2017 PRLC ANNUAL REPORT

PANTHERS GROUP

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ANNUAL FINANCIAL REPORTS

CORPORATE INFORMATION

ACN
000 578 398

Registered Office
Mulgoa Road, Penrith NSW 2750

Company Secretary
B. Fletcher

Bankers
ANZ

Auditors
Ernst & Young

DIRECTORS

D. O'Neill

G. Alexander

P. Graham

I. Hicks

D. Merrick FCPA JP

M. Mulock

D. Mayne


POWERADE
OAK
5
OAK
9
Hertz
Hertz

CHAIRMAN'S REPORT

It is my pleasure to deliver the Chairman's Report for the period ended 31 October 2017.

2017 again saw the expansion and improvement of the facilities and benefits available to our members, visitors and local communities. With all six licensed clubs having either had refurbishment works conducted, or are scheduled for works to be conducted, we are looking forward to sharing our facilities with you.

As a Board, our focus is always on ensuring the long-term future of Panthers to benefit our local communities. We are fortunate to have the ability to rely on our management team to action this focus. Brian Fletcher and his team ensured that 2017 was a year of steady growth and I thank them for their forward-planning to ensure continued success for our licensed clubs and Rugby League teams.

Panthers qualified for the finals in the NRL, ISP and NYC competitions for only the fourth time in he club's history. It is the first time that we have achieved the feat in consecutive seasons. Our NRL side did it the hard way and became only the fourth Panthers side in the club's history to play finals footy after starting the season with two wins from the first nine games. Nathan Cleary became the youngest player in the history of the premiership to score 200 points in a season. And on top of that, our trophy cabinet has some great new additions.

To Anthony Griffin, the way you and your team overcame the slow start to the year and fought back to play finals footy is a credit to your strength of character, your resolve and your resilience. Thank you for giving so many of our Panthers juniors a chance to shine on the NRL stage. Congratulations on reaching the milestone of 150 NRL games and becoming only the third Penrith coach to steer the Panthers into consecutive finals series in your first two years at the club. We can't wait to see what you can achieve with this team in the years to come.

To Phil Gould AM, the leadership and guidance that you give to our playing group and Rugby League staff is beyond measure. Your passion for the game, and for Panthers in particular, has helped to steer our club to the position that we are now in, on the cusp of some very exciting, successful times. On behalf of the Board, I thank you.

I would like to congratulate the 12 Panthers players who achieved international representative honors in 2017 and am excited by the prospect of ongoing success in 2018.

I'm pleased to report the financial results for the year ended 31 October 2017 show an EBITDA (earnings before interest, tax, depreciation and amortisation) or cash earnings of $16.256m. The Group CEO Brian Fletcher will further detail the financial results in the CEO's report.

On behalf of the Board, I would like to acknowledge the passing of two of our Life Members, Roger Cowan OAM and Geoff James. Both of these gentlemen were instrumental in ensuring the future and success of Panthers. Between them, they gave more than 60 years of their lives to Panthers and we are forever grateful for their contribution.
I would like to thank our Chief Executive Officer, Brian Fletcher for his valued involvement in all sectors of our business. Brian has ensured that our great team of licensed club and Rugby League staff are all working together as one team, in one direction. From myself and the Board, our appreciation and gratitude goes to Jill Trad, our Executive Assistant, for her ongoing support and assistance. I offer my sincere thanks to all staff for their significant and important contribution during 2017.

Finally, to our members. We are glad that you are joining us on this journey and thank you for your support. I am confident that the combination of a strong, dedicated Board, a committed management team and you, our valued members will deliver positive results going forward. We enjoyed sharing 2017 with you and look forward to 2018 and beyond.

David O'Neill
Chairman, Panthers Group

CEO'S REPORT

It is my pleasure to deliver the Chief Executive Officer's Report for the period ended 31 October 2017.

Firstly I would like to pass on my condolences to the Cowan and James families on the passing of two wonderful gentlemen Roger (CEO of Panthers for 40 years) and Geoff (Director of Panthers for 17 years). Further tributes to both can be found on page 10.

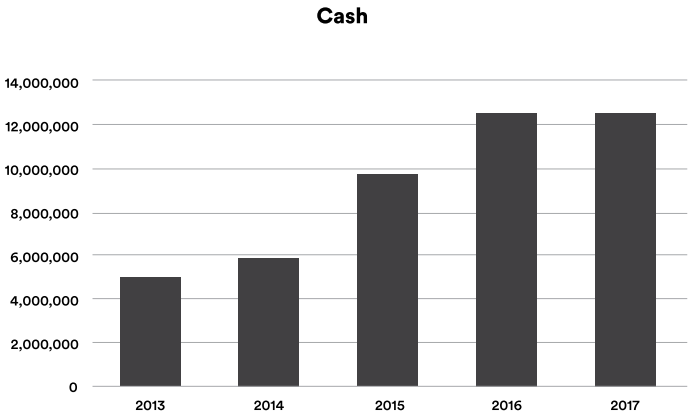
The Panthers Group is made up of six licensed clubs: Panthers Penrith, Panthers Port Macquarie, Panthers Bathurst, Panthers North Richmond, Panthers Glenbrook and Panthers Wallacia, together with Panthers Rugby League.

I am pleased to report an earnings before interest, tax depreciation and amortisation (EBITDA) or cash earnings for 2017 of $16.256m which includes an investment of $5.973m in Rugby League on top of the NRL salary cap.

The Panthers Group's financial position is strong as we evolve, invest and implement our strategy to deliver state of the art facilities to our members and Rugby League players.

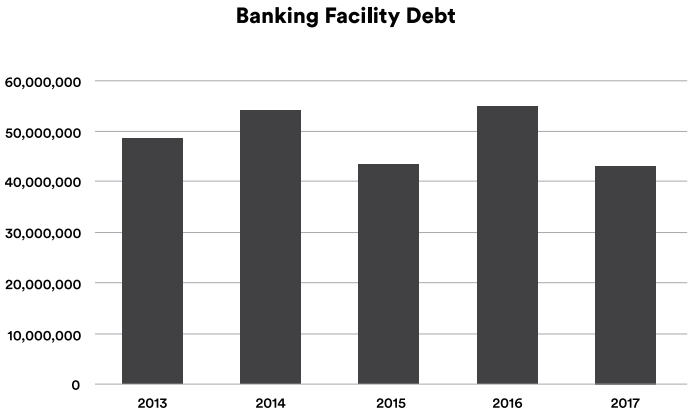
The Panthers Group has a debt facility of $56.0m with the present debt position being $41.9m plus leases of $1.33m. The Panthers Group also has a cash war chest of $12.3m in its working account, which in summary means total debt of $30.9m with net assets of $148.6m.

In 2017 we continued our reinvestment back into the business, to the tune of $22.9m. This was spent on finishing club renovations, refurbishments and a new multi-level car park. This brings the total reinvestment back into the business to $99.9m over the past seven years.

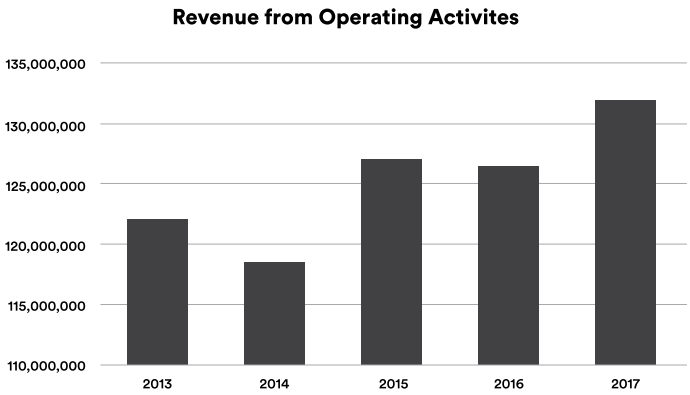


2017 saw the completion of Panthers Port Macquarie's $7.9m renovations, which were completed in March 2017. The Penrith Panthers site saw the commencement of building of the $20m multi-level car park.

Importantly, the reinvestment back into the business has been funded via operating cash and loan funding from our financier ANZ Banking Group. Total debt for the period ending 31 October 2017 was $43.1m and the Group complied with all external banking covenants.
The downside of building the multi-level car park and club renovations is that this has impacted the financial results for 2017. However as noted above I am pleased to report that the Group has still cash earnings for 2017 of $16.256m.



With all club renovations and the completion of the multi-level carpark in approximately April 2018 we should witness an upside in trading for the last six months of the next financial year.



I am also pleased to report that significant progress has been achieved in developing the Penrith site into the "Panthers Precinct". The overall plan is now progressing and the execution of the various stages of development is underway. Progress to date includes;

- Major refurbishments Port Macquarie ($7.9m), together with the upgrade of TC's TAB area and Squires Terrace Bar at Penrith ($1m).
- Conception of a state of the art retirement village and aged care facility including 125 living units and 125 fully cared units. Construction will hopefully commence in March 2018.
- An agreement has been executed with developer ESQ who has submitted a plan for the development of a minimum 512 apartment complex with commercial facilities. Subject to approval by Council, it is anticipated that the construction will commence in June 2018.
- Plans are progressing for the construction of an entertainment complex, multi-level car park and 250 overnight stay rooms on our present front car park site.
- Construction of a multi-level car park behind iFly at a cost of $20m with construction to be completed in approximately April 2018.

Panthers Group is in a strong and healthy financial position and it is an exciting and rewarding time to be involved in our great clubs and Rugby League in the Penrith district.

To Phil Gould AM, coach Anthony Griffin (only the third coach to steer the Panthers into consecutive finals series), coaching staff, players and all Academy staff I extend my congratulations on a marvellous year both on and off the field. If 2017 is any indication of the club's future, a premiership is now within reach.

I would like to give a special mention to our 2017 ISP coach Garth Brennan on beating Wyong Roos 20 – 12 in the 2017 Grand Final followed by beating PNG Hunters to claim the club's first State Championship.

The Panthers Junior League again had another successful season in 2017 with 8,092 players participating across 527 teams within the district.

I extend my congratulations to our executive management team team Mathew Luszczynski (Chief Financial Officer), Megan Bowen (Head of Marketing), Matthew Leavey (Group Property Manager), Jennifer Devine (Group Purchasing Manager), Craig Conway (Group IT Manager) and Kristen Durkin (Group Human Resources Manager) and their staff for the excellent manner in which they have carried out their duties, and for being a crucial part of the success of the Panthers Group. Also my personal thanks to my Executive Assistant Jill Trad who has been a wonderful assistant. Special mention needs to be made of the venue General Managers in particular Kathy Borich who has been managing three sites in North Richmond, Glenbrook and Wallacia, Jason Stone (Penrith General Manager), Jamie Williams (Port Macquarie General Manager), and John Fearnley (Bathurst General Manager) and all of their staff.

A special welcome to our two new General Managers, Joanne Price (North Richmond) and Steve Ginty (Wallacia).

I thank our Chairman, Dave O'Neill and Vice Chairman Greg Alexander, and all the Board for their guidance and leadership as we look forward to adding another NRL premiership to the already victorious years of 1991 and 2003.

My appreciation and thanks goes to our many sponsors, valued event customers, suppliers and community partners.

Most importantly, I thank all Panthers members who have frequented the various Panthers club's over the past twelve months. Without our loyal members, the Panthers Group would not be in the healthy financial position it is today.

Brian Fletcher
CEO, Panthers Group

COMMUNITY CONTRIBUTIONS

$16,712,227
Donated to the community over the past 10 years

$1,709,405
Donated to the community in 2017

Penrith

Name of Organisation	Amount
Annual Nepean Research Day	$500
Australian Dysphonia Network	$2,475
Autism Spectrum	$3,758
Blue Datto Foundation	$13,600
Boronia Bowls	$2,250
Christ Mission Possible	$34,000
Colyton High School	$90
Delta Society	$1,500
Diabetes NSW	$1,800
Domestic Violence Liaison Conference	$2,560
First Aid for Kids Workshop	$420
Gifts of Grace Incorporated	$5,000
Girls Rising	$5,000
Glenmore Park High School	$4,750
Help Support Taryn – Charity Golf Day	$600
i-FLY Australian Indoor Skydiving Championships	$1,000
Jersey Donations	$2,700
Koori Kids	$350
Luke Priddis Foundation	$6,000
Manhood for Beyond Blue	$3,240
Mirrabooka Study Centre	$2,000
NADO	$590
Narrandera Lizards Juniors Rugby League Club	$2,565
National Elder Abuse Conference	$4,750
Nepean Ducks - Gridiron	$3,500
Nepean Family Room	$8,250
Nepean Food Services	$5,000
Nepean Tennis - Tennis in Schools program	$5,000
Pallisters	$2,953
Panthers Cricket Club	$15,000
Panthers Fishing Club	$10,000

Name of Organisation	Amount
Panthers Interclub Euchre	$600
Panthers on the Prowl	$150,000
Panthers Premier League	$50,000
Panthers Snooker	$13,000
Panthers Snooker Club	$4,076
Panthers Social Euchre	$2,650
Panthers Social Golf Club	$17,675
Penrith & Blue Mountains Retired Police Association of NSW	$2,750
Penrith Baseball Club	$17,500
Penrith Bridge to Bridge - Supporting Little Wings	$1,000
Penrith Community Kitchen	$10,000
Penrith District Netball	$25,000
Penrith Local Business Awards	$3,000
Penrith Rainbow Club	$5,000
Penrith Retired Police Association - 2017 Meetings	$2,750
Penrith Social Cricket Club	$11,500
Penrith Touch Association	$4,574
Penrith Valley Sports	$15,000
Rotary Club - Police Officer of the Year	$2,000
Rotary Club of Penrith	$3,800
Skills One Career Showcase	$3,500
Spinal Cord Injuries Australia	$5,000
The Foundation for Disabled Sportsmen & Women	$50,000
The Leukaemia Foundation of Australia	$2,000
The Leukeamia Foundation - Dolls, Bears & Craft Show	$8,080
The Royal Life Saving Society	$9,800
Wheelchair Rugby League - Womens League	$630
Womens Community Shelters	$25,000
YMCA Penrith	$5,000
Zonta Club - Dolls, Bears & Craft Show	$8,080

Port Macquarie

Name of Organisation	Amount
Bravehearts	$2,400
Cancer Council	$3,000
Cancer Council - Camp Quality	$2,181
Cerebral Palsy Alliance	$7,993
Combined Probus	$490
Country Womens Association	$327
Day View Club of Port Macquarie	$654
Evening View Club of Port Macquarie	$654
Hastings Early Intervention	$10,888
Hastings Legacy Laurel Club	$654
Inner Wheel Club of Port Macquarie	$818
IRONMAN	$1,181
Make A Difference Port Macquarie	$2,000
Mixed Probus Club of Port Macquare	$1,145
Orchid & Bromeliad Society	$2,727
Panthers Ballroom Dancing Group	$4,545
Port City Rugby League Football Club	$24,163
Port Macquarie Beatles Festival	$2,000
Port Macquarie Community College	$10,000
Port Macquarie Football Club	$16,000
Port Macquarie Hastings Jnr. Legacy	$11,650
Port Macquarie Hastings Legacy	$10,000
Port Macquarie Magpies Jnr AFL Club	$800
Port Macquarie Panthers Bridge Club	$5,925
Port Macquarie Panthers Netball Club	$7,000
Port Macquarie Panthers Photographic Club	$2,181
Port Macquarie Panthers Womens Bowling Club	$17,500
Port Macquarie Rotary Club	$2,618
Port Macquarie RSL Sub Branch	$8,600
Port Macquarie Sharks JRLFC	$3,500
Port Panthers Mens Bowling Club	$38,000
Port Panthers Snooker Club	$7,200
Rotary Club of Port Macquarie West	$2,000
Seaside Personal Training	$7,400
Seniors 50	$1,272
Ulysses Club	$1,181
War Widows Guild of Australia	$5,818
Wauchope High School	$1,181
Westpac Rescue Helicopter	$41,984
Womens Auxiliary of Port Macquarie	$600

Bathurst

Name of Organisation	Amount
3rd Bathurst (All Saints Cathedral) Scout Group	$500
Accessible Living Options	$5,000
Australian Kookaburra Kids Foundation Ltd	$3,000
Autism Spectrum Australia	$3,000
Bathurst Community Transport Group	$6,500
Bathurst Early Childhood Intervention Service	$1,800
Bathurst Seymour Centre A & B	$7,500
Bathurst U3A	$4,000
Bathurst West Public School	$4,000
Central West Vision Team - DEC	$2,000
Central West Women's Health Centre	$3,000
Family Drug Support	$4,500
Headspace Bathurst	$2,000
Hope Care B	$5,000
Learning Links	$5,000
Life Education NSW	$5,000
Men of League Foundation	$3,100
Parkinsons NSW Inc (Bathurst Support Group)	$2,500
Quota International of Bathurst Inc	$2,000
Road Safety Education Ltd	$4,200
Ronald McDonald House Westmead	$1,000
RSL DefenceCare	$5,000
Shine for Kids Co-operative Limited	$5,000
TAD Disability Services A & B	$5,500
Veritas House	$3,000
Western Region Academy of Sport	$6,000

North Richmond

Name of Organisation	Amount
Colo High School	$450
Glossodia Community Centre	$2,962
Glossodia Netball Club	$600
Hawkesbury City Junior League Club	$15,000
Hawkesbury Seniors Group	$2,400
Heart Moves	$2,000
Kingsford Smith Village	$1,520
Kurrajong East Public School	$100
Kurrajong Nursing Home	$3,995
Kurrajong Pistol Club	$669
Kurrajong Public School	$100
Music in motion	$2,000
North Richmond Community Centre	$16,500
North Richmond Cricket Club	$5,000
Richmond High School	$100
St John Of God	$1,277

Glenbrook

Name of Organisation	Amount
Blaxland Football Club	$2,500
Blaxland Glenbrook RSL Sub Branch	$4,000
Blaxland Public School	$100
Blaxland Redbacks Soccer Club	$100
Blue Mountain and Penrith Woodworking Club	$1,459
Blue Mountain Creative Arts	$2,000
Blue Mountain Food Services Inc	$500
Emu Plains Rugby	$100
Euroka Childcare	$1,000
Glenbrook Blaxland Cricket Club	$350
Glenbrook Female Bowlers	$2,445
Glenbrook Little Athletics Centre	$500
Glenbrook Public School	$100
Hazelbrook Scout Group	$100
Lower Mountain Neighbourhood Centre	$2,000
Noiseworks OOSH	$2,000
Probus Club of Blaxland and Glenbrook	$550
Western Sydney Mountain Bike Club	$550

IN MEMORIAM

All of us at Panthers were deeply saddened by the passing of our friends and colleagues Roger Cowan OAM and Geoff James.

ROGER COWAN OAM

As CEO of Panthers from 1965 through to 2005, Roger Cowan OAM was the longest leader in the club's history. Roger was a dedicated and passionate trailblazer. His entrepreneurial spirit and vision grew Panthers into the business it is today. Rogers leadership was energetic and hands-on. He gave great importance to the club's employees' interests, wellbeing and goals. His empathetic belief that the growth and success of the club could only be attributed to his colleagues and members made him one of a kind.

GEOFF JAMES

Geoff was a Panthers director from 1985 through to 2002. Geoff was a dedicated and loyal member of the Panthers family. His involvement with Panthers did not cease with his Board tenure. His interest and passion for the club continued well into his final years. Geoff's service to Panthers and the greater Penrith community is valued by many. He will be greatly missed.

CORPORATE GOVERNANCE STATEMENT

FOR THE YEAR ENDED 31 OCTOBER 2017

Panthers is committed to best practice in all areas of Corporate Governance. We believe that Corporate Governance facilitates effective management and control of the business, which in turn enables us to deliver the best results to all its stakeholders.

THE BOARD OF DIRECTORS

The Board of Directors is accountable to the members for the overview of the financial management, viability and performance of the Panthers Group. The Board's principal objective is to increase member value while ensuring that overall activities are properly managed. All directors have unrestricted access to company records and information and receive detailed financial and operational reports from executive management during the year. This is to enable them to carry out their duties. The Board meets formally at least 12 times yearly.

CODE OF CONDUCT

Panthers is committed to the highest standards of ethical business conduct. As part of this commitment, Panthers has an internal Code of Conduct to guide Board members, executives, management and employees in carrying out their duties and responsibilities.

BOARD SUB-COMMITTEES

The Board utilises a number of Sub-committees to support it in matters which require more intensive review. During 2017 the Board had the following three sub-committees in place:

Finance and Audit Sub-committee

This committee's role is to oversee the financial affairs of the Penrith Rugby League Club Limited. To review and make recommendations to the PRLC Board about the financial affairs and policies of the Group. Members of this Sub-committee during 2017 were:

- David O'Neill
- Peter Graham
- Denis Merrick FCPA JP
- Mark Mulock

ClubGRANTS Sub-committee

This Sub-committee administers compliance with the Community Development and Expenditure Tax rebate scheme known as 'ClubGRANTS'. The Sub-committee makes recommendations to the Board for approval of grants under Category 1 and 2 of that scheme for payment to community recipients. The sub-committee operates under guidelines formulated to ensure compliance with the ClubsNSW Code of Practice as well as industry standards. The members of this Sub-committee during 2017 were:

- David O'Neill
- Gregory Alexander
- Peter Graham

BOARD OF DIRECTORS

DAVID O'NEILL, CHAIRMAN

CHAIRMAN FOR 1 YEAR | DIRECTOR FOR 5 YEARS

Director of ABCOE Distributors, Penrith. Chairman of Panthers on the Prowl. As a passionate Panthers supporter, he would like to repay Panthers with his time and energy in focusing on continuing growth of the Panthers Group. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses.

GREG ALEXANDER, DEPUTY CHAIRMAN

DEPUTY CHAIRMAN FOR 1 YEAR | DIRECTOR FOR 15 YEARS

Involved with rugby league in Penrith for over 40 years. Penrith's "Rookie of the Year" in 1984. Won the prestigious Dally M Player of the Year in 1985. Played City Origin, State of Origin and for Australia. Captained Penrith's first premiership win in 1991. Sports Commentator on Fox Sports. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses. Inducted into the Panthers Hall of Fame in 2016.

PETER GRAHAM, DIRECTOR

DIRECTOR FOR 1 YEAR

Loyal supporter of the Panthers since 1967. Founding member of the Executive of Emu Plains Little Athletics Club. President of Nepean High P&C for 5 years. Mentor with Panthers on the Prowl Building Young Men Program. Director of Panthers on the Prowl. Played rugby league for Emu Plains. Extensive executive and board experience in the power and media industries and the university sector. Principal of PTG Consulting. Chair of Western Sydney University College. Graduate of Western Sydney University and Harvard Business School. Member of the Australian Institute of Company Directors. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses.

IAN HICKS, DIRECTOR

DIRECTOR FOR 2 YEARS

Managing Director of Hix Group Pty Ltd, a local business that employs over 70 local people. A passionate supporter of Panthers and is a corporate sponsor. Director of Western Sydney Business Centre, Director of Penrith CBD Corp. and a Director of Panthers on the Prowl. A Panthers member for more than 33 years, he is passionate about representing the members interest and helping Panthers to continue its growth to be the biggest and best club in Australia. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses.

DENIS MERRICK FCPA JP, DIRECTOR

DIRECTOR FOR 9 YEARS

Certified Practising Accountant (Retired). Principal in accounting firms in Penrith for over 40 years. Over 30 years' experience in administration of sporting bodies. Life Member of Lower Mountains Junior Rugby League Club. Qualified Rugby League Coach and Referee. Accredited official with Swimming Australia. Swimming Life Member of a local club and district association. Panthers Member since 1973. Chairman of the Finance and Audit Sub-committee. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses.

MARK MULOCK, INDEPENDENT DIRECTOR

DIRECTOR FOR 1 YEAR

Born, bred and raised in Penrith. Lifetime Panthers supporter. Board Member of Panthers on the Prowl. Founding member of The Great Walk Foundation, Penrith charity. Member and current Chairman of Olatype Pty. Limited – Penrith business group. Legal Practitioner for 35 years practising in Penrith as Mark Mulock & Co Pty. Limited since 1991. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses.

DAVID MAYNE, INDEPENDENT DIRECTOR

DIRECTOR FOR 4 YEARS

Panthers Port Macquarie Advisory Committee member since 2005, Vice Chair since 2008 and elected Chair in 2014. A past Regional Manager of Wesley Mission. Management consultant conflict resolution, HRM, operations and structure. Marketing Manager TAFE. Councillor Hastings Council. President Chamber of Commerce. Assistant Governor Rotary. Chair Life Education. Extensive experience in business management and marketing with passion for operational and structural development whilst understanding the importance members play in the growth & vibrancy of Panthers. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses.

DIRECTORS' REPORT

Your directors submit their report on Penrith Rugby League Club Limited and its controlled entities (the "Group") for the year ended 31 October 2017.

DIRECTORS

All directors are current members of Penrith Rugby League Club Limited and its controlled entities (referred to hereafter as the Group) and were in office for this entire period unless otherwise stated. The names and details of the directors of the consolidated entity in office during the financial year and until the date of this report are on pages 12 and 13.

PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the Group were:

- Promotion of the game of rugby league football;
- Provision of facilities for sport and recreation;
- Operation of a licensed club; and
- Rental and development of property

There have been no significant changes in the nature of these activities during the year.

EMPLOYEES

The Group employed 687 employees as at 31 October 2017 (2016: 691).

REVIEW AND RESULTS OF OPERATIONS

The net loss before tax for continuing operations for the Group for the year was $4,789,000 (2016: profit before tax of $1,797,000) after amortisation and depreciation charge from continuing operations of $16,957,000 (2016: $15,430,000), and finance cost of $3,609,000 (2016: $2,034,000). This is before recognising a tax expense of $963,000 (2016: expense of $853,000) and recognising loss from discontinued operations of $Nil (2016: $2,769,000).

The increase in net loss before tax for continued operations in the current year is due to the following movements:

- An increase in revenue from continuing operations of $3,176,000 or 2% to $133,353,000 (2016: $130,177,000).
- An increase in depreciation expenses of $1,527,000 or 9.9% to $16,957,000 (2016: $15,430,000).
- An increase in finance costs of $1,575,000 or 77.4% to $3,609,000 (2016: $2,034,000); and
- An increase in in employee benefits expense of $2,865,000 or 6% to $52,464,000 (2016: $49,599,000).

The net loss after tax before discontinued operations increased by $6,696,000 or 709% to a loss of $5,752,000 in current year.

The tax expenses in the current year was $963,000 (2016: tax expense of $853,000).

DIVIDENDS

The Company is limited by guarantee and is prevented by its constitution from paying dividends.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND LIKELY DEVELOPMENTS AND EXPECTED RESULTS

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are subject to various environmental regulations under both Commonwealth and State legislation.

The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Group held an insurance policy for the benefit of the directors and officers. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

ROUNDING

The amounts contained in this report and in the financial statements have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under *ASIC Corporations Instrument 2016/191*. The Group is an entity to which the Class Order applies.

MEASUREMENT OF SUCCESS

The Club measures success by focusing on five key areas.

1. The Financial Performance of the Club
   The key financial indicators listed below, are presented for review to the group board and executive management monthly.
   - Revenue;
   - Wages Costs;
   - Earning before interest, tax, depreciation and amortisation (EBITDA); and
   - Net Profit

   These key indicators are measured against both budget, prior year and a rolling forecast.

2. A growing customer base - monitored via total membership numbers, the use of door counters and data extracted from the point of sale system.
3. Customer satisfaction - by obtaining direct customer feedback through formal focus sessions, mystery shoppers plus monitoring the data obtained from point two above.
4. Employee satisfaction
5. Engaging the Community - through our various charitable arms such as Panthers on the Prowl and the Foundation for Disabled Sportsmen and Sportswomen. Promoting sport and recreation via the Club Grants Scheme and participation in the elite NRL competition.

SHORT AND LONG TERM OBJECTIVES

The short term objectives of the Club is to develop the existing land at Penrith, beginning with the commencement of a new carpark, while upgrading members' amenities at Port Macquarie Panthers.

The long term objectives of the Club is to explore future development opportunities and continue to be the premier provider of entertainment and community services in the Penrith region.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' MEETINGS

The number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

	Directors Meeting	Club Grants Committee	Finance and Audit Subcommittee
Number of meetings held:	**12**	**9**	**3**
Number of meetings attended by director/number of meetings held per director:			
D. O'Neill	12	9	3
G. Alexander	9	1 *	-
P. Graham	11	7	2
I. Hicks	12	-	-
D. Merrick FCPA JP	11	-	3
M. Mulock	12	-	-
D. Mayne	9	-	-

* In his capacity as Alternate Director of Club Grants Committee

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Group has agreed to indemnify its auditors, Ernst & Young, 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 during or since the financial period.

AUDITOR'S INDEPENDENCE DECLARATION

The directors have received a declaration of independence from the auditor and this is attached on page 17. The directors are satisfied that the nature and scope of non audit services has not compromised the auditor's independence.

Signed in accordance with a resolution of the directors.

David O'Neill
Chairman
Panther Group

31 January 2018

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Auditor's Independence Declaration to the Directors of Penrith Rugby League Club Limited

As lead auditor for the audit of Penrith Rugby League Club Limited for the financial year ended 31 October 2017, 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 Penrith Rugby League Club Limited and the entities it controlled during the financial year.

Ernst & Young

Daniel Cunningham
Partner
31 January 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2017

	Notes	***2017***	*2016*
		$'000	*$'000*
Revenue / income from continuing operations	4(a)	**133,353**	130,177
Raw materials and consumables used		**(14,643)**	(13,073)
Employee benefits expense	4(d)	**(52,464)**	(49,599)
Gaming machine tax		**(15,391)**	(15,941)
Depreciation expense		**(16,957)**	(15,430)
Finance costs	4(c)	**(3,609)**	(2,034)
Electricity expense		**(2,383)**	(2,015)
Artists and entertainment expenses		**(1,076)**	(848)
Repairs and maintenance		**(3,558)**	(3,223)
Member promotions and membership expense		**(3,100)**	(2,589)
Donations		**(1,267)**	(1,255)
Sponsorship		**(2,565)**	(2,472)
Insurance expense		**(1,162)**	(1,248)
Other promotions		**(2,290)**	(1,690)
Rent and rates		**(1,269)**	(1,378)
Advertising expense		**(787)**	(564)
Land tax		**(351)**	(344)
Computer expenses		**(555)**	(763)
Junior development		**(226)**	(211)
Bad and doubtful debts (expense)/recovery		**(2)**	2
Impairment loss		**(479)**	-
Other expenses	4(b)	**(14,008)**	(13,705)
(Loss)/profit before tax from continuing operations		**(4,789)**	1,797
Income tax expense	5	**(963)**	(853)
(Loss)/profit for the year from continuing operations		**(5,752)**	944
Discontinued operations			
Loss after tax for the year from discontinued operations	6	**-**	(2,769)
Loss for the year		**(5,752)**	(1,825)
Other comprehensive income for the year		**-**	-
Total comprehensive loss for the year		**(5,752)**	(1,825)
Attributable to:			
Members of Penrith Rugby League Club Limited		**(5,752)**	(1,825)

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 2017

	Notes	***2017***	*2016*
		$'000	*$'000*
Assets			
Current assets			
Cash	7	**12,314**	12,491
Trade and other receivables	8	**1,316**	1,510
Inventories	9	**787**	722
Other assets	10	**1,584**	2,573
Net assets held for sale	6	**1,108**	750
Total current assets		**17,109**	18,046
Non-current assets			
Trade and other receivables	8	**-**	57
Property, plant and equipment	11	**215,477**	210,630
Deferred tax assets	5(c)	**904**	1,201
Intangible asset	12	**279**	279
Total non-current assets		**216,660**	212,167
Total assets		**233,769**	230,213
Liabilities and equity			
Current liabilities			
Trade and other payables	13	**4,052**	4,570
Employee benefit liabilities	14	**1,641**	1,541
Loans and borrowings	15	**9,943**	9,739
Other liabilities	16	**13,971**	10,781
Total current liabilities		**29,607**	26,631
Non-current liabilities			
Employee benefit liabilities	14	**504**	448
Deferred tax liabilities	5(c)	**755**	89
Loans and borrowings	15	**50,653**	46,640
Other liabilities	16	**3,652**	2,055
Total non-current liabilities		**55,564**	49,232
Total liabilities		**85,171**	75,863
Equity			
Retained surplus		**148,598**	154,350
Total members interest in equity		**148,598**	154,350
Total equity		**148,598**	154,350
Total equity and liabilities		**233,769**	230,213

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 2017

	(Accumulated losses)/Retained earnings	*Total equity*
	$'000	***$'000***
At 1 November 2016	**154,350**	**154,350**
Deficit for the year	**(5,752)**	**(5,752)**
Other comprehensive income	**-**	**-**
Total comprehensive loss for the year	**(5,752)**	**(5,752)**
At 31 October 2017	**148,598**	**148,598**
At 1 November 2015	156,175	156,175
Deficit for the year	(1,825)	(1,825)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,825)	(1,825)
At 31 October 2016	154,350	154,350

	2017	*2016*
	$'000	*$'000*
Attributable to:		
Members of Penrith Rugby League Club Limited	**148,598**	154,350
Non-controlling interest	**-**	-
Total	**148,598**	154,350

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 2017

	Note	***2017***	*2016*
		$'000	*$'000*
Operating activities			
Receipts from customers, sponsorships and grants		**147,297**	143,299
Payments to suppliers and employees		**(124,733)**	(127,424)
Interest received		**29**	33
Finance costs		**(2,479)**	(3,235)
Net cash flows from operating activities		**20,114**	12,673
Investing activities			
Purchase of property, plant and equipment		**(22,928)**	(21,669)
Proceeds from assets sale		**3,990**	500
Proceeds from sale of intangible assets not recognised on the balance sheet		**1,726**	3,329
Net cash flows used in investing activities		**(17,212)**	(17,840)
Financing activities			
Repayments of borrowings		**(17,341)**	(11,454)
Proceeds from borrowings		**20,575**	24,474
Repayment of leases		**(6,313)**	(5,086)
Net cash flows (used in)/from financing activities		**(3,079)**	7,934
Net (decrease)/increase in cash and cash equivalents		**(177)**	2,767
Cash and cash equivalents at 1 November		**12,491**	9,724
Cash and cash equivalents at 31 October	7	**12,314**	12,491

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

1. CORPORATE INFORMATION

The financial report of Penrith Rugby League Club Limited and its controlled entities (the ''Group'') for the year ended 31 October 2017 was authorised for issue in accordance with a resolution of the directors on 31 January 2018.

Penrith Rugby League Club Limited and its controlled entities is a company limited by guarantee that is incorporated and domiciled in Australia. The nature of the operations and principal activities of the Group are described in the Directors' Report.

The registered office of the Company is Mulgoa Road, Penrith NSW 2750.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a.) Basis of preparation

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 financial report has also been prepared on a historical cost basis apart from interest rate swaps which are measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000), except when otherwise stated.

(b.) Statement of compliance

The consolidated financial statement for the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporation Act 2001*.

The financial statements complies with Australian Accounting Standards which contain specific requirements for not-for-profit entities including standards AASB 116 '*Property, Plant and Equipment*', AASB 136, '*Impairment of Assets* ', AASB 1004, '*Contributions* and AASB 1054 '*Australian Additional Disclosures* '.

(c.) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

At 31 October 2017, the Club's total current liabilities exceeded total current assets by $12,498,000 (2016: $8,585,000) and an overall net assets of $148,598,000 (2016: $154,350,000). Given there are $14,670,000 (2016: $5,750,000) of financing facilities available for use at 31 October 2017 and the Club is forecast to generate positive operating cashflows, the Directors have concluded that the use of the going concern assumption in the preparation of this year's financial report is appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d.) New accounting standards and interpretations

Changes in accounting policies, new and amended standards and interpretations

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2016/2017 do not impact the financial statements of the Group.

Accounting Standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 October 2017. The directors have assessed the impact of these new or amended standards (to the extent relevant to the Group) and interpretations as follows:

(e.) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 October 2017. 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, and
- 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f.) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset as 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
- 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.

(g.) Cash

Cash in the consolidated financial position comprise cash at bank and on hand.

(h.) Trade and other receivables

Trade receivables, which generally have 7, 14 or 30-day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Loan receivables from related parties are classified as loans and receivables and carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the loans are derecognised or impaired, as well through the amortisation process.

(i.) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at reporting date using the weighted average basis. Cost comprises invoiced cost plus freight and handling charges. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j.) Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps) to hedge its risks associated with interest rate fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to profit or loss for the year recognised in other income.

(k.) Non-current assets held for sale and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale to equity holders of the parent if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale, excluding the finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the distribution with be withdrawn. Management must be committed to the sale expected within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the consolidated statement of financial position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 6. All other notes to the financial statements mainly include amounts for continuing operations, unless otherwise mentioned.

(l.) Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in profit or loss as incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as:

	2017	2016
Land	*Not depreciated*	*Not depreciated*
Buildings	40 years	40 years
Plant and equipment	2 to15 years	2 to15 years
Leasehold improvement	Expected lease term	Expected lease term
Plant and equipment under finance lease	Lease term	Lease term
Freehold improvement	10 to 20 years	10 to 20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(m.) Leases

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group's assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit (CGU) exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n.) Impairment of non-financial assets

In assessing value in use, the Group has used depreciated replacement cost since the Group is a not-for-profit entity where the future economic benefits of its assets are not primarily dependent on the ability of the assets to generate net cash inflows and the Group would, if deprived of the asset, replace its remaining future economic benefits.

Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset period.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o.) 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 finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income as an expense.

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 consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The Group holds poker machines license either acquired through a past business combination or granted for no consideration by the NSW government. These licenses have indefinite useful lives and are tested for impairment annually or when an indication for impairment exists.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p.) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

(q.) Panther Points liabilities

Liabilities relating to "Panther Points" are accrued as members earn points through members spending at various outlets of the club. Each Panthers Point can be redeemed at one cent by members when they purchase at the outlets. Recognition of revenue is deferred by the amount of points earned by members during the period. Revenue is recognised when the points are redeemed.

(r.) Interest-bearing liabilities

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the consolidated statement of comprehensive income when the liabilities are derecognised.

(s.) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(t.) Employee benefit liabilities

(i.) Wages, salaries, and sick leave

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii.) Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date 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 reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u.) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is acting as a principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods (Includes liquor, restaurant sales, and gaming machine revenue)
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Sponsorship income
Revenue is taken to account in the period to which the sponsorship relates.

Advertising and promotion income
Revenue is taken to account in the period to which the advertising and promotion relates.

Grant income
Revenue is taken to account in the period in which all the attached conditions have been complied with, the Group has control of the grant monies (the right to receive the grant) and it is probable that the economic benefits comprising the grant will flow to the Group.

(v.) Fair value measurement

The Group measures financial instruments, such as interest rate swaps, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w.) Self insured risks

Payments of members' mortality benefits are expensed when incurred.

(x.) Taxes

Current income tax

Income tax is brought to account using the liability method of tax effect accounting with the exception of Penrith District Rugby League Football Club Limited and Mulgoa Land Trust (No.1) which are exempt from income tax. The Income Tax Assessment Act 1997 (Amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x.) Taxes (continued)

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation
Penrith Rugby League Club Limited and its controlled entities (PRLC) and its wholly-owned controlled entities implemented the tax consolidation legislation as of 6 December 2006.

The head entity, PRLC, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the separate taxpayer within the group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, PRLC also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x.) Taxes (continued)

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, which 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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, asset and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Operating lease commitments - Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Poker Machine Licenses

The Group holds poker machines licenses either acquired through a past business combination or granted for no consideration by the NSW government. AIFRS requires that licenses outside of a pre AIFRS transition business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to profit and loss to recognise the grant immediately as income. Until new gaming legislation taking effect in April 2002 allowing poker machine licenses to be traded for the first time, the entity has determined that fair value at grant date for licenses granted pre April 2002 to be zero. Licenses granted to the entity post April 2002 are initially recognised at fair value. The Group has determined that the market for poker machine licenses does not meet the definition of an active market and consequently licenses recognised will not be revalued each year, however will be tested for impairment annually or when an indication of impairment is identified.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur

Classification of assets and liabilities as held for sale

The Group classifies assets and liabilities as held for sale when the carrying amount will be recovered through a sale transaction. The assets and liabilities must be available for immediate sale and the Group must be committed to selling the asset either through the entering into a contractual sale agreement or the activation and commitment to a program to locate a buyer and dispose of the assets and liabilities.

Taxation

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

4. INCOME AND EXPENSES

		2017 $'000	2016 $'000
	Revenue/income from continuing operations		
(a.)	**Revenues from operating activities**		
	Revenue from gaming	**65,374**	66,754
	Revenue from catering and beverages	**31,618**	27,315
	Revenue from raffles/bingo	**1,237**	1,109
	Revenue from gate receipts	**2,130**	2,328
	Revenue from functions and banquets	**5,711**	5,138
	Revenue from merchandise sales	**1,397**	1,586
	Revenue from show tickets	**269**	268
	Rental income	**1,826**	2,086
	NRL grant	**8,060**	7,850
	Sponsorship revenue	**7,845**	7,138
	Subscriptions	**704**	704
	Other	**4,026**	3,941
		130,197	126,217
	Other income		
	Net gain on disposal of property, plant and equipment	**1,401**	598
	Net gain on disposal of intangible assets	**1,726**	3,329
	Interest income	**29**	33
	Total other income	**3,156**	3,960
	Total revenue/income from continuing operations	**133,353**	130,177

4. INCOME AND EXPENSES (continued)

		2017 $'000	2016 $'000
	Expenses from continuing operations		
(b.)	**Other expenses from operating activities**		
	Annual report	**180**	128
	Audit and accounting	**444**	487
	Bank charges	**197**	188
	Cleaning expenses	**1,541**	1,313
	Consultancy	**869**	1,245
	Courtesy bus	**41**	40
	Equipment hire	**607**	515
	Gaming, monitoring and other cost	**602**	607
	General expenses	**879**	774
	Legal fees	**291**	606
	Licenses and Subscriptions	**809**	717
	Medical expenses	**687**	899
	Mini asset register	**234**	125
	Money security	**88**	74
	Motor vehicle expenses	**359**	291
	Other expenses	**643**	515
	Pest control	**39**	32
	Plants	**43**	44
	Postage	**209**	224
	Printing and stationery	**797**	747
	Purchases Raffle and Bingos	**1,872**	1,759
	Security	**262**	237
	Staff amenities	**192**	165
	Telephone	**630**	643
	Travel and accommodation	**730**	599
	Training	**498**	504
	Waste expenses	**265**	227
		14,008	13,705
(c.)	**Finance costs**		
	Borrowings other persons/corporations	**3,373**	1,731
	Finance charges - lease liability	**236**	303
	Total finance costs	**3,609**	2,034

4. INCOME AND EXPENSES (continued)

	2017 $'000	2016 $'000
Expenses from continuing operations (continued)		
(d.) Employee benefits expense		
Wages and salaries	**44,121**	41,546
Workers' compensation costs	**950**	1,086
Defined contribution plan expense	**3,583**	3,341
Long service leave provision	**343**	262
Employee benefits	**178**	165
Payroll and FBT Tax	**2,900**	2,845
Other	**389**	354
Total employee benefits expense	**52,464**	49,599

5. INCOME TAX

	2017 $'000	2016 $'000
(a.) Income tax expense		
Deferred income tax expense		
Relating to origination and reversal of temporary differences Income tax expense reported in the statement of profit or loss and other comprehensive income	**963**	853
	963	853
(b.) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:		
Accounting (income) / loss before tax from continuing operations	**(4,789)**	1,797
Loss before tax from a discontinued operation	**-**	(2,769)
Accounting loss before income tax	**(4,789)**	(972)
At Group's statutory income tax rate of 30% (2016: 30%)	**(1,437)**	(292)
Members only income	**(738)**	(709)
Members only expenses	**1,869**	1,904
Effect of mutuality	**(697)**	(3,231)
Prior year tax losses deducted	**(153)**	(1,500)
Other items (net)	**2,119**	4,681
Aggregate income tax expense	**963**	853
Aggregate income tax expense is attributable to:		
Continuing operations	**963**	853
Discontinued operations	**-**	-
	963	853

5. INCOME TAX (continued)

	2017	2016
	$'000	$'000
(c.) Recognised deferred tax assets and liabilities		
Deferred income tax at 31 October relates to the following:		
Consolidated statement of financial position		
(i.) Deferred tax liabilities		
Property held for use	**713**	-
Property held for sale	**-**	45
Provisions	**42**	44
Gross deferred tax liabilities	**755**	89
(ii.) Deferred tax assets		
Property, plant & equipment	**515**	550
Employee benefits	**185**	144
Deferred Income	**14**	19
Accruals	**138**	188
Borrowing costs and deductible black hole expenditure	**52**	13
Prior year tax losses	**-**	45
Property held for sale	**-**	242
Gross deferred tax assets	**904**	1,201
Consolidated statement of profit or loss and other comprehensive income		
(i.) Deferred tax liabilities		
Prepayments	**-**	(7)
Property held for use	**713**	-
Property held for sale	**(45)**	(753)
Provisions	**(3)**	21
	665	(739)
(ii.) Deferred tax assets		
Property, plant & equipment	**35**	771
Employee benefits	**(41)**	191
Deferred income	**5**	21
Accruals	**50**	(33)
Borrowing costs and deductible black hole expenditure	**(38)**	131
Prior year tax losses	**45**	753
Property held for sale	**242**	(242)
	298	1,592
Deferred income tax expense	**963**	853

5. INCOME TAX (continued)

(d.) **Tax Loss**

The Group has a carried forward tax losses of $11,850,000 (2016: $13,786,000). The carried forward tax losses are available indefinitely for offset against future taxable income, subject to continuing to meet relevant statutory tests.

6. DISCONTINUED OPERATIONS AND NET ASSETS HELD FOR SALE

During the financial year ended 31 October 2017, assets held for sale, included Land held within Mulgoa Road Land Trust No.1. An option due to be completed in 2 parts by May 2018 ($3,580,000) and October 2018 ($3,420,000) relates to a sale completed in 2017.

In the previous financial years, the Group held the property, plant, and equipment at Lavington as held for sale assets, which was sold in current year for $750,000 in January 2017.

The results of the Club are presented on the consolidated financial statement of profit or loss and other comprehensive income under discontinued entities.

	2017	*2016*
	$'000	*$'000*
The results of the discontinued operations for the year until disposal are presented below:		
Revenue	-	-
Expenses	-	(2,769)
Gross (loss)/profit	-	(2,769)
Finance costs	-	-
(Loss)/profit for the year from discontinued operations	-	(2,769)

The major classes of assets for the discontinued entities as at 31 October are as follows:

	2017	*2016*
	$'000	*$'000*
Assets		
Property, plant and equipment	**1,108**	750
Assets classified as held for sale	**1,108**	750
Liabilities		
Other liabilities	-	-
Liabilities directly associated with assets classified as held for sale	-	-
Net assets directly associated with disposal group	**1,108**	750

The net cash flow associated with disposal group:

	2017	*2016*
	$'000	*$'000*
Investing	-	500
Net cash inflow	-	500

7. CASH

	2017 $'000	2016 $'000
Cash	**12,314**	12,491

8. TRADE AND OTHER RECEIVABLES

	2017 $'000	2016 $'000
Current		
Trade debtors	**1,318**	1,510
Provision for doubtful debts	**(2)**	-
	1,316	**1,510**
Non-current		
Other related party	**-**	1,886
Provision for doubtful debts - other related party	**-**	(1,829)
	-	57

Loans receivable from related parties are non-current. Other details of the terms and conditions of related party receivables are set out in Note 24(c).

9. INVENTORIES

	2017 $'000	2016 $'000
Raw materials and stores at cost	**787**	722
Total inventory at the lower of cost and net realisable value	**787**	722

10. OTHER ASSETS

	2017 $'000	2016 $'000
Current		
Prepayments	**1,027**	959
Sundry debtors	**557**	1,614
	1,584	2,573

Sundry debtors include returnable deposits, loans to players and staff loans.

11. PROPERTY, PLANT AND EQUIPMENT

	2017	*2016*
	$'000	*$'000*
Land		
At cost	**78,735**	79,928
Net carrying amount	**78,735**	79,928
Buildings		
At cost	**170,198**	153,561
Accumulated depreciation	**(74,882)**	(58,547)
Net carrying amount	**95,316**	95,014
Plant and equipment		
At cost	**34,899**	30,302
Accumulated depreciation	**(21,592)**	(18,095)
Net carrying amount	**13,307**	12,207
Leasehold improvement		
At cost	**16,198**	23,948
Accumulated depreciation	**(8,130)**	(15,065)
Net carrying amount	**8,068**	8,883
Capital works in progress		
At cost	**9,158**	4,589
Net carrying amount	**9,158**	4,589
Plant and equipment under finance lease		
At cost	**39,617**	36,884
Accumulated depreciation	**(30,976)**	(29,282)
Net carrying amount	**8,641**	7,602
Freehold improvements		
At cost	**2,449**	2,407
Accumulated depreciation	**(197)**	-
Net carrying amount	**2,252**	2,407
Total property, plant and equipment		
At cost	**351,254**	331,619
Accumulated depreciation	**(135,777)**	(120,989)
Net carrying amount	**215,477**	210,630

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	2017	*2016*
	$'000	*$'000*
Reconciliation of carrying amounts at the beginning and end of the year		
Land		
Carrying amount at the beginning of the year	**79,928**	79,928
Additions	**1,828**	-
Disposals	**(1,945)**	-
Transfers	**32**	-
Assets held for sale	**(1,108)**	-
Balance at the end of the year - Net carrying amount	**78,735**	79,928
Buildings		
Carrying amount at the beginning of the year	**95,014**	76,063
Additions	**186**	10,095
Transfers	**8,780**	15,090
Depreciation charge for the year	**(8,664)**	(6,234)
Balance at the end of the year - Net carrying amount	**95,316**	95,014
Plant and equipment		
Carrying amount at the beginning of the year	**12,207**	9,404
Additions	**8,213**	6,352
Disposals	**(16)**	(4)
Transfers	**(3,398)**	-
Depreciation charge for the year	**(3,699)**	(3,545)
Balance at the end of the year - Net carrying amount	**13,307**	12,207
Leasehold improvement		
Carrying amount at the beginning of the year	**8,883**	10,552
Additions	**-**	9
Transfers	**-**	61
Depreciation charge for the year	**(815)**	(1,739)
Balance at the end of the year - Net carrying amount	**8,068**	8,883
Capital works in progress		
Carrying amount at the beginning of the year	**4,589**	18,105
Additions	**15,024**	2,836
Write off	**(411)**	(811)
Transfers to property, plant and equipment	**(10,044)**	(15,541)
Balance at the end of the year - Net carrying amount	**9,158**	4,589

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	2017 $'000	2016 $'000
Reconciliation of carrying amounts at the beginning and end of the year (continued)		
Plant and equipment under finance lease		
Carrying amount at the beginning of the year	**7,602**	7,610
Additions	**-**	3,514
Disposals	**(9)**	-
Transfers	**4,630**	390
Depreciation charge for the year	**(3,582)**	(3,912)
Balance at the end of the year - Net carrying amount	**8,641**	7,602
Freehold improvements		
Carrying amount at the beginning of the year	**2,407**	-
Additions	**42**	2,407
Depreciation charge for the year	**(197)**	-
Balance at the end of the year - Net carrying amount	**2,252**	2,407
Total property, plant and equipment		
Carrying amount at the beginning of the year	**210,630**	201,662
Additions	**25,293**	25,213
Disposals	**(1,970)**	(4)
Write off	**(411)**	(811)
Transfers	**-**	-
Assets held for sale	**(1,108)**	-
Depreciation charge for the year	**(16,957)**	(15,430)
Balance at the end of the year - Net carrying amount	**215,477**	210,630

12. INTANGIBLE ASSET

	2017 $'000	2016 $'000
Balance at beginning of year	**279**	279
Balance at end of year	**279**	279

13. TRADE AND OTHER PAYABLES

	2017 $'000	2016 $'000
Current		
Trade creditors	**4,052**	4,444
Other related party payables	**-**	126
	4,052	**4,570**

14. EMPLOYEE BENEFITS LIABILITIES

	2017 $'000	2016 $'000
Current		
Employee entitlements	**1,641**	1,541
Non-current		
Employee entitlements	**504**	448

15. LOANS AND BORROWINGS

	2017 $'000	2016 $'000
Current		
Borrowings (i)	**7,760**	6,110
Lease liability (ii)	**803**	3,629
TGS sale & leaseback agreement (iii)	**1,380**	-
	9,943	9,739
Non-current		
Borrowings (i)	**34,096**	42,383
Lease liability (ii)	**527**	2,757
TGS sale & leaseback agreement (iii)	**16,030**	-
Loans - NRL	**-**	1,500
	50,653	46,640

(i.) The Group has the following loan facilities with ANZ Limited:

- Loan Facility Floating Rate (1) of $44.2m reaches maturity on 2 August 2019. ($7.4m classified as current, $32.8m as non-current). The club may draw a further $4m from this facility.
- Loan Facility Floating Rate (2) of $1.8m reaches maturity on 31 December 2018. ($0.4m classified as current, $1.1m as non-current). The club may draw a further $0.3m from this facility.
- Loan Facility Floating rate (3) of $10m reaches maturity on 2 August 2019. The club may draw a further $10m from this facility.
- Asset finance facility (1) of $1.5m. The Club may draw a further $0.2m from this facility.
- Electrictronic Payaway Facility of $2m. The club did not have any exposure on this facility at year-end.
- Commercial card facility of $0.2m. The club did not have any exposure on this credit card at year-end.

The loan is secured by a fixed and floating charge on all assets. Interest rate for 2017 as at reporting date is 4.41% p.a. (2016: 4.41%).

(ii.) As at reporting date, the Group had finance leases with an average lease term of 3 to 5 years. The average discount rate implicit in the leases is 5.41% (2016: 5.56%). The lease liability is secured by a change over the leased assets to which the liability relates.

15. LOANS AND BORROWINGS (continued)

(iii.) During the financial year PRLC entered into a sale and leaseback agreement with TabCorp. As part of this agreement, poker machines are supplied to TabCorp by PRLC in exchange of a lump sum. PRLC also pays a service fee to TabCorp for using the poker machines in exchange. In line with Panthers accounting policy choice as the risks and rewards of the machines remain with Panthers, they have not been 'sold' under the agreement from an accounting standards perspective but rather the amount received from Tabcorp is accounted for as a collateralised borrowing, with gaming machines as security. Borrowings are accounted for at amortised cost under AASB 139.47 using the effective interest method. The estimated nominal annual interest rate is 11.56%. (2016:N/A).

The carrying amounts of the Group's current and non-current borrowings approximate their fair value.

16. OTHER LIABILITIES

	2017	*2016*
	$'000	*$'000*
Current		
Deferred income	**2,371**	2,296
Gaming machine tax	**2,849**	2,829
Accrued wages/salaries	**958**	1,083
Accruals for annual leave	**2,098**	1,746
Other creditors and accruals	**4,135**	1,880
GST Payable	**752**	721
Subscriptions received in advance	**208**	226
NRL grant in advance	**600**	-
	13,971	10,781
Non-current		
Interest rate swaps - at fair value	**748**	1,504
Rent received in advance	**417**	448
Permanent members	**87**	103
NRL grant in advance	**2,400**	-
	3,652	2,055

17. FAIR VALUE MEASUREMENT

	Date of Valuation	**$'000**
Liabilities measured at fair value:		
Interest rate swaps	***31 Oct 2017***	748
	31 Oct 2016	1,504

18. TOTAL MINIMUM LEASE PAYMENTS UNDER HIRE PURCHASE

The total minimum lease payments under hire purchase are as follows:

	2017	*2016*
	$'000	*$'000*
Not later than one year	**866**	3,853
Later than one year but not more than five years	**528**	2,861
Total minimum lease payments	**1,394**	6,714
Future finance charges	**(64)**	(328)
Lease liability	**1,330**	6,386
Current liability (Note 15)	**803**	3,629
Non-current liability (Note 15)	**527**	2,757
	1,330	6,386

(i.) The majority of the above represents payments due for leased gaming machines under noncancellable lease agreements and have been recognised as a liability.
(ii.) Finance leases have an average lease term of 3 years.
(iii.) Interest rate is disclosed at Note 15.

19. OPERATING LEASE COMMITMENTS PAYABLE

	2017	*2016*
	$'000	*$'000*
Future minimum rentals payable under non-cancellable operating leases as at 31 October are as follows:		
Within one year	**90**	273
After one year but not more than five years	**358**	415
After more than five years	**552**	634
Total minimum lease payments	**1,000**	1,322

Penrith District Rugby League Football Club Limited (PDRLFC) has entered into a non-cancellable lease with Penrith City Council over the Stadium, located at Mulgoa Road, Penrith. The non-cancellable lease has a remaining term of 11 years and 2 months. The lease includes a clause to enable upward revision of the rental charge on an annual basis according to the Consumer Price Index, and turnover rent, equal to 10% of the net profit of PDRLFC.

20. OPERATING LEASE COMMITMENTS RECEIVABLE

	2017	*2016*
	$'000	*$'000*
Future minimum rentals receivable under non-cancellable operating leases as at 31 October are as follows:		
Within one year	**1,360**	1,659
After one year but not more than five years	**2,434**	3,536
More than five years	**2,096**	2,355
Total minimum lease payments	**5,890**	7,550

A subsidiary, Mulgoa Land Trust (No.1), has entered into commercial property leases over land and buildings held by the Trust at Mulgoa Road, Penrith.

These non-cancellable leases have remaining terms of between 1 year and 25 years. The leases include clauses to enable upward revision of the rental charge on an annual basis, either at a fixed rate or in accordance with prevailing market conditions.

21. CAPITAL COMMITMENT

The Group has committed to capital expenditure of $10.9m (2016: $4.5m) for the construction of a 5 storey multi-deck carpark at Penrith.

22. SUPERANNUATION COMMITMENTS

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. Contributions by the Group of 9.5% of employees' wages and salaries are legally enforceable. PRLC contributions for the year ended 31 October 2017 amounted to $3,583,459 (2016: $3,341,000).

23. CONTINGENCIES

(a.) Full members of the chief entity with continuous membership since 1 April 1975 are entitled to a mortality benefit of $200. At 31 October 2017 the maximum contingent liability was $395,000 (2016: $402,200).

(b.) The Group has provided an undertaking to Penrith District Rugby Club Players Superannuation Plan that it will continue to provide financial support to the plan to meet debts as and when they fall due.

(c.) Permanent members purchase membership that runs until the time of their passing. At this time, they are entitled to a refund of their membership fees less goods and services tax, provided a claim is made by the deceased's estate. At 31 October 2017 the maximum contingent liability was $2,187,020 (2016: $2,202,887).

24. RELATED PARTY DISCLOSURES

The directors of Penrith Rugby League Club Limited during the financial period were:

D. O'Neill - Chairman
G. Alexander – Deputy Chairman
P. Graham
I. Hicks
D. Merrick FCPA JP
M. Mulock
D. Mayne

24. RELATED PARTY DISCLOSURES (continued)

(b.) The following related party transactions occurred during the financial year:

The Group charged other group companies interest at a rate of 5.41% p.a. (2016: 5.81%).

Loans were advanced to Penrith Rugby League Club Limited and its controlled entities by subsidiaries in the past. The entity concerned was Penrith District Rugby League Football Club Limited. The balance at year end is $54,969,633 (2016: $55,297,000).

Loans were advanced to Mulgoa Land Trust by Penrith Rugby League Club during the year. The balance at year-end was $5,543,000 (2016: $7,905,000).

No Interest-free loans were advanced to controlled entities during the year by Penrith Rugby League Club Limited. The balance at year end is $Nil.

No Interest-free loans were advanced to Penrith Rugby League Club during the year by subsidiaries during the year.

A grant was provided to Penrith District Rugby League Football Club of $750,000 (2016: $750,000). As at 31 October 2017 this amount was unpaid.

(c.) Transactions with related parties

Penrith District Rugby League Football Club Players' Superannuation Plan

Penrith Rugby League Club Limited and its controlled entities has provided a loan to the Penrith District Rugby League Football Club Players' Superannuation Plan; this entity is a related party. The balance at year end is $nil (2016: $1,867,547).

During the year the controlled entities transacted with the parent entity and other entities in the Group. With the exception of accounting and administrative assistance, which was provided free of charge, and interest free loans provided by certain Group companies, these transactions were on commercial terms and conditions.

During the year the Group transacted with Abcoe Distributors Pty Limited through sponsorship and purchase of stock. These transactions represented arm's length transactions under normal commercial trading terms. David O'Neill is regarded as having an interest.

During the year, the Group transacted with Hix Electrical under normal commercial trading terms for electrical, plumbing and fire certification works to Panthers Clubs. Ian Hicks is regarded as having an interest.

25. KEY MANAGEMENT PERSONNEL

	2017	*2016*
	$'000	*$'000*
Total key management personnel compensation	**3,421**	3,406

26. EVENTS AFTER REPORTING PERIOD

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

27. MEMBERS' GUARANTEES

Pursuant to the Memorandum of Association, every member has undertaken in the event of a deficiency on winding up, to contribute an amount not exceeding $4 (2016: $4). At 31 October 2017, such guarantees totalled $540,872 (2016:$496,908).

28. PARENT ENTITY INFORMATION

The salient financial information in relation to the parent company, Penrith Rugby League Club Limited and its controlled entities, is as follows:

	2017	*2016*
	$'000	*$'000*
Current assets	**13,915**	16,053
Non-current assets	**148,094**	141,478
Total assets	**162,009**	157,531
Current liabilities	**75,883**	59,631
Non-current liabilities	**52,648**	62,949
Total liabilities	**128,531**	122,580
Net assets	**33,478**	34,951
Retained earnings	**33,478**	34,951
Total equity	**33,478**	34,951
Net (loss)/profit	**(1,473)**	2,800
Other comprehensive income	**-**	-
Total comprehensive (loss)/income	**(1,473)**	2,800

Contingent liabilities of the Parent entity
The parent entity did not have any contingent liabilities as at 31 October 2017 (2016: $nil).

Contractual commitments of the parent entity
The parent entity did not have any contractual commitments as at 31 October 2017 (2016: $nil).

29. CORE PROPERTY AND NON-CORE PROPERTY OF THE CLUB

Core property
Pursuant to clause 41J of the Registered Clubs Act 1976, the core property of the club is the defined premises of the following property:

Penrith (Mulgoa) Lot 2 DP1216321 (formally 151/863625)

Non-core properties
The non-core properties of the club are the following properties which do not constitute the defined premises or any facility provided by the club for the use of its members and their guests, and all other properties owned by the club.

1. Port Macquarie RSL 109/1083464
2. Bathurst RLC 1/881588
3. North Richmond 101/873170
4. Glenbrook 357/704602
   321/751662

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Penrith Rugby League Club Limited and its controlled entities

In the opinion of the directors:

(a.) The financial statements and notes of Penrith Rugby League Club Limited and its controlled entities for the financial year ended 31 October 2017 are in accordance with the Corporations Act 2001, including:

(i.) giving a true and fair view of its consolidated financial position as at 31 October 2017 and performance for the year ended on that date; and

(ii.) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001

(b.) There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board

David O'Neill
Chairman
Panther Group

Penrith, 31 January 2018

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Independent auditor's report to the members of Penrith Rugby League Club Limited

Opinion

We have audited the financial report of Penrith Rugby League Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2017, 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 of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2017 and of its consolidated financial performance for the year 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 obtained at the date of this auditor's report 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.

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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 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 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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- 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 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 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

Ernst & Young

Daniel Cunningham

Daniel Cunningham
Partner
Sydney
31 January 2018


Pepper
Pepper
Pepper
Pepper
Hers
Schick


Multi-Level Ca
Aqua Golf
PANTHERS
Glad Group Panthers Rugby League Academy
PANTHERS P
Mercure Penrith
Krispy Kre
The Royce
Outback Steakhouse
KFC

PROPOSED FUTURE DEVELOPMENT MAP

Panthers Penrith Precinct

- **Multi-Level Car Park**
  Opening Mid-April 2018
- **ESQ Apartment Development**
  Commencement June 2018
- **The Royce Retirement Village and Aged Care Facility**
  Commencement March 2018
- **Proposed Development**
  Western Sydney Community & Sports Centre
  Serviced Apartments and Car Parks
- **Aqua Golf**