

**ILLAWARRA DISTRICT
RUGBY LEAGUE
FOOTBALL CLUB LTD
ABN 90 002 762 610**

**THIRTY THIRD
ANNUAL REPORT
AND
FINANCIAL
STATEMENT
2014**



A WINning Combination



ELECTED BY THE MEMBERS

Chairman	Peter Newell OAM
Deputy Chairman	Sean O'Connor
Directors	John Borgo, Graeme Gulloch, Kevin Felgate Col Markham, Robert Millward OAM, Ian Neill, John Thirlwell
Ex-Officio Director	Corey Pitt
Representatives of St George Illawarra Board of Directors	Graeme Gulloch, Robert Millward OAM, Sean O'Connor Peter Newell OAM(Alternate)
Life Members	Allan Barry, Joe Davidson, Richie Hetherington, Ian Kirk, Brian Kurtz Shane McKellar, Colin Markham, Bob Millward, Dave Murphy, Peter Newell Ian, Neill, Ray Nicholson, Sean O'Connor, Jim Pearce, Col Purcell, Tony Villa
Player Life Members	Trent Barrett, Matt Cooper, Ben Hornby, Paul McGregor Jason Ryles, Shaun Timmins, Rod Wishart

OPERATIONAL STAFF

General Manager	Scott Miles
Operations Manager	Luke Barker
Duty Manager	Graham Crittenden

RUGBY LEAGUE STAFF

Illawarra Coal Rugby League Manager	Chris Bannerman
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CORPORATE APPOINTMENTS

Auditors	KPMG
Solicitors	Heard McEwan
Bankers	St George Bank

ILLAWARRA DISTRICT RUGBY LEAGUE FOOTBALL CLUB LTD

(THE ILLAWARRA STEELERS)

2014 Annual Report – Peter Newell, Chairman

In the Steelers annual report some two years ago, I made the following observation: "Make no mistake about it, plenty of good judges reckon Paul McGregor, former Steelers international and State of Origin star, will coach a NRL team one day if that is his ultimate aim. His mentoring of Wests Illawarra teams to great recent success and now the Cutters are valuable stepping stones to this end."

In the space of less than two years that prediction has come to pass. Paul, the St George Illawarra Dragons joint venture's first co-captain with Mark Coyne in 1999, after snaring Australian representative honours in 1994 when with the Steelers, replaced Steve Price as interim Dragons coach in the second half of the 2014 season. He has been confirmed as the Dragons coach for the next three years and nobody is kidding himself that it is going to be an easy task. But I'm sure "Mary" carries with him the best wishes of all at the Steelers for a successful first full season of coaching in the Big League after his great success as a player and coach in other competitions. At the same time, we thank Steve Price for his efforts before and after the-Wayne Bennett coaching era and also wish him well.

The Dragons fell a whisker short of a Top 8 finish in 2014, and we can all reflect on what might have been but for the Melbourne Storm game's timekeeping issue. Still, that was yesterday and whinging about it is not going to change history. A fresh season beckons. Congratulations to captain Ben Creagh for winning his fourth Dragons Medal as player of the year.

The Dragons NYC under 20 team did well, making the final four, only to fall one game short of the grand final. Euan Aitken took the coaches' player award.

Like the NYC team, the Illawarra Coal Cutters reached the final four in the NSW first grade competition, also falling just one win short of a grand final appearance, going down to Newcastle in the final. Prop Shannon Wakeman was named the Cutters player of the year, with fullback Kyle Eather receiving the coaches award. Thanks again to the Cutters major sponsor Illawarra Coal (who also sponsor the Illawarra senior and junior competitions) supported by the Illawarra Credit Union and LX Electrical.

Despite there being only six teams represented in the 2014 Illawarra Coal first grade competition, games were of a high standard and the finals series hotly contested with a 40 per cent increase in grand finals patron attendance.

The Thirroul Butchers capped off their minor premiership and joint club championship wins by taking the grand final in a nailbiter over Helensburgh. Congratulations to Thirroul's Sam Clune and Blake Phillips of the 'Burgh for being named joint winners of the 2014 Paul McGregor Medal for the players of the year. Well done to Western Suburbs for taking out reserve grade and Under 18s titles, Corrimal for winning the Illawarra Coal Shield, and Helensburgh for again winning the women's competition title. In South Coast Group 7 Nowra Bomaderry upset the Warilla Gorillas to take their premiership. It was a similar story two years running for both Helensburgh and Warilla first grade sides that each fell in narrow grand final losses the previous year.

Illawarra again won the Country Rugby League divisional championship, defeating Newcastle in a first class effort.

The Illawarra Coal League was pleased to welcome Chris Bannerman as its new CEO and together with ICL chairman Ian Neill, Bob Millward, their management committee colleagues, valued sponsors, officials, players and volunteers they ensured a good season.

A number of rugby league stalwarts sadly passed on during the year, and one I must acknowledge specifically is Greg "Bluey" Mackey who died a month short of his 53rd birthday. Bluey had been battling cancer and died of a heart attack on 24 September. A red-headed five-eighth, he joined the Steelers from South Sydney in 1984, the third year after the club entered the big league, and played five seasons with us. He has been regarded as a favourite part of the Steelers family in the 25 years since. During his career Bluey also played a season with the Bulldogs, for Paris Chatillon X111, Warrington, Huddersfield and Hull in various positions including fullback, wing, centre, five-eighth, halfback and lock. On behalf of all at the Steelers I extend our deep sympathy and Bluey's loving wife Amanda and their family on this great loss.

At the Steelers registered club we expect to report an after-tax and depreciation loss this year of approximately \$550,000. This is a disappointing result compounded by a number of factors and remains an ongoing challenge. The club itself is trading fairly and generating reasonable cash returns, and much commercial activity in the city's eastern precinct is positive, which in turn is positive news for the club going forward, although opening of the new shopping precinct in the western CBD area has placed a new emphasis on that part of town. Work has begun on a major residential development across the road from the club's front door, as well as another on the former Oxford Hotel site just up the road. A further major retail and residential development nearby is expected to start soon. Thanks to Steelers general manager Scott Miles, our dedicated staff and my equally dedicated board colleagues for their continuing efforts to promote and enhance a club that not only supports rugby league, but the city generally through provision of much-needed jobs, a place of recreation and friendship for many, and other associated social and economic activities.

Again this year, a big thankyou to the Gordon family and WIN Corporation for their continued support of the Steelers. This crucial support goes back many years now and is certainly not taken for granted. Thank you to our game sponsors including Illawarra Coal, Coastline Printing, Carlton and United and Defence Force Recruiting, as well as the media for their coverage and support throughout the year. I am also pleased to acknowledge our St George RLFC and Leagues Club colleagues, as well as fellow Steelers directors Sean O'Connor, Graeme Gulloch, Bob Millward OAM, Ian Neill, John Thirlwell, John Borgo, Kevin Felgate and Col Markham, and ex-officio director Corey Pitt of WIN Corp.

I am pleased to report that at the Steelers annual general meeting on Thursday, 26 February, members will be asked to ratify the board's decision to confer Playing Life Membership on Ben Creagh and Dean Young, two worthy recipients.

It probably also is worth flagging in this report that I have received a number of comments during the year about the future of our annual Gold Foundation Members luncheon each December, and whether it should continue in its current format. You would remember that this event has continued for many years since more than 630 individuals and organisations donated \$1000 each to purchase the land on which the Steelers Club stands today in Burelli St, Wollongong, and it does come at some expense to the club. I would be interested in your thoughts at the annual general meeting or at any other time.

Thanks to all for being part of the greatest game of all in the Illawarra over the past year and here's to a successful 2015 on all fronts.

PETER NEWELL OAM
Chairman

ILLAWARRA DISTRICT RUGBY LEAGUE FOOTBALL CLUB LTD
(THE ILLAWARRA STEELERS)

2014 Annual Report – Scott Miles, General Manager

To our Members,

For the financial year ended 31 October 2014, the licensed club returned a loss of \$375,900, whilst after our ongoing commitment to football; both at a National and Local level, the company will show a loss of \$550,579. Despite the overall company loss cash generation remained positive and membership continues to grow; now at 8,006, an increase of 7% compared to last year.

Management and the Board of Directors continue to look at operations closely. As noted in the accounts we have made significant adjustments to our operations for 2015 that will significantly improve our end of year result and we are continuing to focus on driving club revenues. All opportunities are being looked at that may ultimately improve our profitability and any significant changes will be communicated to our members at the appropriate time.

Currently we are in the middle of a renovation plan that will again improve our facility, offering a better experience for all our members and guests.

Renovation Plan

The Club has commenced a 3 stage renovation plan to improve facilities for our members and guests.

Stage 1 –

A second bar has been constructed in the Players' Lounge and a temporary food service area will be constructed in the dining area while stage 2 is completed.

Stage 2 – February to March

The main bar and kitchen will temporarily close down while essential maintenance is carried out in these areas. All services will be relocated to the second bar and temporary food service area. A new menu will be used during this period, but all other services will not be effected.

Stage 3 –

The club currently has an application before council for the installation of a lift, which will be installed for access to the first floor. The lift will be installed externally on the Northern side of the building with access via our reception area.

Throughout the year the club continued to acknowledge that it is a community owned asset with the core function of the company to propagate Rugby League in the Illawarra. To this end the Steelers Club continued to be active in the local community offering financial contributions to Rugby League, local Sporting Groups, Community Organisations and Registered Charities.

To the Board, led by Chairman Peter Newell, thank you for your support and professionalism. It is certainly appreciated by the entire management team and the staff of The Steelers. Also to the Steelers staff, who remain committed to a culture of providing outstanding customer service.

To our members and guests, I thank you for your continued support and patronage.

Steelers Club is Your Club!

Scott Miles
General Manager

Illawarra District Rugby League
Football Club Limited
ABN 90 002 762 610

Annual financial report
31 October 2014

Illawarra District Rugby League Football Club Limited

Directors' report

The Directors present their report together with the financial report of Illawarra District Rugby League Football Club Limited ("the Company") for the year ended 31 October 2014 and the auditor's report thereon.

Directors

The Directors of the Company at any time during the financial year were:

Information on Directors

Peter Newell OAM	-	Chairman
	-	Company Director
	-	Director (Alternate), St George Illawarra Rugby League Football Club Pty Limited
	-	Chairman, Clubs Australia
	-	Chairman, Clubs NSW
	-	Chairman, ClubKeno Holdings
	-	Director / Trustee, ClubPlus Superannuation
	-	Director, NSW Institute of Sport
	-	Remuneration Committee
Sean O'Connor	-	Deputy Chairman
	-	Company Director
	-	Director, St George Illawarra Rugby League Football Club Pty Limited
	-	Chairman, Illawarra Cutters
	-	Finance Committee
John Borgo	-	Company Director
Kevin Felgate	-	Football Administrator
Graeme Gulloch	-	Company Director
	-	Bachelor of Commerce, Master Business Administration
	-	Director, St George Illawarra Rugby League Football Club Pty Limited
	-	Illawarra Cutters Committee
	-	Chairman, Finance Committee
	-	Remuneration Committee
Colin Markham	-	Retired Member of NSW Parliament
Robert Millward OAM	-	Football Administrator
	-	Director, St George Illawarra Rugby League Football Club Pty Limited
	-	Director, New South Wales Rugby League
	-	Chairman, NSWRL NSW Cup Committee

Illawarra District Rugby League Football Club Limited

Directors' report (cont'd)

Directors (cont'd)

Ian Neill	-	Retired Miner
	-	Chairman, Board of Management, Illawarra Division Rugby League
John Thirlwell	-	Company Director
	-	Bachelor of Commerce, Industrial Relations
	-	Chairman, Remuneration Committee
	-	Finance Committee
Corey Pitt	-	General Manager, Sales, WIN Television
	-	Ex Officio Director

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

Director	Steelers Board and Directors Committee meetings		Joint venture meetings	
	Number of meetings attended	Meetings eligible to attend	Number of meetings attended	Meetings eligible to attend
P Newell	14	16	-	-
S O'Connor	15	16	10	10
J Borgo	15	16	-	-
K Felgate	16	16	-	-
G Gulloch	14	16	9	10
C Markham	10	16	-	-
R Millward	15	16	10	10
I Neill	14	16	-	-
J Thirlwell	16	16	-	-
C Pitt	4	16	-	-

Illawarra District Rugby League Football Club Limited

Directors' report (cont'd)

Directors (cont'd)

Principal activities

The principal activities of the Company are the promotion of rugby league in the Illawarra region which includes the operation, management and/or support of football teams in the National Rugby League and New South Wales Rugby League competitions, funded by sponsorship agreements, and the operation of a licensed club.

There were no significant changes in the nature of the activities of the Company during the year.

These activities generate funds to achieve the objectives of fostering and promoting rugby league as well as supporting our members and community.

A number of performance indicators are employed by the Company in order to measure and improve the Club's performance. The Club uses EBITDARD & Contribution percentage analysis to measure the performance of each department.

Objectives

The Company's objective in both the short and long term is to manage a profitable licensed club that will allow us to:

- Foster, encourage, promote and control the development, playing and interests of rugby league within both the Illawarra and as a Joint Venture Partner in the St George Illawarra Dragons;
- Provide services to our members; and
- Provide support to our community.

In order to meet these objectives the following strategies have been implemented:

- Focus on the Licensed club's operational performance;
- Focus on cash generation;
- To operate within our affordable means; and
- To work closely with our key stakeholders.

The performance of the Company is measured on a monthly basis through financial reporting to the Board of Directors. Key elements of the Company's performance are monitored and evaluated by the Company's finance consultants, MF Accounting Services, the Company's General Manager and the Company's Board of Directors.

Illawarra District Rugby League Football Club Limited

Directors' report (continued)

Review and results of operations

The Licensed Club operations show a net trading loss of \$375,900. Overall, after our ongoing commitment to football, the operating result of the Company for the year was a loss of \$550,579 compared with a loss of \$185,423 in the prior year.

Please refer to the Chairman's Report and the General Manager's Report for a general overview of operations in 2014.

	2014 \$	2013 \$
Licensed Club Operations		
<i>Revenue</i>		
Revenue from licensed club operations	7,072,376	7,371,684
Other income	258,571	244,389
	<u>7,330,947</u>	<u>7,616,073</u>
<i>Expenditure</i>		
Salaries and wages	(1,851,160)	(1,922,854)
Cost of goods sold	(602,145)	(532,047)
Gaming machine taxes (including GST)	(1,339,934)	(1,496,414)
Depreciation and amortisation	(904,439)	(868,676)
Interest and other bank charges	(398,164)	(40,907)
License fees	(69,683)	(116,997)
Promotions	(955,254)	(899,884)
Repairs, maintenance and cleaning	(284,189)	(314,627)
Security	(27,310)	(17,809)
Other administration expenses	(342,344)	(277,228)
Other expenses	(932,225)	(1,028,323)
	<u>(7,706,847)</u>	<u>(7,515,766)</u>
<i>Net profit/(loss)– Licensed Club Operations</i>	<u>(375,900)</u>	<u>100,307</u>
Football Operations		
<i>Revenue</i>		
Revenue from operations	<u>726,435</u>	<u>740,279</u>
<i>Expenditure</i>		
Joint Venture contribution	(90,000)	(300,000)
Salaries and wages	(262,092)	(147,242)
Other football operations expenses	(549,022)	(578,767)
	<u>(901,114)</u>	<u>(1,026,009)</u>
<i>Net (loss) – Football Operations</i>	<u>(174,679)</u>	<u>(285,730)</u>
Net loss for the year – all operations	<u>(550,579)</u>	<u>(185,423)</u>

Illawarra District Rugby League Football Club Limited

Directors' report (continued)

Results by operating activity

Following is the detailed performance results for the Licensed Club Operations.

	2014 \$	2013 \$
Licensed Club Operations		
Bar Trading		
<i>Revenue</i>		
Revenue from operations	<u>1,501,461</u>	<u>1,288,695</u>
<i>Expenditure</i>		
Cost of goods sold	(602,145)	(532,047)
Depreciation	(8,147)	(9,117)
Repairs and maintenance	(5,059)	(8,920)
Salaries and wages expense	(375,098)	(429,975)
Other expenses	<u>(103,584)</u>	<u>(120,978)</u>
	<u>(1,094,033)</u>	<u>(1,101,037)</u>
<i>Net profit – Bar Trading</i>	<u>407,428</u>	<u>187,658</u>
Catering		
<i>Revenue</i>		
Revenue from operations	<u>29,455</u>	<u>85,066</u>
<i>Expenditure</i>		
Cleaning	-	(944)
Depreciation	(18,159)	(23,156)
General functions	-	(5,113)
Repairs and maintenance	(5,581)	(12,798)
Salaries and wages expense	-	(9,597)
Other expenses	<u>(14,446)</u>	<u>(64,833)</u>
	<u>(38,186)</u>	<u>(116,441)</u>
<i>Net (loss)– Catering</i>	<u>(8,731)</u>	<u>(31,375)</u>

Illawarra District Rugby League Football Club Limited**Directors' report (continued)****Review and results of operations (continued)**

	2014	2013
	\$	\$
Licensed Club Operations (continued)		
Gaming		
<i>Revenue</i>		
Gross clearances	24,492,377	24,887,300
Prizes and jackpot	(19,232,417)	(19,197,764)
	<u>5,259,960</u>	<u>5,689,536</u>
 TAB and Keno	 67,013	 79,740
 Total revenue and income	 <u>5,326,973</u>	 <u>5,769,276</u>
 <i>Expenditure</i>		
Depreciation	(517,870)	(496,799)
GST on gaming revenue, less rebates	(459,565)	(495,621)
Gaming tax	(862,770)	(954,873)
Club Grants	(17,599)	(45,920)
License fees	(69,683)	(116,997)
Promotions	(402,457)	(471,253)
Repairs and maintenance	(75,516)	(108,806)
Salaries and wages expense	(760,856)	(763,483)
Other expenses	(94,013)	(96,121)
	<u>(3,260,329)</u>	<u>(3,549,873)</u>
 <i>Net profit - Gaming</i>	 <u>2,066,644</u>	 <u>2,219,403</u>

Illawarra District Rugby League Football Club Limited

Directors' report (continued)

Review and results of operations (continued)

	2014	2013
	\$	\$
Licensed Club Operations (continued)		
Licensed Club - General		
<i>Revenue</i>		
Revenue from operations	214,488	228,646
<i>Expenditure</i>		
Advertising	(117,039)	(130,806)
Cleaning	(114,872)	(108,546)
Depreciation	(347,096)	(334,006)
Electricity	(155,281)	(153,131)
Insurances	(41,177)	(43,736)
OH&S	(2,082)	(633)
Postage	(10,880)	(7,165)
Promotions	(552,798)	(428,631)
Raffle prizes	(45,327)	(45,025)
Rates	(62,977)	(57,219)
Repairs and maintenance	(73,407)	(72,582)
Salaries and wages	(393,914)	(401,629)
Security	(27,310)	(17,809)
Telephone	(10,334)	(9,967)
Interest and other bank charges	(398,164)	(40,907)
Other expenses	(275,085)	(293,596)
	(2,627,743)	(2,145,388)
<i>Net (loss) – Licensed Club General</i>	(2,413,255)	(1,916,742)
Administration		
Interest income	2,495	3,708
Other income	256,076	240,680
Total revenue and income	258,571	244,388
<i>Expenditure</i>		
Depreciation	(13,167)	(5,597)
Insurance	(44,194)	(52,695)
Salaries and wages	(321,291)	(318,170)
Repairs, maintenance and cleaning	(9,755)	(2,030)
Other	(298,150)	(224,533)
	(686,557)	(603,025)
<i>Net (loss) – Administration</i>	(427,986)	(358,637)
Net Profit/(loss) - Licensed Club Operations	(375,900)	100,307

Illawarra District Rugby League Football Club Limited

Directors' report (continued)

Dividends

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

State of affairs

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in the future financial years.

Environmental regulations

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

Likely developments

Information about likely developments in the operations of the Company, and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Company limited by guarantee

The Company is incorporated as a company limited by guarantee. In accordance with the constitution of the Company, every member of the company undertakes to contribute an amount limited to \$4 per member in the event of the winding up of the Company during the time that they are a member or within one year thereafter. At 31 October 2014 there were 8,006 members (2013: 7,424 members).

Illawarra District Rugby League Football Club Limited

Directors' report (continued)

Indemnification and insurance of officers and auditors

Indemnification

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company, indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

Insurance


The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 10 and forms part of the directors' report for the financial year ended 31 October 2014.

Signed in accordance with a resolution of the Directors:



P Newell
Director

Sean O'Connor
Director

Dated in Wollongong this 4th day of February 2015.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Illawarra District Rugby League Football Club Ltd.

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2014 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Richard Drinnan
Partner

Signed in Wollongong on this 4th day of February 2015

Illawarra District Rugby League Football Club Limited

**Statement of profit or loss and other comprehensive income
for the year ended 31 October 2014**

	Note	2014	2013
		\$	\$
Revenue from licensed club operations		7,072,376	7,371,684
Revenue from football operations		726,435	740,279
Total revenue	4	7,798,811	8,111,963
Other income	5	256,076	240,680
Cost of Goods Sold		(602,145)	(532,047)
Football operation expenses		(901,114)	(1,026,009)
Administration expenses		(686,557)	(603,026)
Licensed club expenses		(6,030,100)	(6,350,329)
Results from operating activities		(165,029)	(158,768)
Financial income		2,495	3,708
Financial expense		(388,045)	(30,363)
Net financing costs	6	(385,550)	(26,655)
Loss before income tax		(550,579)	(185,423)
Income tax expense	3(m)	-	-
Net loss for the year		(550,579)	(185,423)
Other comprehensive income			
Revaluation of land and buildings		-	-
Total comprehensive income for the year		(550,579)	(185,423)

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Illawarra District Rugby League Football Club Limited

**Statement of changes in equity
for the year ended 31 October 2014**

	Asset Revaluation Reserve	Accumulated Losses	Total
Opening balance at 1 November 2012	6,295,276	(2,645,494)	3,649,782
Total comprehensive income for the year			
Loss for the year	-	(185,423)	(185,423)
Revaluation of land and buildings	-	-	-
Total comprehensive income for the year	-	(185,423)	(185,423)
Closing balance at 31 October 2013	<u>6,295,276</u>	<u>(2,830,917)</u>	<u>3,464,359</u>
Opening balance at 1 November 2013	6,295,276	(2,830,917)	3,464,359
Total comprehensive income for the year			
Loss for the year	-	(550,579)	(550,579)
Revaluation of land and buildings	-	-	-
Total comprehensive income for the year	-	(550,579)	(550,579)
Closing balance at 31 October 2014	<u>6,295,276</u>	<u>(3,381,496)</u>	<u>2,913,780</u>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Illawarra District Rugby League Football Club Limited

**Statement of Financial Position
as at 31 October 2014**

	Note	2014	2013
		\$	\$
Assets			
Cash and cash equivalents	8	234,110	300,344
Trade and other receivables	9	313,325	161,065
Inventories	10	57,146	65,401
Other assets	11	122,714	140,602
Total current assets		<u>727,295</u>	<u>667,412</u>
Other assets	11	750	750
Investments accounted for using the equity method	12	-	-
Property, plant and equipment	13	11,285,114	11,782,120
Total non current assets		<u>11,285,864</u>	<u>11,782,870</u>
Total assets		<u>12,013,159</u>	<u>12,450,282</u>
Liabilities			
Trade and other payables	14	1,402,022	1,026,767
Interest bearing loans and borrowings	15	251,303	171,729
Non-interest bearing loans and borrowings	16	100,000	100,000
Employee benefits	17	225,207	254,953
Total current liabilities		<u>1,978,532</u>	<u>1,553,449</u>
Trade and other payables	14	86,277	204,090
Interest bearing loans and borrowings	15	42,632	114,260
Non-interest bearing loans and borrowings	16	6,950,000	7,050,000
Employee benefits	17	41,938	64,124
Total non current liabilities		<u>7,120,847</u>	<u>7,432,474</u>
Total liabilities		<u>9,099,379</u>	<u>8,985,923</u>
Net assets		<u>2,913,780</u>	<u>3,464,359</u>
Members' funds			
Reserves		6,295,276	6,295,276
Accumulated losses		(3,381,496)	(2,830,917)
Total members' funds		<u>2,913,780</u>	<u>3,464,359</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Illawarra District Rugby League Football Club Limited

**Statement of cash flows
for the year ended 31 October 2014**

	Note	2014 \$	2013 \$
Cash flows from operating activities			
Cash receipts in the course of operations		8,691,219	9,020,410
Cash payments in the course of operations		(7,873,934)	(8,222,263)
Interest received		2,495	3,708
Interest paid		(371,067)	(6,174)
Net cash from operating activities	23(b)	<u>448,713</u>	<u>795,681</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(435,414)	(728,658)
Proceeds from sale of property, plant and equipment		29,499	116,736
Net cash from investing activities		<u>(405,915)</u>	<u>(611,922)</u>
Cash flows from financing activities			
Finance lease payments		(149,888)	(122,390)
Repayment of non interest bearing borrowings		(100,000)	(100,000)
Net cash from provided by financing activities		<u>(249,888)</u>	<u>(222,390)</u>
Net decrease in cash held		(207,090)	(38,631)
Cash and cash equivalents at 1 November		298,077	336,708
Cash and cash equivalents at 31 October	23(a)	<u>90,987</u>	<u>298,077</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

1 Reporting entity

Illawarra District Rugby League Football Club Limited (the "Company"), a not-for-profit entity is a company domiciled in Australia. The address of the Company's registered office is 1-3 Burelli Street, Wollongong. The company operates in the licensed club industry in Wollongong, NSW.

2 Basis of preparation

(a) Basis of accounting

In the opinion of the directors, the Company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

They were authorised for issue by the Board of Directors on 4th February 2015. Details of the Company's accounting policies, including changes during the year, are included in Note 3.

(b) Going concern basis

The financial report of the Company has been prepared on the going concern basis which assumes that assets will be realised and liabilities extinguished on normal terms and conditions.

The Company recorded a loss of \$550,579 (after allowing for non-cash depreciation expense of \$904,439) for the year ended 31 October 2014. As at 31 October 2014 the Company had net current liabilities of \$1,251,237 (31 October 2013 net current liabilities of \$886,037).

The Company held cash and cash equivalents at 31 October 2014 of \$90,987 (31 October 2013: \$298,077) and has access to an overdraft facility of \$200,000 which was drawn to an amount of \$143,123 as at 31 October 2014.

Despite the financial statements recording a net loss, a deterioration in net current liabilities and a decline in cash and cash equivalents during the year ended 31 October 2014 they have been prepared on a going concern basis.

To assist in the management of the Company's working capital, the Directors have negotiated new terms in relation to the debt facility provided by the NSW Government. Under these new terms, no repayments are required for the period from May 2014 to November 2015, representing a deferral of \$100,000 in repayments. From November 2015, repayments will commence at the rate of \$25,000 every six months and the loan will remain on an interest free basis. The Company has also entered into a payment arrangement with the Australian Taxation Office in relation to its liabilities for GST and employment related taxes outstanding as at 31 October 2014 which amounted to \$295,000. This will be repaid in monthly instalments which commenced in November 2014 and will continue through to January 2016.

To address the Company's ongoing operating performance, the Directors have targeted cost savings of \$500,000 for the financial year ending 31 October 2015 whilst retaining total trading revenue at the levels comparable to those achieved during the year ended 31 October 2014.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

2 Basis of preparation (continued)

Going concern basis (continued)

The targeted cost savings follow a detailed review of the Company's performance for the year ended 31 October 2014 which identified a number of promotional, marketing and entertainment costs that did not deliver the expected revenue benefits. Given this experience, a renewed focus on the Club's advertising through social media and the first full year of operation of the Karaoke Lounge, the Directors are of the view that revenue levels can be maintained.

The Directors have prepared detailed operating budgets and cash flow forecasts for the period to 31 October 2015 incorporating the new terms on the NSW Government loan and the targeted costs savings, whilst maintaining revenue at 2014 levels. Further, the cash flow forecasts include Board approved capital expenditure for the year and include a drawdown against the master asset finance facility of \$190,000 to assist in meeting capital expenditure requirements.

These cash flow forecasts indicate that the Company will generate sufficient cash from operations to meet ongoing debt servicing requirements and operate within the current overdraft facility of \$200,000.

The Directors are of the view that the actions taken in negotiating new debt repayments with the NSW Government and the Australian Taxation Office and targeting reduced operating costs will enable the Company to be able to pay their debts as and when they fall due, and therefore the going concern basis of preparation of this financial report is appropriate.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for land and buildings which are stated at their fair value.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(e) Use of estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the followings notes:

- Note 13 – valuation of land and buildings

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

Joint Ventures

Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement.

Jointly controlled entities

In the financial statements, investments in jointly controlled entities are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

The Company's share of the jointly controlled entity's net profit or loss is recognised in accordance with Note 12. Other movements in reserves are recognised directly in the reserves.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(c) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy 3(f)). The company's standard trading terms require settlement within 14 days.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(e) Property, plant and equipment

Owned assets

Land and buildings are stated at fair value. Other items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 3(f)).

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

3 Significant accounting policies (continued)

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located, and capitalised borrowing costs (see below).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Leased assets

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy 3(f)). Lease payments are accounted for as described in accounting policy 3(k).

Borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 November 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Subsequent costs

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

3 Significant accounting policies (continued)

(e) Property, plant and equipment (continued)

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The range of depreciation rates used for each class of asset in the current and comparative periods are as follows:

Buildings	3% - 20%
Plant and equipment	7% - 25%
Leased plant and equipment	25% - 33%
Furniture and fittings	7% - 20%
Motor vehicles	20%- 25%

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

Determination of fair values

The fair value of land is recognised based on market values. The fair value of buildings is based on the summation of land value and the depreciated replacement cost of improvements. In accordance with Company policy, independent external valuations are obtained at least every three years.

(f) Impairment

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

3 Significant accounting policies (continued)

(f) Impairment (continued)

(i) Calculation of recoverable amount

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

(ii) Reversals of impairment

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(iii) Derecognition of financial assets and liabilities

A financial asset is derecognised when:

- the rights to receive cash flows have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all of the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

3 Statement of significant accounting policies (continued)

(f) Impairment (continued)

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss.

(g) Trade and other payables

Trade and other payables are stated at their amortised cost.

Trade payables are non-interest bearing and are normally settled on 30-day terms.

(h) Loans and borrowings

Interest bearing

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Non-interest bearing

Non-interest bearing loans are recognised initially at fair value less attributable transaction costs. When no repayment date is specified and the repayment date is not known into the foreseeable future, the loan is measured at its face value.

(i) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other long term service benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

3 Statement of significant accounting policies (continued)

(i) Employee benefits (continued)

(iii) Short term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

(j) Revenue

Goods sold and services rendered

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in profit or loss when the underlying services have been provided. No revenue is recognised if there is significant uncertainty regarding recovery of consideration due.

Poker machine revenue

Poker machine revenue is recognised in profit loss, net of prizes and jackpots, once the underlying games have been completed.

Other gaming revenue

Other gaming revenue is recognised in profit or loss when the underlying gaming event has been completed.

Sponsorship

Sponsorship revenue is recognised as revenue over the period the sponsorship relates to.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(k) Expenses

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

13 Property, plant and equipment (continued)

Reconciliations (continued)

Measurement of fair value

a) Fair value hierarchy

Land and buildings measured at fair value were valued by an independent valuer, for the 31 October 2012 reporting date.

The fair value of land is recognised based on market values. The fair value of buildings is based on the summation of land value and depreciated replacement cost of improvements. In accordance with the company's policy an independent revaluation will be obtained for the 31 October 2015 year.

Security

Land and buildings measured at fair value, with a carrying amount of \$9,865,665 (2013: \$10,026,599) are subject to a registered mortgage to secure loans provided by WIN Corporation Pty Limited. A security agreement charge exists over all the assets of the Company and a mortgage over the property of the Company to secure non-interest bearing loans provided by the NSW State Government. Refer to Note 16.

	2014	2013
	\$	\$
14 Trade and other payables		
Current		
Trade payables	697,353	479,767
Other payables and accrued expenses	578,869	305,578
Gaming Machine Supply Agreements	125,800	241,422
	<u>1,402,022</u>	<u>1,026,767</u>
Non- Current		
Gaming Machine Supply Agreements	86,277	204,090
	<u>86,277</u>	<u>204,090</u>

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

	2014	2013
	\$	\$
15 Interest bearing liabilities		
Current		
Lease liabilities	108,180	169,462
Bank overdraft	143,123	2,267
	<u>251,303</u>	<u>171,729</u>
Non-current		
Lease liabilities	42,632	114,260
	<u>42,632</u>	<u>114,260</u>

Financing arrangements

The company has access to the following lines of credit:

Total facilities available:

■ bank overdraft	200,000	200,000
■ St George Bank lease facility	350,000	350,000
■ Credit Card	25,000	20,000
	<u>575,000</u>	<u>570,000</u>

Facilities utilised at balance date:

■ bank overdraft	143,123	2,267
■ St George Bank lease facility	114,764	305,017
■ credit cards	16,377	3,666
	<u>274,264</u>	<u>310,950</u>

Facilities not utilised at balance date:

■ bank overdraft	56,877	197,733
■ St George Bank lease facility	235,236	44,983
■ credit cards	8,623	16,334
	<u>300,736</u>	<u>259,050</u>

Bank overdraft

The bank overdraft is secured by a guarantee from the Company. Interest on bank overdrafts is charged at prevailing market rates.

Lease facility – secured

The lease facility is secured by the underlying assets subject to lease.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

	2014 \$	2013 \$
16 Non-interest bearing liabilities		
Current		
NSW State Government	<u>100,000</u>	<u>100,000</u>
	<u>100,000</u>	<u>100,000</u>
Non-current		
NSW State Government	100,000	200,000
WIN Corporation Pty Limited – secured	<u>6,850,000</u>	<u>6,850,000</u>
	<u>6,950,000</u>	<u>7,050,000</u>

Refer to Note 13 for disclosure surrounding security attached to the loans provided by WIN Corporation Pty Limited NSW and the State Government.

Financing arrangements

Loans from WIN Corporation Pty Limited - secured

The loan from WIN Corporation Pty Limited has no fixed repayment date subject to the Company complying with terms and conditions of the loan agreement date 27 July 2006 (as amended).

The Company is charged an availability fee for the provision of this loan facility. The availability fee is calculated on the daily balance of the loan outstanding at a rate based on BBSY plus a fee margin of 3.50% and is paid quarterly.

Loans from NSW State Government – secured

Under the terms of the loan agreement with the NSW State Government the loan is non-interest bearing provided instalments of \$50,000 are made every 6 months. As at reporting date, the company had a commitment to make repayments of \$100,000 during the next financial year with this amount being reflected as a current liability.

On 15 December 2014, the Company and NSW Government varied the terms of the loan agreement with the parties agreeing to the deferral of repayments for the financial year ending 31 October 2015. Repayments will commence in November 2015 at the rate of \$25,000 each six months and the loan will continue on an interest free basis.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

	2014 \$	2013 \$
17 Employee benefits		
Aggregate liability for employee benefits, including on-costs		
■ Current	225,207	254,953
■ Non-current	41,938	64,124
	<u>267,145</u>	<u>319,077</u>

Defined contribution superannuation funds

The Company makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was \$160,034 for the financial year ended 31 October 2014 (2013: \$152,030).

18 Commitments

Finance lease payment commitments

Finance lease rentals are payable as follows:

■ Not later than one year	115,641	185,693
■ One year or later but no later than five years	47,178	119,325
	<u>162,819</u>	<u>305,018</u>

Less: future lease finance charges	<u>(12,007)</u>	<u>(21,296)</u>
	<u>150,812</u>	<u>283,722</u>

Lease liabilities provided for in the financial statements:

Current	108,180	169,462
Non-current	42,632	114,260
Total lease liability	<u>150,812</u>	<u>283,722</u>

The Company leases a motor vehicle, office equipment and gaming machines under finance leases expiring from one to four years. At the end of the lease term ownership passes to the Company.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

	2014 \$	2013 \$
19 Operating leases as Lessor		
The company leases out buildings held under operating leases.		
The future minimum lease payments receivable under non-cancellable leases are as follows:		
■ Not later than one year	308,189	35,000
■ One year or later but no later than five years	910,042	-
	<u>1,218,230</u>	<u>35,000</u>

20 Key management personnel disclosures

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the Company, directly or indirectly, including any director (executive or otherwise) of the Company. Total remuneration paid to key management personnel for the current and comparative periods was:

Key management personnel compensation	<u>337,793</u>	<u>242,995</u>
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Other key management personnel transactions with the Company

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

WIN Corporation Pty Limited

As a condition of providing a loan facility to the Company, WIN Corporation obtained the right to appoint an ex-officio director to the Board of the Company, and the right to appoint a director to the board of the joint venture entity (refer to Note 12).

During the year the Company incurred an availability fee on the loan facility of \$350,898 (2013: Nil). As at reporting date, payments of \$10,583 was outstanding and \$139,233 had been accrued as owing to WIN Corporation in relation to this availability fee (2013: Nil).

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

20 Key management personnel disclosures (continued)

Waples Marketing Group Pty Limited

Mr G Gulloch is a director of Waples Marketing Group Pty Limited ("Waples"). During the current and comparative periods the Company engaged the services of Waples Marketing Group Pty Limited in relation to various promotional activities. The value of these transactions during the period ended 31 October 2014 was \$121,507 (2013: \$110,904) and the balance owing as at 31 October 2014 was \$33,473 (2013: \$6,681).

The nature of these transactions relates to Waples acting as a media agency for the Company in the purchasing of advertising with local media outlets. Under these arrangements, Waples bills the Company for the value of the advertisements placed in addition to their fee on the transaction.

During the year, of the \$121,507 billed by Waples, \$99,713 was paid onto the media outlets, with the balance of \$21,794 retained by Waples as the fee for this accredited service.

This fee is based on normal commercial terms and conditions.

Other than outlined above, from time to time Directors of the Company may purchase goods from the company or participate in other club activities. These purchases and participations are on the same terms and conditions as those entered into by any other member of the club.

21 Other related party transactions

Joint venture entity

The Company may be required to make contributions to the joint venture entity as determined by the board of the Company based on the Company's financial position. Refer to note 12 for further details regarding contributions made to the joint venture entity by the Company.

22 Company limited by guarantee

The Company is incorporated as a company limited by guarantee. In accordance with the constitution of the Company, every member of the company undertakes to contribute an amount limited to \$4 per member in the event of the winding up of the Company during the time that they are a member or within one year thereafter. At 31 October 2014 there were 8,006 members (2013: 7,424 members).

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

23 Notes to the statement of cash flows

(a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as follows:

		2014 \$	2013 \$
Cash and cash equivalents	8	234,110	300,344
Bank overdraft	15	(143,123)	(2,267)
		<u>90,987</u>	<u>298,077</u>

(b) Reconciliation of loss from operating activities after income tax to net cash provided by operating activities

Loss from ordinary activities after income tax	(550,579)	(185,423)
Add/(less) items classified as investing/financing activities		
• Finance charges on capitalised leases	16,978	24,189
• Gain on disposal of non-current assets	(1,518)	(92,016)
• Impairment loss	-	-
Add non cash items:		
• Depreciation and amortisation	<u>904,439</u>	<u>868,676</u>
Net cash from operating activities before change in assets and liabilities	369,320	615,426
Changes in assets and liabilities during the financial year		
■ (Increase)/decrease in receivables	(152,260)	(60,255)
■ (Increase)/decrease in inventories	8,255	(6,140)
■ (Increase)/decrease in other assets	17,888	(10,834)
■ Increase/(decrease) in payables	257,442	234,566
■ Increase/(decrease) in employee entitlements	(51,932)	22,918
Net cash from operating activities	<u>448,713</u>	<u>795,681</u>

(c) Non-cash financing and investing activities

During the year, the Company acquired items of PPE with a fair value of \$40,164 by means of finance lease arrangements (2013: \$172,060).

Illawarra District Rugby League Football Club Limited

Notes to the financial statements for the year ended 31 October 2014

24 Subsequent events

Other than amendments to the NSW Government loan disclosed in Note 16 there are no other matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company.

25 Economic dependency

The Company is dependent on WIN Corporation Pty Limited and the NSW State Government for providing ongoing financial support to the Company in the form of loans.

Illawarra District Rugby League Football Club Limited
Directors' declaration


In the opinion of the Directors of Illawarra District Rugby League Football Club Limited:

- the Company is not publicly accountable;
- the financial statements and notes, set out on pages 11 to 37, are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the Company's financial position as at 31 October 2014 and of its performance, for the financial year ended on that date; and
 - complying with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) and the Corporations Regulations 2001; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated in Wollongong this 4th day of February 2015.

Signed in accordance with a resolution of the Directors:


P Newell
Director


Sean O'Connor
Director



Independent auditor's report to the members of Illawarra District Rugby League Football Club Limited

Report on the financial report

We have audited the accompanying financial report of Illawarra District Rugby League Football Club Limited (the Company), which comprises the statement of financial position as at 31 October 2014, and the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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



Independence


In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion the financial report of Illawarra District Rugby League Football Club Limited is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 October 2014 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.


KPMG


Richard Drinnan
Partner

Signed in Wollongong on this 4th day of February 2015