

**HONG KONG RUGBY FOOTBALL UNION**  
(Incorporated in Hong Kong and limited by guarantee)

**DIRECTORS' REPORT AND CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**30TH APRIL 2011**



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**HONG KONG RUGBY FOOTBALL UNION**  
(Incorporated in Hong Kong and limited by guarantee)

**REPORT OF THE DIRECTORS**

The directors submit their report together with the audited consolidated financial statements for the year ended 30th April 2011.

**Principal activity**

The Group's principal activity is the support, promotion and development of rugby in Hong Kong.

**Results**

The results of the Group for the year ended 30th April 2011 are set out in the consolidated income statement on page 7.

**Funds**

Movements in the funds of the Group during the year are set out in the consolidated statement of changes in equity on page 8.

**Property, plant and equipment**

Details of the movements in property, plant and equipment are set out in note 5 to the consolidated financial statements.

**Directors**

The directors during the year were:

Mr T Gregory  
Mr R Cooke  
Mrs R Mitchell  
Mr A Bailey  
Mr P Dingley  
Mr M Haynes  
Mr G Jamieson  
Mr M Kibble  
Mr. J Hamilton                    (Appointed on 7 March 2011)  
Mr. S Murphy                    (Appointed on 24 June 2010 and resigned on 7 March 2011)  
Mr J Bruce                        (Resigned on 24 June 2010)

**Donations**

Charitable donations made by the Company during the year amounted to HK\$888,109 (2010: HK\$745,211).

**Directors' interests**

No contracts of significance to which the Company or its subsidiary companies were a party and in which a director had a material interest, whether directly or indirectly, existed at the end of the year or at any time during the year.

### **Directors' interests (Continued)**

At no time during the year was the Company or its subsidiary company party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### **Management contracts**

No contracts concerning the management and administration of the Company were entered into or existed during the year.

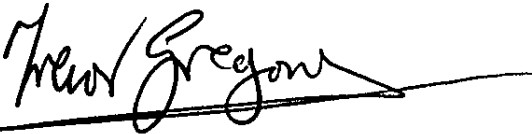
### **Related party transactions**

Details of significant related party transactions undertaken in the normal course of business are provided in note 21 to the financial statements.

### **Auditors**

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board



Chairman

Hong Kong, 23 JUN 2011

羅兵咸永道會計師事務所

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Central, Hong Kong  
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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HONG KONG RUGBY FOOTBALL UNION**  
(Incorporated in Hong Kong and limited by guarantee)

We have audited the consolidated financial statements of Hong Kong Rugby Football Union (the "Company") and its subsidiaries (together the "Group") set out on pages 5 to 32, which comprise the consolidated and Company balance sheets as at 30 April 2011, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

**Directors' responsibility for the financial statements**

The directors of the Company are responsible for the preparation and the true and fair presentation of these consolidated financial statements in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants, and the Hong Kong Companies Ordinance. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and the true and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

**Auditor's responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 141 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and true and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF HONG KONG RUGBY FOOTBALL UNION (CONTINUED)**  
(Incorporated in Hong Kong and limited by guarantee)

**Opinion**

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2011 and of the Group's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.



**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 23 JUN 2011

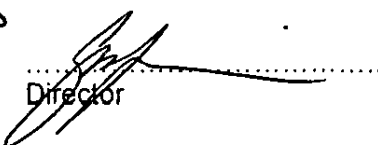
**HONG KONG RUGBY FOOTBALL UNION**  
(Incorporated in Hong Kong and limited by guarantee)

**CONSOLIDATED BALANCE SHEET**  
**AS AT 30TH APRIL 2011**

	Note	2011 HK\$	2010 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	5	26,617,455	33,447,129
Available-for-sale investments	7	89,717,287	77,891,736
		<u>116,334,742</u>	<u>111,338,865</u>
<b>Current assets</b>			
Trade receivables, other receivables and prepayments	8	16,074,380	19,040,786
Amounts due from Rugby Union Club	9	14,716,134	6,812,035
Cash and cash equivalents		82,521,161	68,570,289
Restricted cash	10	5,000,000	5,000,000
		<u>118,311,675</u>	<u>99,423,110</u>
<b>Current liabilities</b>			
Trade payables, other payables and accruals	11	25,861,145	30,150,226
		<u>25,861,145</u>	<u>30,150,226</u>
Net current assets		<u>92,450,530</u>	<u>69,272,884</u>
Net assets		<u><u>208,785,272</u></u>	<u><u>180,611,749</u></u>
<b>Financed by:</b>			
General fund	12	138,827,005	114,954,539
Rugby facilities fund	13	69,827,998	65,526,941
Capital reserve fund	14	130,269	130,269
		<u>208,785,272</u>	<u>180,611,749</u>



Chairman



Director


As approved on 23 JUN 2011

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

**HONG KONG RUGBY FOOTBALL UNION**  
(Incorporated in Hong Kong and limited by guarantee)

**COMPANY BALANCE SHEET**  
**AS AT 30TH APRIL 2011**

	Note	2011 HK\$	2010 HK\$
<b>Non-current assets</b>			
Property, plant and equipment	5	26,617,453	33,447,127
Investment in subsidiaries	6	10	2
Available-for-sale investments	7	-	77,891,736
		<u>26,617,463</u>	<u>111,338,865</u>
<b>Current assets</b>			
Trade receivables, other receivables and prepayments	8	14,646,437	16,866,309
Amounts due from Rugby Union Club	9	15,511,053	6,165,802
Amounts due from RIPL (BVI)		119,442,409	-
Amounts due from Rugby Events Asia Limited	9	-	1,626,201
Cash and cash equivalents		24,947,079	67,883,394
Restricted cash	10	5,000,000	5,000,000
		<u>179,546,978</u>	<u>97,541,706</u>
<b>Current liabilities</b>			
Trade payables, other payables and accruals	11	22,928,551	29,211,084
Amounts due to Rugby Event Asia Limited	9	1,719,075	-
		<u>24,647,626</u>	<u>29,211,084</u>
<b>Net current assets</b>		<u>154,899,352</u>	<u>68,330,622</u>
<b>Net assets</b>		<u><u>181,516,815</u></u>	<u><u>179,669,487</u></u>
<b>Financed by:</b>			
General fund	12	111,558,548	114,012,277
Rugby facilities fund	13	69,827,998	65,526,941
Capital reserve fund	14	130,269	130,269
		<u>181,516,815</u>	<u>179,669,487</u>

  
.....  
Chairman

  
.....  
Director

As approved on

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

**HONG KONG RUGBY FOOTBALL UNION**  
 (Incorporated in Hong Kong and limited by guarantee)

**CONSOLIDATED INCOME STATEMENT  
 FOR THE YEAR ENDED 30TH APRIL 2011**

	Note	2011 HK\$	2010 HK\$
Revenue	15	126,090,888	111,427,113
Cost of sales	16	(510,245)	(465,280)
Gross surplus		125,580,643	110,961,833
Other revenue	15	1,495,938	3,598,420
Administrative expenses	16	(99,147,060)	(94,578,554)
Selling expenses	16	(11,155,971)	(12,956,918)
Surplus before taxation		16,773,550	7,024,781
Taxation	18	-	-
Surplus for the year		16,773,550	7,024,781



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30TH APRIL 2011**

	Note	2011 HK\$	2010 HK\$
Surplus for the year		16,773,550	7,024,781
Other comprehensive income:			
Fair value gains on revaluation of available-for-sale investments	7	11,399,973	17,543,937
Other comprehensive income for the year		11,399,973	17,543,937
Total comprehensive income for the year		28,173,523	24,568,718
Attributable to:			
General fund		28,173,523	24,568,718

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

**HONG KONG RUGBY FOOTBALL UNION**  
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**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30TH APRIL 2011**

	General fund HK\$	Rugby facilities fund HK\$	Capital reserve fund HK\$	Total HK\$
At 1st May 2009	90,992,360	64,920,402	130,269	156,043,031
Total comprehensive income for the year	24,568,718	-	-	24,568,718
Transfer	(606,539)	606,539	-	-
At 30th April 2010	<u>114,954,539</u>	<u>65,526,941</u>	<u>130,269</u>	<u>180,611,749</u>
At 1st May 2010	114,954,539	65,526,941	130,269	180,611,749
Total comprehensive income for the year	28,173,523	-	-	28,173,523
Transfer	(4,301,057)	4,301,057	-	-
At 30th April 2011	<u>138,827,005</u>	<u>69,827,998</u>	<u>130,269</u>	<u>208,785,272</u>

Refer to notes 12 and 13 for further information on the general fund and rugby facilities fund respectively.

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

**HONG KONG RUGBY FOOTBALL UNION**  
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**CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30TH APRIL 2011**

	Note	2011 HK\$	2010 HK\$
Net cash (outflow)/inflow from operations	19	17,862,130	(2,469,557)
Cash flows from investing activities			
Interest received		22,361	237,863
Dividends received from available-for-sale investments		425,578	436,125
Purchase of property, plant and equipment		(3,933,619)	(10,906,899)
Purchase of available-for-sale investments		(425,578)	(436,125)
Decrease in short term deposit		-	5,007,397
Net cash used in investment activities		<u>(3,911,258)</u>	<u>(5,661,639)</u>
Net increase/(decrease) in cash and cash equivalents		13,950,872	(8,131,196)
Cash and cash equivalents at 1st May 2010		<u>73,570,289</u>	<u>81,701,485</u>
Cash and cash equivalents at 30th April 2011		<u><u>87,521,161</u></u>	<u><u>73,570,289</u></u>
Analysis of cash and cash equivalents			
Cash and cash equivalents		82,521,161	68,570,289
Restricted cash		5,000,000	5,000,000
		<u><u>87,521,161</u></u>	<u><u>73,570,289</u></u>

The notes on pages 11 to 32 are an integral part of these consolidated financial statements.

**HONG KONG RUGBY FOOTBALL UNION**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**1 General information**

The Company was incorporated in Hong Kong on 30th April 1990 and is limited by guarantee. Permission has been granted by the Companies Registrar for the Company to exclude the word "Limited" from its name.

The address of the Company's registered office is Room 2001, Olympic House, 1 Stadium Path, So Kon Po, Causeway Bay, Hong Kong.

On 1st May 1990, the Company took over the assets, liabilities and reserve funds of its predecessor entity, Hong Kong Rugby Football Union which was registered as a society.

The consolidated financial statements have been approved for issue by the Board of Directors on

**2 Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). They have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and financial liabilities (including available-for-sale investments) at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates and judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 4.

**(b) Changes in accounting policies**

As at the date of approval of these financial statements, there are new standards and amendments and interpretations to existing standards which have been issued by the HKICPA. Some are already effective for the year ended 30 April 2011 and some are not yet effective. Management have performed an assessment of those new standards and amendments and interpretations to existing standards and consider that they are not relevant to the Group's operations, with the exception of the following.

HKAS 1 (revised) 'Presentation of financial statements' – effective 1 January 2009. The revised standard prohibits the presentation of items of income and expenses in the statement of changes in equity and instead requires these to be presented separately within a new statement called 'statement of comprehensive income'. For this reason the statement of changes in equity has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on net earnings.

**HONG KONG RUGBY FOOTBALL UNION**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (continued)**

**(b) Changes in accounting policies (continued)**

HKFRS 7 'Financial Instruments – Disclosures' (amendment) – effective 1 January 2009. The amendment requires enhanced disclosures about fair value measurement and liquidity risk. In particular, the amendment requires disclosure of fair value measurements by level of a fair value measurement hierarchy. As the change in accounting policy only results in additional disclosures, there is no impact on net earnings.

**(c) Basis of consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the balance sheet date on the basis set out in note 2 (d) below.

**(d) Subsidiaries**

A subsidiary company is an entity in which the Group, directly or indirectly, has the power to govern the financial and operating policies, generally through controlling the composition of the board of directors, controlling more than half the voting power or holding more than half of the issued share capital. A subsidiary company is fully consolidated from the date on which control is transferred to the Group. All intercompany transactions and balances within the Group are eliminated on consolidation.

In the Company's balance sheet, the investments in subsidiaries are stated at cost less provision for impairment losses. The results of subsidiary companies are accounted for by the Company on the basis of dividends received and receivable.

**(e) Property, plant and equipment**

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income statement during the financial period in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives set out below:

Leasehold buildings	5 years
Leasehold improvements	5 years
Artificial field	5 years
Other assets	3 years

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset and is recognised in the income statement.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (continued)**

**(f) Impairment of assets**

The Group reviews the carrying amounts of property, plant and equipment, and investments for impairment whenever events or changes in circumstances indicate that the carrying amount of those assets may not be recoverable. If such assets are considered to be impaired, the impairment to be recognised is measured by the amount by which the carrying amount of the assets exceeds the recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Such impairment losses are recognised in the income statement for fixed assets and in the income statement for investments to the extent all previous unrealised gains recorded in equity are reversed.

**(g) Available-for-sale investments**

Purchases and sales of investments are recognised on the date the Group commits to purchase or sell the asset (the trade date). Investments are initially recognised at purchase cost and are subsequently revalued to fair value at the balance sheet date, based on current market prices, with unrealised gains and losses recognised in equity.

At the point of disposal, the cumulative gain or loss, representing the difference between the net sales proceeds and the carrying amount, together with any previous unrealised gains and losses is recognised in the income statement.

**(h) Trade receivables, other receivables and prepayments**

Trade receivables, other receivables and prepayments are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the income statement.

**(i) Cash and cash equivalents**

Cash and cash equivalents include cash in hand and cash at banks with a maturity date of less than three months.

**(j) Deferred taxation**

Deferred taxation is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred taxation is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax liability is settled.

Deferred tax assets are recognised to the extent that it is probable that future taxable surplus will be available against which the temporary differences can be utilised.

**HONG KONG RUGBY FOOTBALL UNION**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (continued)**

**(k) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**(l) Revenue recognition**

Revenue from the sale of tickets and merchandise is recognised when the goods are delivered to customers.

Royalty fees, coaching income, handling fee income, King's Park income and other income are recognised on an accruals basis, when it can be reliably measured and it is probable that future economic benefits will flow to the Group.

Interest income is recognised on a time proportion basis, using the effective interest method.

**(m) Foreign currency translation**

The consolidated financial statements are presented in Hong Kong dollars, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into Hong Kong dollars using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the rates of exchange prevailing at the balance sheet date. All unrealised and realised exchange differences are recognised in the income statement.

**(n) Operating leases**

Leases where substantially all the risks and rewards of ownership of assets remain with the lessor are accounted for as operating leases. Payments made under operating leases net of any incentives received from the lessor are charged to the income statement on a straight-line basis over the lease term.

**(o) Employee benefits**

**(i) Retirement benefits**

The Company operates and participates in a defined contribution retirement scheme, the INVESCO Strategic Mandatory Provident Fund scheme. The assets of this scheme are held in a separate trustee administered fund. The pension plan is funded by payments from employees and by the Group and provides benefits linked to the contribution and investment returns made on the plan. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to this defined contribution plan are recognised as an expense in the income statement in the year in which they are incurred and are reduced by contributions forfeited by those employees who leave the scheme prior to full vesting of their contributions.

**HONG KONG RUGBY FOOTBALL UNION**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**2 Summary of significant accounting policies (continued)**

**(o) Employee benefits (Continued)**

**(ii) Employee leave entitlement**

Provisions are made for the estimated liability for annual leave and long service leave entitlements as a result of services rendered by employees up to the balance sheet date.

**(p) Related parties**

Related parties are individuals and companies, where the individual or Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

**3 Financial risk management**

**(a) Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risks), credit risk, and liquidity risk. The Group's overall risk management programme seeks to minimise potential adverse effects on the Group's financial performance as a result of these risks.

**(1) Market risk**

**(i) Foreign exchange risk**

The Group is exposed to foreign exchange risk as a result of its holding of available for sale investments and time deposits denominated in US dollars. The Group does not have any other foreign exchange exposures as the majority of transactions are denominated in Hong Kong dollars. Since the Hong Kong dollar is pegged to the US dollar within a range of HK\$7.75-7.85:US\$1, the Group does not consider the foreign exchange risk to be significant and therefore no further measures are taken to reduce this risk.

At 30 April 2011, if the HK Dollar had weakened to the minimum of the range (HK\$7.85:US\$1) with all other variables held constant, the available-for-sale investment and money market funds would have been HK\$1,289,490 (2010: HK\$1,272,961) higher.

If the HK Dollar had strengthened to the maximum of the range (HK\$7.75:US\$1) with all other variables held constant, the available-for-sale investment and money market funds would have been HK\$280,897 (2010: HK\$9,350) lower.



**HONG KONG RUGBY FOOTBALL UNION**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(a) Financial risk factors (Continued)**

(1) Market risk (Continued)

(ii) Price risk

The Group is exposed to equity and debt securities price risk because investments held by the Group are disclosed on the consolidated balance sheet as available-for-sale. The funds are managed by an Investment Committee who have a mandate to maintain and if possible enhance the principle investment value of the portfolios whilst keeping risks to an acceptable minimum. The Committee reports to the Board of Directors and meets with its Fund managers on a quarterly basis.

The table below summarises the impact of increases/decreases of the investment unit prices on the Group's portfolios and on equity. The analysis is based on the assumption that the unit price increases/decreases by the respective percentages indicated below with all other variables held constant.

Investments	2011		2010	
	Change in market value of units % (+/-)	Impact on equity HK\$ (+/-)	Change in market value of units % (+/-)	Impact on equity HK\$ (+/-)
Global Focus A	15%	1,176,725	15%	1,016,929
Hong Kong A	8%	1,609,751	4%	796,603
Global Bond & Ccy	4%	515,795	1%	134,873
Global Equity	14%	1,029,131	10%	613,822
Hong Kong Equity	9%	1,964,943	6%	1,176,487
World Bond	5%	602,791	-	-

The Group has used their view of what would be a reasonable shift in each key investment unit price to estimate the change for use in the market sensitivity analysis above. The disclosures are shown in absolute terms, changes and impacts could be positive or negative. Changes in % movement in unit values are revised annually depending on the Group's current view of market volatility and other relevant factors.

(iii) Cash flow and fair value interest rate risk

The Group has interest-bearing assets in the form of cash and cash equivalents and short-term deposits.

As the Group has no long-term borrowings or loans, the Group's operating cash flows are substantially independent of changes in market interest rates. The risks in relation to cash flow and fair value interest rate risk are therefore not deemed to be significant.

**HONG KONG RUGBY FOOTBALL UNION**  
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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(a) Financial risk factors (Continued)**

(2) Credit risk

Credit risks arise from cash and cash equivalents, investments and outstanding receivable balances at the year end.

The Group minimises its credit risk in relation to receivables through the sale of tickets and merchandise to a widely dispersed customer base. Any exposure to individual organisations will be through significant sponsorship deals with reputable organisations.

For banks and financial institutions, only independently rated parties with a minimum rating of 'A' are accepted. For investments, the risk is managed through the use of reputable Fund Managers and by the Investment Committee.

(3) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash to meet the commitments and obligations of the Group.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year HK\$	Between 1 and 2 years HK\$	Between 2 and 5 years HK\$	Over 5 years HK\$
At 30 April 2011				
Trade payables, other payables and accruals	25,861,145	-	-	-
	<u>25,861,145</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 30 April 2010				
Trade payables, other payables and accruals	30,150,226	-	-	-
	<u>30,150,226</u>	<u>-</u>	<u>-</u>	<u>-</u>

Liquidity risk is not deemed to be significant as at the year end the Group holds significant cash balances.

The Group does not have any non-current liabilities. Current liabilities are trade, other payables and accruals and amounts due to a related party. Current liabilities are all due with 12 months of the balance sheet date. The fair values of the balances due are equal to their carrying amounts as the impact of discounting is not significant.

(4) Capital risk management

The Group's objectives when managing capital are to be commercially and financially sound, able to provide the financial resources necessary to achieve the Strategic Plan and to safeguard the Group's activities into the future. Capital of the Group is considered to be the general fund and Rugby facilities fund.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**3 Financial risk management (Continued)**

**(b) Fair value estimation**

Effective 1 January 2009, the Group adopted the amendment to HKFRS 7 for financial instruments that are measured in the balance sheet at fair value, this requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).  
Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 30 April 2011.

	Level 1	Level 2	Level 3	Total
Assets				
Available-for-sale financial assets				
- Equity securities	62,369,342	-	-	-
- Debt investment	27,347,945	-	-	-
	<u>89,717,287</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total assets	<u>89,717,287</u>	<u>-</u>	<u>-</u>	<u>-</u>

**4 Critical accounting estimates and judgements**

The Group makes estimates and judgements concerning the future. The resulting accounting estimates will by definition seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**(a) Depreciation**

The Group depreciates the property, plant and equipment on a straight-line basis over the estimated useful life. The estimated useful life reflects management's best estimate of the period that the Group intends to derive future economic benefits from the use of the property, plant and equipment. To the extent the useful economic useful life changes the resultant depreciation in the income statement will be increased or decreased.

**(b) Impairment of available-for-sale investments**

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgements. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost.

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**5 Property, plant and equipment**

**Group**

	Leasehold buildings HK\$	Leasehold improvements HK\$	Office equipment HK\$	Furniture and fittings HK\$	Motor vehicles HK\$	Coaching equipment HK\$	Artificial field HK\$	Total HK\$
<b>At 1st May 2009</b>								
Cost	19,957,286	2,546,904	7,767,831	1,024,714	673,381	2,079,856	31,412,274	65,462,246
Accumulated depreciation	(14,073,293)	(892,128)	(4,926,146)	(729,495)	(673,381)	(1,643,937)	(10,452,680)	(33,391,060)
Net book amount	<u>5,883,993</u>	<u>1,654,776</u>	<u>2,841,685</u>	<u>295,219</u>	<u>-</u>	<u>435,919</u>	<u>20,959,594</u>	<u>32,071,186</u>
<b>Year ended 30 April 2010</b>								
Opening net book amount	5,883,993	1,654,776	2,841,685	295,219	-	435,919	20,959,594	32,071,186
Additions	855,273	-	483,134	1,863	-	227,469	9,339,160	10,906,899
Depreciation	(1,737,033)	(352,992)	(1,001,498)	(123,030)	-	(260,404)	(6,055,999)	(9,530,956)
Closing net book amount	<u>5,002,233</u>	<u>1,301,784</u>	<u>2,323,321</u>	<u>174,052</u>	<u>-</u>	<u>402,984</u>	<u>24,242,755</u>	<u>33,447,129</u>
<b>At 30 April 2010</b>								
Cost	20,812,559	2,546,904	8,250,965	1,026,577	673,381	2,307,325	40,751,434	76,369,145
Accumulated depreciation	(15,810,326)	(1,245,120)	(5,927,644)	(852,525)	(673,381)	(1,904,341)	(16,508,679)	(42,922,016)
Net book amount	<u>5,002,233</u>	<u>1,301,784</u>	<u>2,323,321</u>	<u>174,052</u>	<u>-</u>	<u>402,984</u>	<u>24,242,755</u>	<u>33,447,129</u>

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**5 Property, plant and equipment (Continued)**

**Group (Continued)**

	Leasehold buildings HK\$	Leasehold improvements HK\$	Office equipment HK\$	Furniture and fittings HK\$	Motor vehicles HK\$	Coaching equipment HK\$	TSW pitch HK\$	Artificial field HK\$	Total HK\$
Year ended 30 April 2011									
Opening net book amount	5,002,233	1,301,784	2,323,321	174,052	-	402,984	-	24,242,755	33,447,129
Additions	672,740	-	1,254,912	15,040	268,137	184,202	1,237,200	301,388	3,933,619
Depreciation	(1,792,470)	(352,992)	(919,790)	(107,432)	(37,240)	(261,098)	-	(6,397,868)	(9,868,890)
Disposal	(84,879)	-	(174,429)	-	-	-	-	(635,095)	(894,403)
Closing net book amount	<u>3,797,624</u>	<u>948,792</u>	<u>2,484,014</u>	<u>81,660</u>	<u>230,897</u>	<u>326,088</u>	<u>1,237,200</u>	<u>17,511,180</u>	<u>26,617,455</u>
At 30 April 2011									
Cost	21,232,270	2,546,904	9,106,868	1,041,617	759,137	2,491,527	1,237,200	39,657,170	78,072,673
Accumulated depreciation	(17,434,646)	(1,598,112)	(6,622,854)	(959,957)	(528,240)	(2,165,439)	-	(22,145,990)	(51,455,238)
Net book amount	<u>3,797,624</u>	<u>948,792</u>	<u>2,484,014</u>	<u>81,660</u>	<u>230,897</u>	<u>326,088</u>	<u>1,237,200</u>	<u>17,511,180</u>	<u>26,617,455</u>

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**5 Property, plant and equipment (Continued)**

**Company**

	Leasehold buildings HK\$	Leasehold improvements HK\$	Office equipment HK\$	Furniture and fittings HK\$	Motor vehicles HK\$	Coaching equipment HK\$	Artificial field HK\$	Total HK\$
<b>At 1st April 2009</b>								
Cost	19,957,286	2,546,904	7,552,132	1,024,714	673,381	2,079,856	31,412,274	65,246,547
Accumulated depreciation	(14,073,293)	(892,128)	(4,710,449)	(729,495)	(673,381)	(1,643,937)	(10,452,680)	(33,175,363)
Net book amount	<u>5,883,993</u>	<u>1,654,776</u>	<u>2,841,683</u>	<u>295,219</u>	<u>-</u>	<u>435,919</u>	<u>20,959,594</u>	<u>32,071,184</u>
<b>Year ended 30 April 2010</b>								
Opening net book amount	5,883,993	1,654,776	2,841,683	295,219	-	435,919	20,959,594	32,071,184
Additions	855,273	-	483,134	1,863	-	227,469	9,339,160	10,906,899
Depreciation	(1,737,033)	(352,992)	(1,001,498)	(123,030)	-	(260,404)	(6,055,999)	(9,530,956)
Closing net book amount	<u>5,002,233</u>	<u>1,301,784</u>	<u>2,323,319</u>	<u>174,052</u>	<u>-</u>	<u>402,984</u>	<u>24,242,755</u>	<u>33,447,127</u>
<b>At 30 April 2010</b>								
Cost	20,812,559	2,546,904	8,035,266	1,026,577	673,381	2,307,325	40,751,434	76,153,446
Accumulated depreciation	(15,810,326)	(1,245,120)	(5,711,947)	(852,525)	(673,381)	(1,904,341)	(16,508,679)	(42,706,319)
Net book amount	<u>5,002,233</u>	<u>1,301,784</u>	<u>2,323,319</u>	<u>174,052</u>	<u>-</u>	<u>402,984</u>	<u>24,242,755</u>	<u>33,447,127</u>

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**5 Property, plant and equipment (Continued)**

**Company (Continued)**

	Leasehold buildings HK\$	Leasehold improvements HK\$	Office equipment HK\$	Furniture and fittings HK\$	Motor vehicles HK\$	Coaching equipment HK\$	TSW pitch HK\$	Artificial field HK\$	Total HK\$
Year ended 30 April 2011									
Opening net book amount	5,002,233	1,301,784	2,323,319	174,052	-	402,984	-	24,242,755	33,447,127
Additions	672,740	-	1,254,912	15,040	268,137	184,202	1,237,200	301,388	3,933,619
Depreciation	(1,792,470)	(352,992)	(919,790)	(107,432)	(37,240)	(261,098)	-	(6,397,868)	(9,868,890)
Disposal	(84,879)	-	(174,429)	-	-	-	-	(635,095)	(894,403)
Closing net book amount	<u>3,797,624</u>	<u>948,792</u>	<u>2,484,012</u>	<u>81,660</u>	<u>230,897</u>	<u>326,088</u>	<u>1,237,200</u>	<u>17,511,180</u>	<u>26,617,453</u>
At 30 April 2011									
Cost	21,232,270	2,546,904	8,891,169	1,041,617	759,137	2,491,527	1,237,200	39,657,170	77,856,994
Accumulated depreciation	(17,434,646)	(1,598,112)	(6,407,157)	(959,957)	(528,240)	(2,165,439)	-	(22,145,990)	(51,239,541)
Net book amount	<u>3,797,624</u>	<u>948,792</u>	<u>2,484,012</u>	<u>81,660</u>	<u>230,897</u>	<u>326,088</u>	<u>1,237,200</u>	<u>17,511,180</u>	<u>26,617,453</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**6 Investment in subsidiaries**

	Company	
	2011 HK\$	2010 HK\$
Unlisted shares at cost	10	2

The Company's subsidiary information is as follows:

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Group interest held
Rugby Events Asia Limited	Hong Kong, limited liability company	Sales of souvenirs directly and via agents in Hong Kong, management of rugby facilities	HK\$ 1 each	100%
Rugby Investment Portfolios Limited	British Virgin Islands limited liability company	Holding of investment portfolios (treasury & funding)	US\$ 1 each	100%

Rugby Events Asia Limited and Rugby Investment Portfolios Limited are directly owned by the Company.

**7 Available-for-sale investments**

	Group	
	2011 HK\$	2010 HK\$
Equity investments at fair value	62,369,342	55,386,606
Debt investments at fair value	27,347,945	22,505,130
Total investments	89,717,287	77,891,736

	Company	
	2011 HK\$	2010 HK\$
Equity investments at fair value	-	55,386,606
Debt investments at fair value	-	22,505,130
Total investments	-	77,891,736



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**7 Available-for-sale investments (Continued)**

The movement in investments may be summarised as follows:

	Group	
	2011 HK\$	2010 HK\$
As at 1st May of the previous year	77,891,736	59,911,674
Additions	425,578	436,125
Net unrealised gains (note 12)	11,399,973	17,543,937
As at 30th April	<u>89,717,287</u>	<u>77,891,736</u>

	Company	
	2011 HK\$	2010 HK\$
As at 1st May of the previous year	77,891,736	59,911,674
Additions	9,484	
Net unrealised losses	(1,090,570)	17,543,937
Transfer to RIPL	(76,810,650)	436,125
As at 30th April	<u>-</u>	<u>77,891,736</u>

Available-for-sale investments relate to actively managed and traded unit trust investments measured at fair value.

As a result of the Group reorganisation during the year, all available for sale investments have been transferred at fair value from the Company to a subsidiary company, Rugby Investment Portfolios Limited (RIPL).

The available-for-sale investments are denominated in the following currencies.

	2011 HK\$	2010 HK\$
Hong Kong dollars	23,930,266	20,576,818
United States dollars	65,787,021	57,314,918
	<u>89,717,287</u>	<u>77,891,736</u>

The maximum exposure to credit risk at the reporting date is the fair value of the investments classified as available for sale.

None of the available for sale financial assets are impaired.

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**8 Trade receivables, other receivables and prepayments**

	Group	
	2011 HK\$	2010 HK\$
Trade receivables	2,638,653	5,611,381
Less: provision for impairment of receivables	-	(1,317,299)
	<u>2,638,653</u>	<u>4,294,082</u>
Trade receivables – net	13,435,727	14,746,704
Other receivables and prepayments	<u>16,074,380</u>	<u>19,040,786</u>
	<u><u>16,074,380</u></u>	<u><u>19,040,786</u></u>

	Company	
	2011 HK\$	2010 HK\$
Trade receivables	1,343,175	2,124,272
	<u>1,343,175</u>	<u>2,124,272</u>
Trade receivables – net	13,303,262	14,742,037
Other receivables and prepayments	<u>14,646,437</u>	<u>16,866,309</u>
	<u><u>14,646,437</u></u>	<u><u>16,866,309</u></u>

All trade receivables and other receivables are due within 12 months of the reporting date.

The fair values of these balances are equal to their carrying amount.

As of 30 April 2011, group trade receivables of HK\$2,638,653 (2010: HK\$4,294,082) and company trade receivables of HK\$1,343,175 (2010: HK\$2,124,272) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables as at 30 April is as follows:

	Group	
	2011 HK\$	2010 HK\$
Up to 30 days overdue	1,980,978	1,165,651
Over 30 days overdue	657,675	3,128,431
	<u>2,638,653</u>	<u>4,294,082</u>
	<u><u>2,638,653</u></u>	<u><u>4,294,082</u></u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**8 Trade receivables, other receivables and prepayments (Continued)**

	Company	
	2011	2010
	HK\$	HK\$
Up to 30 days overdue	849,850	892,950
Over 30 days overdue	493,325	1,231,322
	<u>1,343,175</u>	<u>2,124,272</u>

As at 30 April 2011, group trade receivables of HK\$Nil (2010: HK\$1,317,299) were past due and provided for. The amount of the provision as at 30 April 2011 was HK\$Nil (2010: HK\$1,317,299). The ageing of these receivables as at 30 April is as follows:

	Group	
	2011	2010
	HK\$	HK\$
Up to 30 days overdue	-	1,317,299
Over 30 days overdue	-	-
	<u>-</u>	<u>1,317,299</u>

**9 Amounts due from/(to) Rugby Union Club and Rugby Events Asia Limited**

The amounts due are unsecured, interest free and have no fixed terms of repayment.

**10 Restricted Cash**

Restricted cash represents HK\$5,000,000 required by the Group's principal bankers as security for a guarantee in respect of the hire of the Hong Kong Stadium.

**11 Trade payables, other payables and accruals**

	Group	
	2011	2010
	HK\$	HK\$
Trade payables	15,706,404	19,053,546
Other payables and accruals	10,154,741	11,096,680
	<u>25,861,145</u>	<u>30,150,226</u>

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**11 Trade payables, other payables and accruals (Continued)**

	Company	
	2011 HK\$	2010 HK\$
Trade payables	14,595,152	18,186,620
Other payables and accruals	8,333,399	11,024,464
	<u>22,928,551</u>	<u>29,211,084</u>

Current liabilities are all due within 12 months of the balance sheet date.

The fair value of the balances payable is equal to their carrying amounts as the impact of discounting is not significant.

**12 General fund**

	Group			
	Retained earnings HK\$	Investment revaluation reserve HK\$	2011 Total General fund HK\$	2010 Total General fund HK\$
Balance at 1st May of the previous year	100,991,155	13,963,384	114,954,539	90,992,360
Surplus for the year	16,773,550	-	16,773,550	7,024,781
Transfers (to)/from rugby facilities fund: (note 13)				
- depreciation	8,824,082	-	8,824,082	8,523,461
- contributions	(15,000,000)	-	(15,000,000)	(10,000,000)
- other transfers	1,874,861	-	1,874,861	870,000
Net unrealised gains	-	11,399,973	11,399,973	17,543,937
Balance at 30th April	<u>113,463,648</u>	<u>25,363,357</u>	<u>138,827,005</u>	<u>114,954,539</u>

	Company			
Balance at 1st May of the previous year	100,048,893	13,963,384	114,012,277	90,848,062
Surplus for the year	15,810,712	-	15,810,712	6,226,817
Transfers (to)/from rugby facilities fund: (note 13)				
- depreciation	8,824,082	-	8,824,082	8,523,461
- contributions	(15,000,000)	-	(15,000,000)	(10,000,000)
- other	1,874,861	-	1,874,861	870,000
Net unrealized losses	-	(1,090,570)	(1,090,570)	17,543,937
Transfers to RIPL	-	(12,872,814)	(12,872,814)	-
Balance at 30th April	<u>111,558,548</u>	<u>-</u>	<u>111,558,548</u>	<u>114,012,277</u>

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**13 Rugby facilities fund**

This reserve represents funds set aside for the proposed development of rugby facilities.

	Group and Company	
	2011	2010
	HK\$	HK\$
Balance at 1st May of the previous year	65,526,941	64,920,402
Transfer (to)/from general fund (note 12):		
- depreciation	(8,824,082)	(8,523,461)
- contributions	15,000,000	10,000,000
- write off of property, plant and equipment	(894,403)	-
- other	(980,458)	(870,000)
Balance at 30th April	<u>69,827,998</u>	<u>65,526,941</u>

Depreciation charge of HK\$8,824,082 for the year (2010: HK\$8,523,461) included within fixed assets relating to King's Park is transferred to the rugby facilities fund.

**14 Capital reserve fund**

The fund represents contributions from founder members of the former society taken over on incorporation of HKRFU to be used for the future capital expenditure on Union premises.

**15 Revenue**

Revenue primarily comprises subscriptions from members, sponsorship income, subventions received, ticket sales and revenue from the sales of souvenirs.

	2011	2010
	HK\$	HK\$
Revenue		
Subscriptions from members – Rugby Union Club (note)	60,000,000	44,300,000
Sponsorship income	8,181,544	8,081,198
Subventions received	6,496,870	7,288,995
Ticket sales	43,109,350	44,048,709
Merchandise royalty income	3,090,000	3,090,000
Merchandise and program sales	310,160	236,718
Royalty income	625,917	400,000
Coaching and touch rugby income	977,715	664,944
King's Park income	3,159,332	3,158,512
Sevens Village income	140,000	158,037
	<u>126,090,888</u>	<u>111,427,113</u>
Other revenue		
Interest income	22,361	237,863
Annual dinner income	100,200	58,850
Sublet of Hong Kong Stadium Executive Suites	255,255	94,350
Sundry income	1,118,122	3,207,357
	<u>1,495,938</u>	<u>3,598,420</u>
Total revenue	<u>127,586,826</u>	<u>115,025,533</u>

Note: The Rugby Union Club is the official club of the Hong Kong Rugby Football Union and the subscriptions from members include amounts relating to suite and box hire.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**16 Expenses by nature**

	2011 HK\$	2010 HK\$
Cost of inventory sold	510,245	465,280
Advertising and promotion fee	5,408,270	7,021,799
Other selling expenses	5,747,701	6,136,454
Subsidiary's subscription to Rugby Union Club	1,800,000	1,200,000
Auditor's remuneration	272,182	227,500
Operating lease payments		
- Hire of Hong Kong Stadium Executive Suites	6,332,987	6,551,100
- Other	190,175	183,300
Hire of Hong Kong Stadium	8,428,143	8,311,685
Stadium preparation	3,087,724	3,381,268
King's Park expenses	1,886,690	3,435,928
Depreciation	9,868,890	9,530,956
Franchise fee	2,779,984	2,720,899
Subventions to clubs	4,699,748	4,005,086
Players' allowance	3,009,698	2,943,639
Staff costs (note 17)	19,277,389	16,842,035
Transportation expenses	7,935,884	6,105,427
Accommodation	6,205,162	6,338,336
Other administrative expenses	23,372,404	22,600,060
	<hr/>	<hr/>
Total of cost of sales, administrative expenses and selling expenses	110,813,276	108,000,752
	<hr/> <hr/>	<hr/> <hr/>

**17 Staff costs**

	2011 HK\$	2010 HK\$
Wages and salaries (note)	18,527,175	16,074,403
Contributions to Mandatory Provident Fund Scheme	750,214	767,632
	<hr/>	<hr/>
	19,277,389	16,842,035
	<hr/> <hr/>	<hr/> <hr/>

Note: None of the directors received or will receive any fees or emoluments in respect of services provided to the Company during the year (2010: Nil).

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**18 Taxation**

In accordance with Section 24(1) of the Inland Revenue Ordinance, no tax is payable in respect of the Hong Kong Rugby Football Union's activities. The Group's subsidiary Rugby Events Asia Ltd is subject to taxation but has accumulated tax losses which can be deducted from the current year's assessable income.

The taxation on the Group's surplus before taxation differs from the theoretical amount that would arise using the taxation rate of Hong Kong, the home country of the Group, as follows:

	2011 HK\$	2010 HK\$
Surplus before taxation	16,773,550	7,024,781
Calculation at taxation rate 16.5% (2010: 16.5%)	2,767,636	1,159,089
Income not subject to taxation	(19,720,719)	(18,256,540)
Expenses not deductible	17,044,579	17,229,084
Utilisation of tax losses	(91,495)	(131,633)
Tax charge	-	-

The Group has not recognised deferred tax assets arising from unutilised tax losses where the realisation of the related tax benefit through the future taxable income is not probable. The unrecognised tax losses of HK\$1,477,665 at 30 April 2011 (2010: HK\$286,078) can be carried forward indefinitely.

**19 Notes to the consolidated cash flow statement**

Reconciliation of surplus for the year to net cash from operating activities:

	2011 HK\$	2010 HK\$
Surplus for the year	16,773,550	7,024,781
Depreciation	9,868,890	9,530,956
Interest income	(22,361)	(237,863)
Dividend income from available-for-sale investments	(425,578)	(436,125)
Loss on disposal of fixed assets (Non Cash)	894,403	-
Operating surplus before working capital changes	27,088,904	15,881,749
Net movement in amounts due from/(to) Rugby Union Club	(7,904,099)	(14,360,859)
Decrease/(increase) in trade receivables, other receivables and prepayments	2,966,406	(1,529,751)
(Decrease)/increase in trade payables, other payables and accruals	(4,289,081)	(2,460,696)
Net cash inflow/(outflow) from operations	17,862,130	(2,469,557)

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

**20 Commitments**

(a) Lease commitments

At 30th April, the Group and the Company had future aggregate minimum lease payments under non-cancellable operating leases as follows:

	Group and Company	
	2011 HK\$	2010 HK\$
Land and buildings		
Not later than 1 year	5,147,949	6,139,769
Later than 1 year and not later than 5 years	4,837,649	5,929,976
	<u>9,985,598</u>	<u>12,069,745</u>

(b) Capital commitments

The board of directors approved a total budget, not exceeding HK\$11,747,545 for expenditure on rugby facilities in Tin Shui Wai, New Territories, of which HK\$1,747,545 was contracted.

**21 Related parties**

During the year, the Group undertook the following transactions with related parties in the normal course of its business:

	2011 HK\$	2010 HK\$
Income/(expenditure)		
Subscription fee from members – Rugby Union Club	60,000,000	44,300,000
Donations to HKRFU Charitable Trust Fund:		
- for Injured Players Fund	(300,000)	(150,000)
- for educational scholarships	(583,108)	(595,211)
Subsidiary subscription to Rugby Union Club	<u>(1,800,000)</u>	<u>(1,200,000)</u>



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**21 Related parties (Continued)**

**Compensation of key management personnel**

The remuneration of key management during the year was as follows:

	2011 HK\$	2010 HK\$
Short-term benefits	6,131,059	8,409,246
Post-employment benefits	190,820	281,200
	<u>6,321,879</u>	<u>8,690,446</u>
Purchase of services		
	2011 HK\$	2010 HK\$
Purchase of services:		
An entity controlled by a director of the company	-	424,519
	<u>-</u>	<u>424,519</u>

Services were bought from an entity controlled by Mr T Gregory, Chairman of the Company, on commercial terms and conditions.

**22 Approval of financial statements**

The financial statements were approved by the board of directors on 23 JUN 2011