

2018

ANNUAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2018

Parramatta Leagues Club Limited
ABN 52 000 218 655



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LEAGUES





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ADMINISTRATOR'S REPORT

MAX DONNELLY



"The delivery of the new PLC car park, Kicks Tenpin & Arcade, the upgraded restaurant areas and Jacks micro-brewery provide a diversification of revenue for the Club..."

Dear Members

I am pleased to report that Parramatta Leagues Club (PLC) and the Parramatta National Rugby League Limited (PNRL) have continued to make progress in 2018.

Some key business highlights for the PLC group include: -

- Delivery and completion of major building projects including the new PLC car park, Kicks Tenpin & Arcade, and the Jacks micro-brewery.
- Substantial improvement in the financial position of the Eels including the best financial result for PNRL in five years.
- Signing a new multiyear agreement to become the anchor tenant of the new Bankwest Stadium

The strong business performance of both organisations highlight how important the governance reforms undertaken in PNRL were for both organisations. With a strong skills based Board now in place, the PNRL has importantly started to reduce the financial impact on the overall group allowing the PLC to undertake much needed investment in its core business operations.

Financial Performance

The financial performance of PLC group saw it deliver a \$3.5 million profit for the 12-month period ending 31st October 2018. This was a strong and resilient result when you consider that a number of the key building projects had an impact to the trading operations of the PLC business.

Importantly, the delivery of the new PLC car park, Kicks Tenpin & Arcade, the upgraded restaurant areas and Jacks micro-brewery provide a diversification of revenue for the Club and major opportunities for growth when combined with the new Bankwest Stadium.

It is a credit to Bevan Paul and his management team that PLC maintained profitability while completing these important key infrastructure projects. The Club now has a strong platform to take advantage of new revenue opportunities and an upgraded venue ready for the return of Eels home games in 2019. I congratulate him and his team for their performance for 2018.

A major positive of 2018 was the financial performance of PNRL which has obviously taken place despite the disappointing results of the NRL team. PNRL had a trading loss of \$3,993,169 for the year ended 31 October 2018, a substantial improvement on the \$10,156,596 loss of 2017 and the \$12,016,648 loss of 2016.

PNRL

The 2018 NRL season was a major disappointment especially following our 4th placing in 2017. The PNRL Board determined that the outcome on the field required an extensive and independent review.

As a result of this review the PNRL Board endorsed a number of key recommendations which included:

- A confirmation that the Parramatta Eels will be a Development Club focusing on Junior Talent that will drive the strategic direction for its football program
- Increased investment in the Football Department with additional resources to be placed into the coaching and development areas including our elite junior development programs
- The re-entry of the Parramatta Eels into the NSW Cup in 2020 to ensure consistency across the full elite development pathway
- Appointment of Mark O'Neill as our new General Manager of Football

The review provided the opportunity to assess our Club against best practice sporting organisations and to ensure that our Club has the process and structures in place to deliver sustainable success both on and off the field.

In August 2018, I stepped down as Chairman of PNRL to focus on the next stage of the Parramatta Leagues Club (PLC) governance reform process. I will however, remain on the Parramatta Eels Club Board as one of the two PLC-nominated Directors.

My intention was always to oversee a smooth transition to a new Chairman at the appropriate time and I am pleased to say that we have achieved that goal with the unanimous endorsement of Sean McElduff as our Club's new Chairman.

Sean has a strong record as a business leader through his previous senior roles at Westpac and I have every confidence that he will provide tremendous leadership for the Club going forward.

Parramatta Leagues Club Governance Reforms

The PLC governance reform process continued throughout 2018 and in November 2018 a General Meeting (GM) was held to vote on these reforms. A substantial majority (nearly two thirds) of Members who attended the November General Meeting voted in favour of my proposed draft constitution.

While the voting did not reach the necessary 75 per cent, the majority of speakers within the Meeting and the resulting vote showed that PLC Members have a significant appetite to reform the governance of the Club and ensure stability at Board and management level.

Following an extensive consultation process with Members there are now two remaining issues. The first being that (as with previous years) a ballot should be held to elect seven new directors and the second being the removal of the Nominations Committee from the proposed draft constitution.

My appointment by the Independent Liquor Gaming Authority (ILGA) included a clear objective to improve the PLC governance arrangements. There is one opportunity to get these reforms right and therefore it remains my intention to get the right governance reforms in place before I conclude my appointment.

I would like to close my correspondence by again thanking our Members for their tremendous support and encouragement throughout the year. I look forward to a positive and exciting 2019 for our organisation.



Max Donnelly
Administrator of Parramatta Leagues Club Ltd
Chairman of Parramatta National Rugby
League Club Pty Ltd

CEO REPORT

BEVAN PAUL



"In 2018 your Club took a great stride forward by investing in the premises that provide a range of activities and services for Members and guests and from which we fund all of our ongoing activities."

Dear Members

I am pleased to report to Members that the last financial year saw the culmination of a record amount of investment in Parramatta Leagues Club facilities. In 2018 your Club took a great stride forward by investing in the premises that provide a range of activities and services for Members and guests and from which we fund all of our ongoing activities.

Our close proximity to Parramatta CBD coupled with the overall growth in the area meant that the Club car park was often occupied by persons not using the Club at all and on days when the adjacent stadium was in use regular Club patrons had no chance of getting a space to park. With our newly completed and expanded car park the Club will be able to manage access and preserve spaces for those actually using the Club's facilities.

For many years the Club's auditorium was used approximately once a month. The facility was tired, in need of a complete refurbishment, and contributed very little to the Club's operations. With the creation of Kicks Tenpin and Arcade, Club Members now own a new family friendly entertainment facility that is used every day of the week rather than once a month.

Over the last part of the 2018 financial year I am proud to report that 13,780 games of tenpin were sold in Kicks along with 12,298 arcade games. For the four months from July 2018 to October 2018, revenue for this outlet totalled \$276,995.

Members were advised in 2016 that the development work would have an unavoidable impact upon revenue. This disruption continued from 2017 into 2018 and also increased due to the need to replace the wooden parts of the building structure resulting in the closure of the bistro whilst this work was undertaken. The impact of that disruption meant that the Club had a single quarter of uninterrupted trading in the 2018 financial year.

The car park and the Kicks developments comprised the lion's share of development however the rest of the Club received a much-needed facelift. The reception desk is located closer to the entrance of the building, Sterlo's transformation into a sports bar is complete and we now have our own brewery.

After receiving permission from the descendants of founding fathers Jack Boyle and Jack Argent, our new brewery was christened Jacks Brewery in recognition of these two gentlemen. This facility will produce 108 kegs per annum and I am very proud to report that Jacks Pale Ale is now our number one selling beer in Pablo's Cantina y Cerveza with 6,928 schooners sold in the Club in the 2018 financial year.

A significant contributing factor to this year's results was a turnaround in the financial performance of the Eels. This partly relates to a legal settlement with QBE for career ending insurance and with Dyldam for payment of sponsorship monies. The main impact in the 2019 Eels accounts is better control of expenditure delivering a significant improvement from previous years.

As a result of the recent development work, the Club's balance sheet now shows borrowings of \$24,522,163 which relates entirely to the car park. Finance costs (interest) associated with development cost \$672,348 in 2018 however Members should note that repayments have already commenced with a principal repayment of \$500,000 made in October 2018.

The cashflow statement shows that cashflow was impacted in 2018 with net cash from operations falling to \$5,292,462 in 2018 – most of which was generated in the last quarter of 2018 when all the new facilities were online and also over this quarter cashflows returned to preconstruction levels.

Whilst noting the increase in debt, along with the impacts on trading via the income statement and the cashflow statement, net assets have increased since 2012 by 82% or \$30,420,412 from \$36,950,383 to \$67,370,795.

The NRL Grant in advance relates to the \$3,000,000 that was received in 2016 & 2017 from the NRL in conjunction with the negotiations on the new licence agreement. With the signing of the licence agreement, it has converted to 'grant in advance' and is being released at \$600,000 per year as non-cash grant revenue.

Vikings continues to trade well and profitability increased 58% from 2017 to \$518,559.

After funding the Eels, weathering the lengthy disruption associated with development, and including the Vikings profit, the final result for the consolidated group this year was a profit of \$3,521,526. In addition to this financial outcome, Parramatta Leagues Club Members now own improved car parking, a truly family-friendly entertainment facility, and their own brewery.

I would like to thank Administrator Max Donnelly for his support and also to acknowledge the Eels Board and CEO for their efforts in 2018.

Lastly I would like to thank the Members of Parramatta Leagues Club for their patience and continued patronage of the Club during the extensive construction and refurbishment period.

Best regards,



Bevan Paul
Chief Executive Officer
Parramatta Leagues Club Limited

EELS CEO REPORT

BERNIE GURR



"We are committed to being a Development Club, a Club where we will identify and develop elite, young Rugby League Players through the Parramatta Junior Representative Program to the NRL team."

Dear Members

The 2018 NRL season was a major disappointment for our Parramatta Eels Rugby League Club. After our 4th placing in 2017, we did not perform to expectations in season 2018 and finished at the bottom of the premiership table.

Towards the back end of such a season, our Club undertook an extensive, independent review of our Football Department. Our entire Club was disappointed for our Members and fans in 2018 and we realised that we needed to re-assess how we were operating as a Football Program.

The broader purpose and rationale for conducting this review project was to assess ourselves against best practice sporting organisations to ensure that, going forward, the Club has appropriate personnel, systems, resources, processes and structures in place to deliver sustainable on-field success at the NRL level. We are committed to delivering success for our Members and fans and we believe the review and the recommendations out of the review give us the best opportunity to achieve such success.

The review was a thorough and extensive process and provides us with a roadmap to help drive sustained performance going forward. The review identified a number of areas of improvement as well as a number of areas where we are doing well.

The Club has appointed Mark O'Neill as General Manager of Football to assume management responsibilities of the Football Department. This appointment will provide an experienced resource to help develop and execute a best-practice, high performance football strategy. We have made increased investments in our Football Program in order to provide our Head Coach, Brad Arthur, and our Players the resources they require to strive for success.

We are committed to being a Development Club, a Club where we will identify and develop elite, young Rugby League Players through the Parramatta Junior Representative Program to the NRL team. Simultaneously, we will maintain our focus on the off-field wellbeing and education of all our Players and Staff.

Off the field, the Club continued its pursuit of excellent corporate governance and financial stability. The Football Club will have a loss of approximately \$3.9 million for the year ended 31 October 2018, a substantial improvement on the \$10.2 million loss of 2017 and the \$12 million loss of 2016.

Our Membership team produced record membership numbers in 2018 while our Commercial team continues to generate traction in a competitive marketplace.

We continue to focus on our Parramatta Junior League (PJL); we have around 6,000 kids playing Rugby League in the PJL and we will continue to provide substantial support to the kids and families in our district. In addition, the commitment of our NRL Players to our Club's other Community initiatives is inspiring. Our Players are doing much wonderful work in the community and we are appreciative of their contributions.

There was great news for our Club at the end of October when we reached an agreement to play the future home games of the Parramatta Eels at the magnificent Western Sydney Stadium, now known as Bankwest Stadium. This agreement commences in 2019 and confirms the Parramatta Eels will be a key anchor tenant at Bankwest Stadium for at least the next fifteen years.

Our Board and Management are now focused on ensuring Bankwest Stadium and the Parramatta Leagues Club precinct will deliver the best game day experience for our Members, corporate partners and community stakeholders. This Stadium will also contribute to the Club's financial stability, allowing us to invest further in our Football programs.

The Opening Game at Western Sydney Stadium is scheduled to be our home game in Round 6 of the 2019 NRL Premiership against the Wests Tigers on Easter Monday, 22 April 2019.

Thank you to all our Members for your continued support and loyalty - we can't wait to welcome you into our new Blue & Gold fortress in 2019!

Our NRL team is back in training for the 2019 season and, with the addition of Blake Ferguson, Junior Paulo, Tim Lane and Maika Sivo to our squad, along with the development of our young Players, we look for substantial improvement in 2019.

We continue to work closely with our colleagues at PLC and recognise the outstanding support provided by Bevan Paul and his team at PLC to the Parramatta Eels.

To all our Staff and Players - I thank you for your contributions to our great Club.

Best regards,



Bernie Gurr
Chief Executive Officer
Parramatta National Rugby League Club Pty Limited







NOTICE OF AGM

NOTICE is hereby given that the 61st Annual General Meeting of Parramatta Leagues Club Limited (ACN 000 218 655) ("Leagues Club") will be held on Monday 18 February 2019 commencing at 7:00PM at the Lennox Ballroom, Novotel Parramatta – 350 Church Street, Parramatta NSW 2150.

BUSINESS TO BE CONDUCTED

Ordinary Business

MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

To receive and consider the Minutes of the previous 60th Annual General Meeting.

2018 ANNUAL REPORT AND FINANCIAL STATEMENTS

To receive the 2018 Annual Report of the Leagues Club, including the Financial Statements, Directors' and Auditor's Report for the 12-month period ended 31 October 2018.



Max Donnelly
Administrator of Parramatta Leagues Club Limited
Date: 10 January 2019

Note to Members:

In order to provide informed and properly researched responses, members are requested to lodge questions to the Chief Executive Officer in writing bevan.paul@parraeels.com.au or by post PO Box 2428 North Parramatta, NSW, 1750 not less than seven (7) days prior to the Annual General Meeting. Questions received in writing will be answered first in order of being received.

Annual Report distribution

Hard copies of these documents will be available from the Club from Friday 18th January 2019. Members may also request the posting of the reports by contacting AGM@parraeels.com.au or on (02) 8833 0764.

Eligible members will receive the notice of meeting via post or email however the annual report will be available by downloading a copy from the website from the links below:

- PLC Annual Report - www.parraleagues.com.au/annual-report-2018
- PNRL Annual Report - www.parraleagues.com.au/pnrl-annual-report-2018

The Club has confirmed the distribution plan for our Annual Report with both ClubsNSW and NSW Liquor and Gaming.



Bevan Paul
Chief Executive Officer & Company Secretary Parramatta Leagues Club Limited
Date: 10 January 2019

ADMINISTRATOR'S REPORT

Your administrator submits his report on Parramatta Leagues' Club Limited (the "Company") and the entities it controlled (collectively, the "Group") for the year ended 31 October 2018.

Administrator

The name of the Group's administrator in office during the financial year and until the date of this report is set out below. The administrator was in office for this entire period.

Max Donnelly

Dividends

There were no dividends paid or payable for the financial year (2017: \$nil). The Constitution of the Company does not permit any operating surplus to be distributed by way of dividend.

Principal activities

The principal activities of the Group during the course of the financial year consisted of the conduct and promotion of licensed social clubs for members of the club and promotion of rugby league football within the Parramatta district.

There were no significant changes in the nature of the Group's activities during the year.

Overall objectives

To ensure Parramatta Leagues' Club Limited is the most professional and progressive multi-purpose hospitality venue in Greater Western Sydney, by providing excellence in service and amenities for all Members; and to foster, encourage, promote and control the development, playing and interests of rugby league football within the area of the geographical boundaries of Parramatta National Rugby League Club Pty Limited, a subsidiary within the Group, as defined from time to time in the by-laws of the league's governing body.

Operating results for the period

The net profit after tax of the Group for the year ended 31 October 2018 was \$3,521,526 (period ended 31 October 2017: \$1,513,555).

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group during the year.

Events occurring after the reporting period

No matter or circumstance has arisen since 31 October 2018 that has significantly affected, or may significantly affect:

- the Group's operations in future financial years, or
- the results of those operations in future financial years, or
- the Group's state of affairs in future financial years.

Likely developments and expected results

Likely developments in the operations of the Group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Group.

Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

Meetings of administrator

The number of meetings the Company's administrator held during the year ended 31 October 2018 and the number of meetings attended by the administrator was:

	Full meetings of administrator	
	A	B
Max Donnelly	12	12

A = Number of meetings attended

B = Number of meetings held during the time the temporary administrator held office during the period.

ADMINISTRATOR'S REPORT

Insurance of administrator and officers

During the financial year, Parramatta Leagues' Club Limited held a management liability insurance policy under the administrator and officers liability cover.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditor, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Membership

The Company is a company limited by guarantee and is without share capital. The number of members as at 31 October 2018 was 42,370 (2017: 42,333).

Members' limited liability

In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$4 per member in the event of the winding up of the Company during the time that he or she is a member or within one year thereafter.

Auditor independence declaration

The administrator has received a declaration from the auditor of Parramatta Leagues' Club Limited. This has been included on page 16.

This report is made in accordance with a resolution of the administrator.



Max Donnelly
Administrator

Sydney
19 December 2018

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

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Auditor's Independence Declaration to the Directors of Parramatta Leagues Club Limited and its controlled entities

As lead auditor for the audit of Parramatta Leagues Club Limited and its controlled entities for the period ended 31 October 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Parramatta Leagues Club Limited and the entities it controlled during the financial year.

Ernst & Young

Daniel Cunningham
Partner
19 December 2018

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2018

		Year from 1 November 2017 to 31 October 2018	Period from 1 January to 31 October 2017
	Notes	\$	\$
Revenue	4	75,249,016	59,954,512
Other income	5	2,280,687	649,485
Cost of goods sold		(2,030,524)	(1,892,844)
Poker machine duty		(11,951,734)	(10,899,182)
Depreciation expense		(5,708,166)	(4,253,296)
Donations		(566,359)	(506,375)
Employee benefits expense		(30,777,441)	(24,306,712)
Entertainment, marketing and promotional costs		(4,859,917)	(4,073,744)
Football related expenses		(8,284,601)	(6,286,666)
Repairs and maintenance expenses		(1,869,884)	(1,127,575)
Licenses and fees		(218,771)	(106,029)
Occupancy expenses		(4,165,487)	(2,774,088)
Legal costs		(664,578)	(790,579)
Other expenses		(2,238,367)	(2,028,317)
Finance costs		(672,348)	(45,035)
Profit before income tax		3,521,526	1,513,555
Income tax expense	7	-	-
Profit for the year/period		3,521,526	1,513,555
Other comprehensive income		-	-
Total comprehensive income for the year/period		3,521,526	1,513,555

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 OCTOBER 2018

	Notes	2018	2017
		\$	\$
Assets			
Current assets			
Cash and cash equivalents	8	7,198,979	12,754,452
Trade and other receivables	9	1,672,184	1,451,086
Inventories		316,647	161,894
Total current assets		9,187,810	14,367,432
Non-current assets			
Property, plant and equipment	10	76,144,425	59,697,368
Intangible assets	11	689,000	689,000
Investment properties	12	18,202,619	18,143,795
Total non-current assets		95,036,044	78,530,163
Total assets		104,223,854	92,897,595
LIABILITIES			
Current liabilities			
Trade and other payables	13	6,952,330	10,002,721
Borrowings	14	218,698	397,663
Grant in advance	15	600,000	600,000
Employee benefit liabilities	16	1,391,985	1,553,296
Deferred revenue	17	350,624	1,027,926
Total current liabilities		9,513,637	13,581,606
Non-current liabilities			
Borrowings	14	24,522,163	12,414,731
Grant in advance	15	1,800,000	2,400,000
Employee benefit liabilities	16	609,871	224,273
Deferred revenue	17	407,388	427,716
Total non-current liabilities		27,339,422	15,466,720
Total liabilities		36,853,059	29,048,326
Net assets		67,370,795	63,849,269
Members funds			
Retained earnings		67,370,795	63,849,269
Total members' funds		67,370,795	63,849,269

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 OCTOBER 2018

	Retained Earnings	Total Members' Funds
	\$	\$
At 1 November 2017	63,849,269	63,849,269
Profit for the year	3,521,526	3,521,526
Other comprehensive income	-	-
Total comprehensive income for the year	3,521,526	3,521,526
At 31 October 2018	67,370,795	67,370,795
At 1 January 2017	62,335,714	62,335,714
Profit for the year	1,513,555	1,513,555
Other comprehensive income	-	-
Total comprehensive income for the year	1,513,555	1,513,555
At 31 October 2017	63,849,269	63,849,269

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2018

		Year from 1 November 2017 to 31 October 2018	Period from 1 January to 31 October 2017
	Notes	\$	\$
Operating activities			
Receipts from customers and sponsors (inclusive of goods and services tax)		82,943,091	65,840,961
Payments to suppliers and employees (inclusive of goods and services tax)		(78,080,950)	(56,178,843)
Rent received		977,290	796,028
Interest received		125,379	114,375
Interest paid		(672,348)	(45,035)
Net cash flows from operating activities		5,292,462	10,527,486
Investing activities			
Payments for property, plant and equipment	10	(23,026,455)	(23,313,681)
Payments for investment property	12	(58,824)	(23,295)
Proceeds from sale of property, plant and equipment		908,877	64,454
Purchase of intangible assets		-	(65,000)
Net cash flows used in investing activities		(22,176,402)	(23,337,522)
Financing activities			
(Repayment of)/proceeds from NRL grant		(600,000)	1,250,000
Proceeds from NAB loan facility		12,607,432	12,414,731
Repayment of NAB loan facility		(500,000)	-
Net repayment of other borrowings		(178,965)	(31,218)
Net cash flows from financing activities		11,328,467	13,633,513
Net (decrease)/increase in cash and cash equivalents		(5,555,473)	823,477
Cash and cash equivalents at 1 November/1 January		12,754,452	11,930,975
Cash and cash equivalents at 31 October	8	7,198,979	12,754,452

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

1. Corporate information

The consolidated financial statements of Parramatta Leagues' Club Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 October 2018 were authorised for issue in accordance with a resolution of the administrator on 19 December 2018.

Parramatta Leagues' Club Limited is a not-for-profit entity limited by guarantee, incorporated and domiciled in Australia.

The Company's registered office and principal place of business is 1 Eels Place Parramatta NSW 2150.

This financial report covers the year from 1 November 2017 to 31 October 2018 and the comparatives cover the period from 1 January to 31 October 2017. As such, they are not directly comparable.

The nature and operations and principal activities of the Group are described in the administrator's report.

2. Summary of significant accounting policies

(a) Basis of preparation

Statement of compliance

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a not-for-profit entity which is not publicly accountable. Therefore, the consolidated financial statements for the Group are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs).

The financial report has been prepared on a historical cost basis, except for investment properties that have been measured at fair value.

The financial report is presented in Australian dollars \$.

The accounting policies adopted are consistent with those of the previous financial year.

b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 October 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns

through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

2. Summary of significant accounting policies (continued)

c) Going concern

The financial statements have been prepared on a going concern basis as Parramatta Leagues' Club Limited has unused available cash facilities at 31 October 2018 in excess of the net current liability that can be drawn against if required to meet its financial obligations.

The Group generated an operating profit during the year ended 31 October 2018 of \$3,521,526 (period ended 31 October 2017: \$1,513,555), and as at that date the Group's total current liabilities exceeded total current assets by \$325,827 (2017: nil).

d) Current versus non-current classification

The Group presents assets and liabilities in the consolidated statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

(i) Sale of goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) at the point of sale or delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

(ii) Rendering of services

Revenue from rendering of services comprises revenue from gaming facilities together with other services to members and other patrons of the club. Revenue from rendering of services is recognised when the services are provided.

(iii) Sponsorship

Revenue from sponsorship is recognised over the sponsorship period once a contract is entered into.

(iv) Membership income

Revenue from membership subscription and future ticket purchases by the members are deferred as unearned income and are brought to account evenly over the course of the membership period.

(v) National Rugby League distribution grant

Revenue from membership subscription and future ticket purchases by the members are deferred as unearned income and are brought to account evenly over the course of the membership period.

(vi) Rental income

Revenue from rental receipts is recognised in the period the rental relates to and is recorded in accordance with the rental agreement.

(vii) Gate receipts

Revenue from gate takings is recognised when the match takes place or when services are provided.

(viii) Interest income

Interest income is recognised using the effective interest rate (EIR) method.

f) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents include cash at bank and on hand.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the EIR method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used 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 reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original EIR. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

h) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

i) Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values,

over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	10 to 40 years
Leasehold improvements	2 to 40 years
Leased plant and equipment	3 to 20 years
Plant and equipment	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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. (Note 2(l)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of profit or loss and other comprehensive income.

j) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Purchased poker machine entitlements

Purchased poker machine entitlements are not amortised. Instead, purchased poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

2. Summary of significant accounting policies (continued)

k) Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

Lease income from operating leases where the Group is a lessor is recognised in income on a straight line basis over the lease term. The respective leased assets are included in the consolidated statement of financial position based on their nature.

l) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

m) Investment properties

Investment properties, principally comprising freehold buildings, are held for long-term rental yields and are not occupied by the Group.

Investment properties are carried at fair value and are based on the administrator's valuation which in turn is subject to third party verification once every three to five years. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income as part of other income.

n) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs are expensed as incurred.

p) Employee benefit liabilities

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

p) Employee benefit liabilities (continued)

employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation plan

The Group contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The Group has no legal or constructive obligation to fund any deficit.

Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or to providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

q) Taxes

Current income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax

Deferred income tax 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. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Parramatta Leagues' Club Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

2. Summary of significant accounting policies (continued)

q) Taxes (continued)

current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation legislation

Parramatta Leagues' Club Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 January 2004.

The head entity, Parramatta Leagues' Club Limited in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

r) Parent entity financial information

The financial information for the parent entity, Parramatta Leagues' Club Limited, disclosed in note 21 has been prepared on the same basis as the consolidated financial statements, except as set out below.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost in the financial statements of Parramatta Leagues' Club Limited.

s) Comparative information

Comparative amounts are, where appropriate, reclassified so as to be comparable with the figures presented for the current financial year.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(i) Estimated fair values of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in profit or loss. It obtains independent valuations at least once every three years. The fair value of each property is updated by taking into account the most recent independent valuations. The key assumptions used in this determination are set out in Note 12.

(ii) Useful life of leasehold improvements

A subsidiary within the Group has invested in leasehold improvements during the year at one of the Club's training facilities. Amortisation rates for these leasehold improvements have been determined using the expected useful lives of related assets. In certain circumstances the useful lives are greater than the current lease period as the Group is negotiating lease terms with Parramatta City Council (the lessor of the leasehold property), and is confident of achieving an extension over and above the existing lease period. Any changes to the useful lives are determined based on the best information available at a point in time, and are accounted for prospectively in the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

4. Revenue

	Year from 1 November 2017 to 31 October 2018	Period from 1 January to 31 October 2017
	\$	\$
Revenue from operating activities		
Sale of goods		
Bar sales	1,799,322	1,437,737
Catering sales	2,918,282	2,513,719
Merchandise sales	693,671	676,432
Total sale of goods	5,411,275	4,627,888
Services		
Poker machine	45,627,264	41,172,597
NRL distribution	12,426,650	6,916,667
Sponsorship and hospitality	5,962,714	3,424,126
Commissions received	445,343	384,926
Members subscription	155,025	171,347
Gate ticket sales	2,762,078	2,407,506
TenPin sales	276,995	-
Total services	67,656,069	54,477,169
Other revenue from ordinary activities		
Rent received	977,290	642,420
Interest income	125,379	114,375
Sundry income	1,079,003	92,660
Total other revenue from ordinary activities	2,181,672	849,455
Total revenue from ordinary activities	75,249,016	59,954,512

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

5. Other income

	Year from 1 November 2017 to 31 October 2018	Period from 1 January to 31 October 2017
	\$	\$
Grants and other activities	1,881,421	588,023
Net gain on disposal of non-current assets	399,266	61,462
	2,280,687	649,485

6. Expenses

	Year from 1 November 2017 to 31 October 2018	Period from 1 January to 31 October 2017
	\$	\$
Profit before income tax includes the following specific expenses:		
<i>Finance costs</i>		
Interest and bank charges	672,348	45,035
<i>Rental expense relating to operating leases</i>		
Minimum lease payments	1,936,082	1,415,805
<i>Defined contribution superannuation expense</i>	1,784,464	1,569,820

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

7. Income tax

The major components of income tax expense for the year/period ended 31 October 2018 and 31 October 2017 are:

	Year from 1 November 2017 to 31 October 2018	Period from 1 January to 31 October 2017
	\$	\$
Consolidated profit or loss and other comprehensive income		
Current income tax charge:		
Current income tax charge	-	-
Deferred tax:		
Relating to the origination and reversal of temporary differences	-	-
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	-	-

Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for 2018 and 2017:

Accounting profit before income tax	3,521,526	1,513,555
At Australia's statutory income tax rate of 30% (2017: 30%)	1,056,458	454,067
Non-assessable income	(3,839,962)	(4,508,550)
Non-deductible expenses	1,518,142	2,175,018
Tax losses not recorded as deferred tax assets	1,265,362	1,879,465
Income tax expense	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised	52,939,652	48,721,781
Potential tax benefit @ 30%	15,881,896	14,616,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

8. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and on hand	7,198,979	12,754,452

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the above.

9. Trade and other receivables

	2018	2017
	\$	\$
Current		
Trade receivables	795,626	921,437
Provision for impairment of receivables (a)	(306,530)	(589,122)
	489,096	332,315
Other receivables	437,394	320,605
Prepayments	745,694	798,166
	1,672,184	1,451,086

(a) Impairment of trade receivables

As at 31 October 2018, trade receivables with an initial carrying value of \$306,530 (2017: \$589,122) were impaired and fully provided for. See below for the movements in the provision for impairment of receivables:

	2018
	\$
At 1 November 2017	589,122
Charge for the year	214,938
Receipt of amounts previously provided	(497,530)
At 31 October 2018	306,530

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

10. Property, plant and equipment

	Land	Buildings	Plant and equipment	Poker machines	Leasehold improvements	Capital work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 January 2018	4,210,500	49,582,750	17,500,509	15,692,229	4,902,235	22,504,036	114,392,259
Additions	-	14,641,998	6,764,284	1,620,173	-	-	23,026,455
Disposals	-	-	(266,875)	(1,626,617)	-	-	(1,893,492)
Transfers to/ (from) CWIP	-	20,763,924	-	-	-	(20,763,924)	-
At 31 October 2018	4,210,500	84,988,672	23,997,918	15,685,785	4,902,235	1,740,112	135,525,222
 Accumulated depreciation							
At 1 November 2017	-	26,771,855	13,695,087	12,288,515	1,939,434	-	54,694,891
Depreciation charge for the year	-	2,299,806	1,675,082	683,133	1,050,145	-	5,708,166
Disposals	-	-	(236,459)	(785,801)	-	-	(1,022,260)
At 31 October 2018	-	29,071,661	15,133,710	12,185,847	2,989,579	-	59,380,797
 Net book value							
At 31 October 2018	4,210,500	55,917,011	8,864,208	3,499,938	1,912,656	1,740,112	76,144,425
At 31 October 2017	4,210,500	22,810,895	3,805,422	3,403,714	2,962,801	22,504,036	59,697,368

During the year, borrowing costs of \$203,687 (2017: \$265,900) were capitalised against the value of the multi-storey car park.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

11. Intangible assets

	Purchased poker machine entitlements	Total
	\$	\$
Cost		
At 1 November 2017	689,000	689,000
At 31 October 2018	689,000	689,000
Accumulated impairment		
At 1 November 2017	-	-
At 31 October 2018	-	-
Net book value		
At 31 October 2018	689,000	689,000
At 31 October 2017	689,000	689,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

12. Investment properties

	2018	2017
	\$	\$
At fair value		
Opening balance at 1 November/1 January	18,143,795	18,120,500
Capitalised subsequent expenditure	58,824	23,295
Closing balance at 31 October	18,202,619	18,143,795

a) Valuation basis

The Group obtains independent valuation for its investment properties at least once every three to five years. At the end of each reporting period, the administrator updates his assessment of the fair value of each property, taking into account the most recent independent valuations. The administrator determines a property's value within a range of reasonable fair value estimates. The administrator updates his assessment of the fair value of each property by taking into account the most recent independent valuation. The administrator determines a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar investment properties. Where such information is not available, the administrator consider information from a variety of sources including:

- (i) current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences
- (ii) discounted cash flow projections based on reliable estimates of future cash flows
- (iii) capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

12. Investment properties (continued)

b) Non-current assets pledged as security

Refer to Note 14 for information on non-current assets pledged as security by the Group.

c) Leasing arrangements

Some of the investment properties are leased to tenants under long-term operating leases with rentals receivable monthly. Minimum lease payments receivable on leases of investment properties are as follows:

	2018	2017
	\$	\$
Within one year	513,172	647,370
After one year but not more than five years	362,416	589,433
	875,588	1,236,803

The following are core properties:

- 13- 15 O'Connell Street, Parramatta NSW 2150
- 35 Quarry Road, Dundas NSW 2117

The following are non-core properties:

- 6- 8 Grose Street, Parramatta NSW 2150
- 2 Eels Place, Parramatta NSW 2150
- 10- 12 Grose Street, Parramatta NSW 2150
- 50 O'Connell Street, Parramatta NSW 2150 (Ground Floor)
- 3C Trott Street, Parramatta NSW 2150
- Units 1, 2, 3, 4, 5, 8, 9, 10 and 11 at 19 - 21 O'Connell Street, Parramatta NSW 2150
- 2 Ferris Street, Parramatta NSW 2150*
- 20 Wandella Avenue, Northmead NSW 2150
- Units 1,2,3,4 and 5 at 17 O'Connell Street, Parramatta NSW 2150
- Units 1,3,4 and 6 at 50 - 53 Ross Street, Parramatta NSW 2150

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

13. Trade and other payables

	2018	2017
	\$	\$
Current		
Trade payables	1,647,965	4,460,296
Accrued expenses	4,938,884	5,414,473
GST payable	365,481	127,952
	6,952,330	10,002,721

14. Borrowings

	2018	2017
	\$	\$
Current		
Unsecured notes	218,698	218,698
Hire purchase liabilities (i) (Note 18)	-	178,965
	218,698	397,663
Non-current		
NAB loan facility (iii)	24,522,163	12,414,731

	2018	2017
	\$	\$
Secured liabilities and assets pledged as security		
The total secured liabilities (current and non-current) are as follows:		
Hire purchase liabilities (Note 18)	-	178,965

(i) Hire purchase liabilities

Hire purchase liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

(ii) NAB loan facility

During 2017, the Company entered into a \$30 million dollar loan facility with the National Australia Bank to fund the expansion of the car park.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

15. Grant in advance

	2018	2017
	\$	\$
Current		
Grant in advance	600,000	600,000
Non-current		
Grant in advance	1,800,000	2,400,000

16. Employee benefit liabilities

	2018	2017
	\$	\$
Current		
Employee benefit liabilities	1,391,985	1,553,296
Non-current		
Employee benefit liabilities	609,871	224,273

The present value of employee benefits not expected to be settled within 12 months/10 months of reporting date have been calculated using the following weighted averages:

	2018	2017
Assumed rate of increase in wage and salary rates	3%	3%
Discount rate	3.51%	3.51%
Settlement term (years)	10	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

17. Deferred Revenue

	2018	2017
	\$	\$
Current		
Income received in advance	350,624	1,027,926
Non-current		
Income received in advance	407,388	427,716

18. Commitments

18.1 Capital commitments

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2018	2017
	\$	\$
Property, plant and equipment	-	7,305,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

18. Commitments (continued)

18.2 Lease commitments: group as lessee

(i) Non-cancellable operating leases

The car park and part of the club's premises are situated on land leased from the Parramatta Regional Park Trust. The lease is for a term of 50 years from 5 March 1999 with a 49 year option at its expiration. The lease rental is subject to review annually for CPI and a review every five years. Management have also entered into a lease for the rental of the George Street building for a term of two years commencing 8 January 2019 with an option of extending by one year at its expiration

	2018	2017
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	820,615	519,646
After one year but not more than five years	2,727,672	2,239,224
More than five years	22,895,325	22,173,708
	26,443,612	24,932,578

(ii) Hire purchase liabilities

Hire purchase liabilities are in respect of purchases of motor vehicles under finance lease arrangements.

	2018	2017
	\$	\$
Commitments in relation to hire purchase liability are payable as follows:		
Within one year	-	190,578
Minimum lease payments	-	190,578
Future finance charges	-	(11,613)
Total lease liability	-	178,965

Representing lease liability:

Current hire purchase liability (Note 14)	-	178,965
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

18. Commitments (continued)

18.3 Remuneration commitments

	2018	2017
	\$	\$
The Group has entered into contracts with players with respect to subsequent seasons, whereby certain minimum amounts are payable.		
The minimum amounts payable are as follows:		

Within one year	9,767,500	9,200,001
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Amounts contracted beyond one year are cancellable under certain conditions and therefore not reflected. Match payments are payable in varying circumstances, in addition to the above amounts.

19. Related party disclosures

(a) Club Administrator

During the year, the Club paid a total of \$267,790 (2017: \$290,129) to the Club Administrator as remuneration for services provided in his role as the Club Administrator, and for services provided by the directors appointed to Parramatta National Rugby League Club Pty Limited by the Club Administrator.

Apart from the remuneration outlined above, the Club did not enter into any further contract with the Club Administrator, nor were there any transactions entered into between the Club and a related party of the Club Administrator.

(b) Parent entity and subsidiaries

The parent and ultimate parent entity within the Group is Parramatta Leagues' Club Limited.

Parramatta Leagues' Club Limited holds 100% of the issued ordinary shares of the following subsidiaries at 31 October 2018 (2017: 100%):

Parramatta National Rugby League Club Limited; and

Parramatta Power Soccer Club Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

19. Related party disclosures (continued)

(c) Key management personnel compensation

	Year from 1 November 2017 to 31 October 2018	Period from 1 January to 31 October 2017
	\$	\$
Key management personnel compensation	2,472,305	1,742,682

(i) Transactions with key management personnel

From time to time key management personnel of the Company, or their related entities, may sell goods or provide services to the Group. The Group makes these purchases on the same terms and conditions as other non-key management personnel related transactions.

There are no outstanding balances from the above transactions entered into with key management personnel or their related parties.

(d) Transactions and balances with other related

	2018	2017
	\$	\$
Transactions - expenses		
Consultant fees (i)	45,851	-

(i) Payments made to Jim Sarantinos (Director) in his capacity as a consultant.

20. Events after the reporting period

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in the future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2018

21. Information relating to the Parramatta Leagues' Club Limited (the Parent)

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2018	2017
	\$	\$
Statement of financial position		
Current assets	9,363,230	14,241,226
Non-current assets	93,392,311	73,346,033
Total assets	102,755,541	87,587,259
Current liabilities	8,165,379	7,210,274
Non-current liabilities	23,920,968	12,560,318
Total liabilities	32,086,347	19,770,592
Net assets	70,669,194	67,816,667
Member's equity		
Retained earnings	70,669,194	67,816,667
Profit for the period/year	2,852,527	2,922,798
Total comprehensive income of the parent entity	2,852,527	2,922,798

(b) Guarantees entered into by the parent entity

The Company has not entered into any guarantee contracts during the current financial year (2017: \$nil).

(c) Contingent liabilities of the parent entity

The Company has committed to continue to provide sufficient financial support to Parramatta National Rugby League Club Pty Limited and Parramatta Power Soccer Club Limited to enable them to meet their financial obligations for a period of at least 12 months from the date of signing this financial report.

(d) Contractual commitments for acquisition of property, plant or equipment

The Company has not entered into any contractual commitments for acquisition of property, plant or equipment during the current financial year (2017: \$7,305,755).

ADMINISTRATOR'S DECLARATION

In accordance with a resolution of the administrator of Parramatta Leagues' Club Limited, I state that:

In the opinion of the administrator:

- (a) the consolidated financial statements and notes set out on pages 17 to 41 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 October 2018 and of its performance for the financial year ended on that date, and
 - (ii) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Max Donnelly
Administrator
Sydney
19 December 2018

Independent Auditor's Report to the Members of Parramatta Leagues Club Limited and its subsidiaries

Opinion

We have audited the financial report of Parramatta Leagues Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company's and the Group's financial position as at 31 October 2018 and of their financial performance for the period ended on that date; and
- b) complying with Australian Accounting Standards- Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group 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 other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.



Ernst & Young



Daniel Cunningham
Partner
Sydney
19 December 2018





Kicks
Tropic & Angolo



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