenses are recognised as an operating expense in the period in which they are incurred. Finance expenses may include:

- Interest on bank overdrafts; and
- Interest on overdue payables.

**NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2022**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONTINUED]

[i] Revenue

The company recognises revenue as follows:

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 9].

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial assets.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Distribution revenue

Distributions from unit trusts and managed funds as at the date the unit value is quoted ex distribution and if not received at the end of the reporting period are reflected in the balance sheet as a receivable at market value.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

[j] Cash and cash equivalents

Cash includes cash on hand, cash at bank, deposits at call and highly liquid investments which are readily convertible to cash on hand.

[k] Leases

For years commencing on or after 1 January 2019 a new lease standard AASB applies. All of the leases entered into by the Foundation are either short term or of low value assets. Accordingly, the Foundation has elected not to recognize right of use assets or lease liabilities for short term leases or leases of low value assets. Lease payments with respect to these leases are expensed on a straight-line basis over the term of the lease.

[l] Comparative figures

Where required by the Australian Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative period for 2022 covers the full year period 1 July 2020 to 30 June 2021.

THE RUGBY CLUB FOUNDATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	2022	2021
	\$	\$
2. CASH AND CASH EQUIVALENTS		
Current		
Cash at bank	5,216	3,576
Call deposit	43,045	3,855
	48,261	7,431
3. TRADE AND OTHER RECEIVABLES		
Current		
Other debtors [Escala investment transactions]	179,577	55,232
Tax asset [GST]	36,424	35,150
	216,001	90,382
4. OTHER ASSETS		
Current		
Prepayments	7,207	7,900
	7,207	7,900
5. PLANT AND EQUIPMENT		
Non-current		
Plant and equipment - at cost	6,467	6,310
Less: Accumulated depreciation	(3,819)	(5,102)
	2,648	1,208
Reconciliation of the carrying amount for plant and equipment:		
Opening balance	1,208	
Additions	3,316	
Disposals [net]	(612)	
Depreciation	(1,264)	
Impairment	0	
Closing balance	2,648	
6. FINANCIAL ASSETS		
Non-current		
Mercer - moderate growth fund	0	20,253,083
Mercer - Australian direct property fund	0	1,723,344
Mercer - global unlisted infrastructure fund	0	1,415,539
Sir Leslie Herron Rugby Scholarships - Mercer moderate growth fund	0	34,658
Escala - domestic shares	4,384,906	0
Escala - international shares	2,818,680	0
Escala - alternative investments	4,971,687	0
Escala - domestic fixed interest	6,505,337	0
Escala - international fixed interest	280,466	0
Escala - other investments	404,008	0
Escala - cash & cash equivalents	915,943	0
	20,281,027	23,426,624

These financial assets are presented on a fair value basis [See Note 1: Summary of significant accounting policies [d] fair value of assets].

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	2022	2021
	\$	\$
7. TRADE AND OTHER PAYABLES		
Current		
Trade creditors	6,440	1,435
Other creditors	1,425	2,070
Accruals and other	16,503	9,853
	24,368	13,358
8. PROVISIONS		
Current		
Employee benefits - provision for annual leave	7,278	3,181
Sir Leslie Herron Rugby Scholarships	29,525	32,398
	36,803	35,579
Non-current		
Employee benefits - provision for long service leave	6,943	0
Total provisions	43,746	35,579
Reconciliation of the carrying amount of the provision for <u>annual leave</u>:		
Opening balance	3,181	
Provision funding	6,810	
Leave taken	(2,713)	
Closing balance	7,278	
Provision represents the liability of accumulated outstanding annual leave of employees based on Award or employment contract.		
Reconciliation of the carrying amount of the <u>Sir Leslie Herron Rugby Scholarships</u> provision:		
Opening balance	32,398	
Provision funding	3,127	
Scholarships awarded	(6,000)	
Closing balance	29,525	
Provision represents funds set aside to meet the scholarship liability for scholarships awarded annually.		
Reconciliation of the carrying amount of the provision for <u>long service leave</u>:		
Opening balance	0	
Provision funding	6,943	
Leave taken	0	
Closing balance	6,943	
Provision represents the entitlement of accumulated outstanding long service leave of employees with greater than five [5] years service. The accrued entitlement is not payable to employees until they have completed ten [10] years service. Refer: <i>Long Service Leave Act 1955 [NSW]</i> .		
9. OTHER LIABILITIES		
Current		
Membership subscriptions	3,136	3,950
Non-current		
Membership subscriptions	27	0
Total other liabilities	3,163	3,950

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	2022	2021
	\$	\$
10. RESERVES		
Capital profits reserve	20,307,141	20,307,141
Financial assets reserve	(3,018,382)	1,900,181
Total reserves	17,288,759	22,207,322
Capital profits reserve		
The capital profits reserve represents the net surplus on sale of the Foundation'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.		
Financial assets reserve		
The financial assets reserve records revaluation of financial assets.		
11. INVESTMENT INCOME		
[i]		
Mercer - distributions - capital gains	400,627	189,987
Mercer - distributions - other income	830,010	724,152
Mercer - fee rebates	10,210	20,284
Mercer - redemption - market gains	1,337,948	0
Mercer - investment income	2,578,795	934,423
[ii]		
Escala - dividends/distributions received	288,692	0
Escala - interest income received	14,818	0
Escala - rebate income received	1,533	0
	305,043	0
Less: Escala direct costs:		
- Portfolio fees	(46,339)	0
- Portfolio disposals and adjustments	(207,224)	0
- Foreign currency gain/(loss)	(4,052)	0
	(257,615)	0
Escala - net investment income	47,428	0
Total investment income	2,626,223	934,423
12. OTHER INCOME		
Membership subscriptions received	12,905	14,456
Member receipts - function/events	1,245	0
Donations received	110	130
ATO - cash flow boost for employers [Covid-19]	0	10,000
Sale of gaming machine entitlements	0	100,833
Other income	0	2
	14,260	125,421
Interest received		
- NAB main cheque account	20	7
- NAB investment account	390	565
	410	572
Total other income	14,670	125,993

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

13. GRANTS AWARDED

Recipient

2021

Rugby Australia
Central West Rugby Union
Sydney Rugby Union
Sydney Junior Rugby Union
Central Coast Junior Rugby Union
Classic Wallabies
Gosford Rugby Club
NSW Rugby Union Referees
Sydney South Referees Association
NSW Suburban Rugby Union
1st Fives Rugby
Jindabyne Rugby Club
Sense Rugby Pty Ltd
Sydney Women's Rugby Union
Australian Deaf Rugby
Mid North Coast Rugby
NSW Junior Rugby Union
Southern Rugby Alliance
Sydney West Rugby Referees Association
Woonona Shamrocks Rugby Club
Australian Rugby Football Schools Union
NSW Combined High Schools Sports Association
Eastwood District Rugby Union Football Club
Country Rugby Union of NSW
Newcastle & Hunter Rugby Union
NSW Rugby Union Limited

2022

ACT & Southern NSW Rugby Union Limited
Australian Deaf Rugby
Australian Rugby Football Schools Union, Inc
Byron Bay Rugby Union Club, Inc
Classic Wallabies, Inc
Disability Sports Australia Limited
Eastwood District Rugby Union Football Club, Inc
Far North Coast Rugby Union Referees Association
Hunter Junior Rugby Union, Inc
Hunter Wildfires Limited
Illawarra District Rugby Union, Inc
Illawarra Rugby Referees Association, Inc
Jyndabyne Rugby Union Club, Inc
Kiama Rugby Sevens
Lloyd McDermott Rugby Development Team, Inc.
New South Wales Schools' Rugby Union, Inc
NSW Combined High School Sports Association
NSW Junior Rugby Union. Inc
NSW Junior Rugby Union. Inc
NSW Rugby Referees Association
NSW Rugby Union Ltd
NSW Rugby Union Ltd

Grassroots Rugby Programs

On-going storage and maintenance of Rugby memorabilia
Safety resources
Safety resources
SJRU club and district marketing content library
Central Coast Junior Rugby Union development program
Classic Wallabies rural and regional Rugby clinics
Empowering girls through Rugby
Referee and referee coach communications gear
Communications kits for referees/coaches
The Subbies coaching college
Training vessel
Jindabyne Rugby 2021 and beyond
Sense Rugby rural and remote - outreach and training program
First aid supply at 7's tournament
Future of deaf Rugby in Australia
Mid North Coast girls 7's tournament
NSWJRU State championship
Junior development program
Referee development program
U18 Rugby academy
2021 ACT Rugby carnival
NSWCHSSA Rugby Union girls 18's Rugby 7's
Eastwood Rugby junior development program
78 teams for Junior Country Rugby Championship
Hunter Rugby wildfires academy
Extending development officer reach and support

Southern States junior Rugby champions
Future of deaf Rugby in Australia
Australian schools Rugby championship
Byron Bay 7's community engagement & flood relief program
NSW rural and regional Rugby clinics
Wheelchair Rugby Australia National League
Western Sydney Academy of sport
Communications equipment
Junior's retention program
Wildfires Academy
Under 18's program
Communications and coaching equipment
Recruitment and retention initiatives
50th anniversary tournament
Community engagement program
State Rugby trials
Rugby Union girls 18's Rugby 7's
Contribution 2022 Rugby championships
Coaching scholarships program
Communications equipment
Development officers program
Sydney Rugby Union safety resources

THE RUGBY CLUB FOUNDATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	2022	2021
	\$	\$
13. GRANTS AWARDED [CONTINUED]		
Recipient		
2022 [continued]		
NSW Rugby Union Ltd		Western Plains region/remote schools program
NSW Rugby Union Ltd		Women's XV competition
NSW Suburban Rugby Union		Coaching college and "Refs R Us" program
Old Ties Club		Flood relief assistance
Parramatta District Rugby Union Football Club		Two Blues Rugby Academy
Queensland Rugby Union Ltd		Development tournaments
Rugby Australia Limited		Female match officials leadership program
Rugby Victoria		Rebel Shield schools competition
Sense Rugby Pty Ltd		Occupational therapy program
Sydney North Rugby Referees, Inc		Coaching equipment
Sydney West Rugby Referees' Association, Inc		Development project
Sydney Women's Rugby Union		7's/10's/12's tournaments - first aid assistance
The Waratahs Rugby Union Club, Inc		Primary schools initiative
Victorian Rugby Referees Association, Inc		Communications and coaching equipment
Total grants awarded	(503,091)	(433,415)
14. SIR LESLIE HERRON RUGBY SCHOLARSHIPS AWARDED		
[See supplementary information on page 23]		
Recipients		
Mr Jayden Blake [Nominee of NSW Country Junior Rugby Union] 2020	0	(1,500)
Ms Ally Bullman [Nominee of Sydney Junior Rugby Union] 2020	0	(1,500)
Mr Liam Andrews [Nominee of Sydney Junior Rugby Union] 2021	(1,500)	(1,500)
Mr Mitchell Watts [Nominee of NSW Country Junior Rugby Union] 2021	(1,500)	(1,500)
Mr Darcy Brown [Nominee of Sydney Junior Rugby Union] 2022	(1,500)	0
Mr Oscar Morgan [Nominee of NSW Country Junior Rugby Union] 2022	(1,500)	0
Note: Scholarships are awarded over two years totalling \$3,000 each.		
Total Sir Leslie Herron Rugby Scholarships awarded	(6,000)	(6,000)
15. RUGBY ADVOCACY EXPENSES		
Memorabilia archiving	5,000.00	0.00
ClubHub website project	9,202.00	0.00
Rugby News digital archiving project	10,000.00	0.00
Fund raising/support projects	14,140.00	0.00
	38,342.00	0.00
16. PROFIT FOR THE YEAR		
Profit for the year has been arrived at:		
[a] Addition of the following items as income:		
Net Investment income	2,626,223	934,423
Sale of gaming machine entitlements [poker machines]	0	100,833
ATO - cash flow boost for employers [Covid-19]	0	10,000
Interest received: main cheque account & call deposit	410	572
[b] Charging the following items as expense:		
Grants awarded	(503,091)	(433,415)
Rugby advocacy	(38,342)	0
Amounts set aside to provisions: employee benefits [leave - Annual + LS]	(13,753)	(6,810)
Depreciation	(1,264)	(1,093)
Amortisation	0	(5,436)

THE RUGBY CLUB FOUNDATION LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 2022

	2022	2021
	\$	\$
17. COMMITMENTS		
Capital Expenditure		
The Rugby Club Foundation Limited has no capital expenditure commitments contracted for at balance date.		
18. DIRECTORS' BENEFITS		
Directors of The Rugby Club Foundation Limited have been duly appointed on an honorary basis. The Directors do not receive any fees or benefits for the effort and time they expend in the performance of their duties. Out of pocket expenses had previously been reimbursed in accordance with the <i>Registered Clubs Act 1976 [as amended]</i> and guidelines issued by Clubs New South Wales. The legislation and guidelines no longer apply to the Foundation because the Foundation ceased to hold a club licence on 22 October 2020.		
Directors expenses	(114)	0
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	Maxwells Patent & Trade Mark Attorneys	3,536
	Details: Dealings with trade mark and business names on behalf of the Foundation	2,786
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	Director; Chairperson	
Peter Whittington	Director; 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	
[c] Key management personnel compensation		
The following benefits and payments were made to other key management personnel only . Refer to Note 18: Directors Benefits.		
Total compensation	77,611	78,743

21. FIRST YEAR ADOPTION OF MANDATORY ACCOUNTING STANDARDS

Management have adopted measurement, recognition and disclosure requirements of AASB 1060 General Purpose Financial Statements - Simplified Disclosure for "For-Profit" and "Not-For-Profit" Entities.

This standard is effective for financial years commencing on or after 1 July 2021, and replaces the "reduced disclosure requirements" [RDR] framework.

THE RUGBY CLUB FOUNDATION LIMITED

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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 2022.

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 18th day of November 2022

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 2022. 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: 18th November 2022

Sydney

THE RUGBY CLUB FOUNDATION LIMITED

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SUPPLEMENTARY INFORMATION**PROVISION - SIR LESLIE HERRON RUGBY SCHOLARSHIPS**

for the year ended 30 June 2022

	2022	2021
	\$	\$
Income		
Fee rebates - Mercer medium growth fund	17	38
Distributions - Mercer medium growth fund	1,620	1,523
Market gain - Mercer medium growth fund - redemption	1,490	0
	3,127	1,561
Expenses		
Scholarships awarded:		
2020		
Ms Ally Bullman [Nominee of Sydney Junior Rugby Union]	0	(1,500)
Mr Jayden Blake [Nominee of NSW Country Junior Rugby Union]	0	(1,500)
2021		
Mr Liam Andrews [Nominee of Sydney Junior Rugby Union]	(1,500)	(1,500)
Mr Mitchell Watts [Nominee of NSW Country Junior Rugby Union]	(1,500)	(1,500)
2022		
Mr Darcy Brown [Nominee of Sydney Junior Rugby Union]	(1,500)	0
Mr Oscar Morgan [Nominee of NSW Country Junior Rugby Union]	(1,500)	0
Note: Scholarships are awarded over two years totalling \$3,000 each.	(6,000)	(6,000)
Net surplus (deficit) for the year	(2,873)	(4,439)
Provision		
Opening balance at the beginning of the financial year	32,398	36,837
Net surplus (deficit) for the year	(2,873)	(4,439)
Closing balance at the end of the financial year	29,525	32,398
Represented by:		
Non-current assets		
Financial assets		
Investment - Mercer medium growth fund - at fair value	0	34,658
Investment - Escala portfolio	29,525	0
Equity		
Financial assets reserve	0	(2,260)
	29,525	32,398