

2019

ANNUAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2019

Parramatta Leagues Club Limited

ABN 52 000 218 655



PARRA
LEAGUES



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ADMINISTRATOR'S REPORT

MAX DONNELLY



“The constitution of Parramatta Leagues Club has now been successfully upgraded and includes several key elements that provide a significantly improved constitution that should serve Members and the company well into the future.”

Dear Members

I have some commentary to make on the contents of the annual report, however the item that I believe to be of the most significance to Members took place after the end of the financial year on the 8th of December 2019.

Following several attempts, feedback and criticism provided and compromises made, member petitions and some controversy about the opposition to reform, the constitution of Parramatta Leagues Club has now been successfully upgraded and includes several key elements that provide a significantly improved constitution that should serve Members and the company well into the future.

- Parramatta Leagues Club must retain ownership of the Eels NRL franchise
- Parramatta Leagues Club must reasonably fund the Parramatta Eels
- Separation of boards – the potential for conflicts of interest to arise is reduced
- The Triennial Rule – the Club no longer faces the removal of an entire board every two years and the disruption associated with a board being entirely replaced
- Online and postal voting – important decisions about your Club can no longer be controlled by a handful of Members

On the last point, it is important to point out to Members that once online and postal voting was introduced, the changes to the constitution were passed by a total of 1554 votes in favour and only 137 against with the extraordinary majority of 91.9%.

Leagues Club and Vikings performance

The Leagues Club has successfully brought online its new facilities and significantly improved its offering to Members and guests. The new carpark, Kicks facility and Jacks Brewery all add amenity for Members and guests as well as contribute to revenue generation. This is important given the Clubs reliance on gaming revenue and particularly relevant given the general downturn in Sydney Clubs' gaming revenue over the last two years.

Despite the downturn in gaming revenue, your Club has remained profitable whilst making significant investments in facilities. I am pleased to report that in its 60th year, Parramatta Leagues Club continued to deliver great results for its Members. After funding the Eels and writing off Old Saleyards, the group still produced an annual profit for the year of \$2,269,737.

The Vikings business has achieved a record result delivering an annual profit of \$736,349. This is especially significant when Vikings remained unprofitable for many years up until 2014. Whilst the Leagues Club operations are much greater due to the size, Vikings is an important part of the business and punches above its weight class given the small size of the operation.

Eel's performance

The last time the Eels won a finals game of football was in 2009, so the board and management of the Parramatta Eels are to be commended for this result and the stunning turnaround in fortunes from 2018. The 2018 result triggered a thorough review of PNRL and it is pleasing to see the results of that review bearing fruit so quickly.

Concluding comments

This will be my last annual report and having been appointed as Administrator it has been my pleasure and privilege to have been Administrator and be entrusted with governance of your Club. I would like to thank the Members for their input and participation in the process as well as Bevan and his senior management team for all their support during my appointment.

Having appointed an Eels Board and now completing the reform process at the Leagues Club, I look forward to appointing a Board of Directors and handing the Club back to the Members.



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

CEO REPORT

BEVAN PAUL



“The Kicks development is achieving a 16.9% return on funds invested and in the 2019 reporting period, a total of 48,249 games of tenpin were played.”

Dear Members

There were a number of noteworthy milestones achieved in 2019. Parramatta Leagues turned 60 years old. The celebrations went for 4 months with 60% off meals across our various outlets and Parramatta Leagues Club Memberships reached 49,014 up from 37,425 in 2012.

Financials

The annual profit for 2019 of \$2,269,737 was the outcome of several factors. These included increased depreciation, interest expense, property revaluation and a 1.5% reduction in gaming revenue from 2018. This outcome is consistent with industry information received. I can also report that in October 2019, the Administrator approved expenditure for a major upgrade of the Leagues Club gaming installation.

Depreciation had a significant impact in 2019 and coupled with interest expense these items impacted profitability by \$1,246,007. Depreciation however, is a non-cash item so Members should also examine the cashflow statement and to assess the annual performance and note that net cash from operating activities doubled from the previous year from \$5,292,462 to \$10,862,446.

As Max noted in his report, net cash from operations has increased significantly from 2018 as a result of the Leagues Clubs new facilities coming online.

To put this result in perspective, the average net cash from operations for the decade prior to construction work was \$7,905,738 per annum, so the 2019 result is 37% greater than the comparable historical average.

The balance sheet also remains very healthy with the company's net assets having grown by 70% from \$40,837,062 in 2013 to \$69,640,532 in 2019 and total Member assets are now valued at \$108,020,981.

Repairs and maintenance remain at higher than historic levels as the Club continues to invest in the operations of its main asset being the Leagues Club premises. In 2018 and 2019 repairs and maintenance averaged \$1,909,191, compared to a historical average of \$1,286,655. This expenditure will likely continue at these levels due to the age of the building and the ongoing maintenance requirements.

Whilst on assets, diversification via the car park, brewery and tenpin facilities delivered \$1,243,429 of additional revenue in FY 2019. We should all be pleased that these investments are delivering both utility for Members along with a return.

Kicks

The Kicks development is achieving a 16.9% return on funds invested and in the 2019 reporting period, a total of 48,249 games of tenpin were played.

In the ten years prior to commencing construction of Kicks, the auditorium generated an average annual income of a little over fifty thousand dollars. The new installation now delivers over eight hundred thousand dollars annually, or greater than sixteen times more revenue than when the space was used as an auditorium. The facility is used daily whilst the auditorium was used monthly. Any way you look at it, the Kicks Tenpin & Arcade development has been an enormous success.

Vikings

The performance of the Leagues Club Dundas satellite venue Vikings Sports Club was outstanding in 2019. Upon my commencement in late 2013 this venue had not traded profitably for over a decade and I recall that at the time the objective was to simply get the operation into the black. To have Vikings contribute just under three-quarters of a million dollars to the company's profit result just five years later is pleasing indeed.

Eels

An important factor in this consolidated annual report is the financial performance of the Football Club. Members will recall the losses associated with the Eels exceeding twelve million dollars in 2016. That cost has reduced significantly in recent years and with the relocation to the new stadium, the outlook for 2020 is very positive for the key asset of Leagues Club Members.

An impact worth pointing out in this report is the cost of exiting the Old Saleyards property. This facility has received substantial financial support from the Leagues Club, however the Eels were unable to secure anything longer than a three year licence from Parramatta Council. It's therefore important to note that the ongoing investment required was not feasible given the limited tenure. The write-down of this investment was \$821,000 for the 2019 year. The relocation to Kellyville in 2020 is on much improved lease terms as well as longer tenure and will mean the exit from the George St administration offices and the cessation of rental payments on that property as well.

In closing I would like to thank Max for his work as Administrator. The constitutional reform process took a little longer than Max may have originally expected but the company including the Leagues Club, Vikings and the Eels, were all able to continue their progress and the reforms that are now in place will provide improved stability for the company's foreseeable future.



Bevan Paul
Chief Executive Officer
Parramatta Leagues Club Limited

EELS CEO REPORT

JIM SARANTINOS



“I am sure the highlight for many Members and fans were the great memories of the opening of the stadium on Easter Monday and the amazing atmosphere of our finals win against Brisbane.”

Dear Members

I am pleased to present my report for the 2019 financial year for the Parramatta Eels Rugby League Club.

Firstly, I want to acknowledge and thank on behalf of our Club the tremendous contribution that Bernie Gurr made to our organisation over his three-year tenure. His contribution in providing stability and direction provides a great platform for our Club to grow.

There is no doubt that the 2019 season was a positive one for our Club both on and off the field. I would like to make mention of some of the major highlights.

Football Program

Following a disappointing 2018 season, our football program made some key strides in 2019 including: -

- A top five finish in the Home and Away season and our first finals win in a decade
- A Canterbury Cup grand final appearance by our feeder Club Wentworthville
- Strong and consistent results across all our elite pathway teams including our inaugural Andrew Johns and Laurie Daley Cup teams.
- Enhanced contributions from our Eels developed players and the retention and recruitment of key players for 2020
- The selection of numerous Eels NRL players in major representative teams

It's clear that a number of recommendations from our Football Review in 2018 have helped to contribute to the improvement in our football program this year.

However, our football transformation strategy is based on driving sustained on-field success and regular finals football and therefore, continued improvement will be a key focus for our players and football staff in 2020.

The move to our new training facility at Kellyville Park, the introduction of our own Canterbury Cup team and the continuation of our development Club philosophy are key pillars for our football program going forward.

I would like to make special mention of Manu Ma'u and Tepai Moeroa who finished their time at the Club following the end of the 2019 season. They have made a significant contribution to our Club and we wish them well as they move on to the next stage of their playing careers.

2019 also saw the retirement of Tim Mannah who has been an incredible member of our Club since the day he joined us in our junior representative program.

He has been a great ambassador for our Club both on and off the field and we are pleased that Tim is continuing his involvement with our Club by joining our corporate team.

On behalf of everyone at our Club, we want to thank Tim, Stephanie and the wider Mannah family for what they have contributed to the Eels and look forward to the next phase of his career.

Financial and Football Administration

The Football Club will have a net loss of approximately \$5.3million for the year ended 31 October 2019. This result was impacted by the investment in new facilities for both football and administration (including an \$821k write down associated with the exit of Old Saleyards) as well the additional investment in football post the review in 2018 – both key elements of our medium to long term strategic objectives. Our underlying performance demonstrates that the return to Bankwest Stadium drove substantial revenue growth across membership, corporate hospitality and gate receipts, which we expect to build on moving forward.

The Board and management are acutely focused on our goal of improving the financial position of the football club to ensure it reduces its reliance on funding from Parramatta Leagues Club and importantly, deliver a surplus within the coming years.

The Parramatta Junior League has nearly 6,000 junior participants across our catchment and importantly we continue to see growth in numbers year on year, especially at boys in the 5-9 age group and girls across all levels of competition.

We also continue to see major growth in the varying forms of the game that can only be a major positive as we evolve our participation strategy across our 31 junior Clubs.

As an organisation, the return to Bankwest Stadium provided a major platform to reconnect in a positive way with our Members and fans. The return to our spiritual home in Parramatta not only delivered a superior game day experience but also a number of key outcomes for our Club including: -

- Our Club Membership record being broken for the 7th straight year.
- The highest average crowd for all Sydney NRL Clubs and the second highest average crowd for all major sporting clubs in Sydney.
- Setting and then breaking the ground record for Bankwest Stadium within the space of six months.
- Achieving a cumulative live TV audience of over 15m
- Ranked Top 3 across NRL for digital audience and engagement

I am sure the highlight for many Members and fans were the great memories of the opening of the stadium on Easter Monday and the amazing atmosphere of our finals win against Brisbane.

Combined with the PLC precinct, our game day experience at Bankwest Stadium is the best in Australian sport and we are committed to ensuring that is enhanced further in 2020.

Another major highlight of 2019 was the funding commitment from the Federal Government and Hills Shire Council to commence building the largest Community Rugby League facility in Australia.

The multi-million complex in Sydney's north-west will be a community-based facility that will include a five international rugby league fields, an elite standard match venue and a 5,000 square metre state of the art Community Facility that will also house a High Performance Centre for the Parramatta Eels.

Stage one of the facility was completed in December 2019 and will see all our administration, football and junior representative programs transition to the one venue. The facility will focus strongly on driving engagement between the Parramatta Eels and the wider community across the Hills District and Western Sydney.

It will provide a world-class sporting facility that will enable the Eels to cater to the changing needs of one of the fastest-growing regions in Australia and increase participation in rugby league and Touch Football from grassroots all the way up to NRL and NRLW level.

In conclusion I would like to thank our Members for a tremendous year and acknowledge how important your support is to our Club. I also want to acknowledge the support of Parramatta Leagues Club both financially and through Bevan and his management team and we look forward to their continued backing in 2020.



Jim Sarantinos
Chief Executive Officer
Parramatta National Rugby League Club Pty Limited







NOTICE OF AGM

NOTICE is hereby given that the 62nd Annual General Meeting of Parramatta Leagues Club Limited (ACN 000 218 655) ("Leagues Club") will be held on Sunday 16 February 2020 commencing at 10:00AM at the Cumberland Lounge, Bankwest Stadium, Gate F, 11-13 O'Connell Street, Parramatta NSW 2150.

MINUTES OF THE PREVIOUS ANNUAL GENERAL MEETING

To receive and consider the Minutes of the previous 61st Annual General Meeting.

2019 ANNUAL REPORT AND FINANCIAL STATEMENTS

To receive the 2019 Annual Report of the Leagues Club, including the Financial Statements, Directors' and Auditor's Report for the 12-month period ended 31 October 2019.

BUSINESS TO BE CONDUCTED

Ordinary Business



Max Donnelly
Administrator of Parramatta Leagues Club Limited
Date: 10 January 2020

NOTE TO MEMBERS

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

ANNUAL REPORT

Hard copies of Parra Leagues Club's 2019 Annual Report will be available from the Club from Monday 20th January 2020. Members may also request the posting of the reports by contacting AGM@parraeels.com.au or on (02) 8833 0764.

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

- PLC Annual Report - www.parraleagues.com.au/annual-report-2019
- PNRL Annual Report - www.parraleagues.com.au/pnrl-annual-report-2019



Bevan Paul
Chief Executive Officer & Company Secretary Parramatta Leagues Club Limited
Date: 10 January 2020

ADMINISTRATOR'S REPORT

Your administrator submits his report on Parramatta Leagues' Club Ltd (the "Company") and the entities it controlled (collectively, the "Group") for the year ended 31 October 2019.

Administrator

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

Max Donnelly

Dividends

There were no dividends paid or payable for the financial year (2018: \$nil). The Constitution of the Company does not permit any operating surplus to be distributed by way of dividend.

Principal activities

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

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

Overall objectives

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

Operating results for the period

The net profit after tax of the Group for the year ended 31 October 2019 was \$2,269,737 (2018: \$3,521,526).

Significant changes in the state of affairs

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

Events occurring after the reporting period

No matter or circumstance has arisen since 31 October 2019 that has significantly affected, or may significantly affect:

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

Likely developments and expected results

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

Environmental regulation and performance

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

Meetings of administrator

The number of meetings the Company's administrator held during the year ended 31 October 2019 and the number of meetings attended by the administrator was:

	Full meetings of administrator	
	A	B
Max Donnelly	12	12

A = Number of meetings attended

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

a

ADMINISTRATOR'S REPORT

Insurance of administrator and officers

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

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

Indemnification of auditors

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

Proceedings on behalf of the Group

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

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

Membership

The Company is a company limited by guarantee and is without share capital. The number of members as at 31 October 2019 was 49,014 (2018: 42,370).

Members' limited liability

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

Auditor independence declaration

The administrator has received a declaration from the auditor of Parramatta Leagues' Club Ltd. This has been included on page 4.

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



Max Donnelly
Administrator

Sydney
18 December 2019

AUDITOR'S INDEPENDENCE DECLARATION



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


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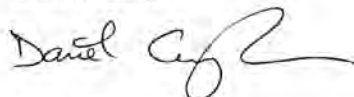
Auditor's Independence Declaration to the Administrator of Parramatta Leagues Club Limited and its controlled entities

As lead auditor for the audit of the financial report of Parramatta Leagues Club Limited and its controlled entities for the period ended 31 October 2019, I declare to the best of my knowledge and belief, there have been:

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

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


Ernst & Young



Daniel Cunningham
Partner
18 December 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2019

		2019	2018
	Notes	\$	\$
Revenue	4	81,142,628	75,249,016
Other income	5	2,270,770	2,280,687
Cost of goods sold		(3,404,688)	(2,030,524)
Poker machine duty		(11,609,346)	(11,951,734)
Depreciation expense		(6,559,562)	(5,708,166)
Donations		(515,778)	(566,359)
Employee benefits expense		(34,200,029)	(30,777,441)
Entertainment, marketing and promotional costs		(4,273,080)	(4,859,917)
Football related expenses		(10,025,525)	(8,284,601)
Repairs and maintenance expenses		(1,948,499)	(1,869,884)
Licenses and fees		(178,423)	(218,771)
Occupancy expenses		(4,313,073)	(4,165,487)
Legal costs		(469,967)	(664,578)
Other expenses		(2,578,732)	(2,238,367)
Finance costs	6.1	(1,066,959)	(672,348)
Profit before income tax		2,269,737	3,521,526
Income tax expense	7	-	-
Profit for the year		2,269,737	3,521,526
Other comprehensive income		-	-
Total comprehensive income for the year		2,269,737	3,521,526

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 2019

	Notes	2019 \$	2018 \$
Assets			
Current assets			
Cash and cash equivalents	8	7,454,607	7,198,979
Trade and other receivables	9	1,589,703	1,672,184
Inventories		415,760	316,647
Total current assets		9,460,070	9,187,810
Non-current assets			
Property, plant and equipment	10	77,309,564	76,144,425
Intangible assets	11	689,000	689,000
Investment properties	12	20,562,347	18,202,619
Total non-current assets		98,560,911	95,036,044
Total assets		108,020,981	104,223,854
LIABILITIES			
Current liabilities			
Trade and other payables	13	9,068,915	6,952,330
Borrowings	14	3,981,906	218,698
Grant in advance	15	600,000	600,000
Employee benefit liabilities	16	1,474,678	1,391,985
Deferred revenue	17	1,530,528	350,624
Total current liabilities		16,656,027	9,513,637
Non-current liabilities			
Borrowings	14	19,522,163	24,522,163
Grant in advance	15	1,200,000	1,800,000
Employee benefit liabilities	16	551,569	609,871
Deferred revenue	17	450,690	407,388
Total non-current liabilities		21,724,422	27,339,422
Total liabilities		38,380,449	36,853,059
Net assets		69,640,532	67,370,795
Members funds			
Retained earnings		69,640,532	67,370,795
Total members' funds		69,640,532	67,370,795

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 2019

	Retained Earnings	Total Members' Funds
	\$	\$
At 1 November 2018	67,370,795	67,370,795
Profit for the year	2,269,737	2,269,737
Other comprehensive income	-	-
Total comprehensive income for the year	2,269,737	2,269,737
At 31 October 2019	69,640,532	69,640,532
At 1 January 2017	63,849,269	63,849,269
Profit for the year	3,521,526	3,521,526
Other comprehensive income	-	-
Total comprehensive income for the year	3,521,526	3,521,526
At 31 October 2018	67,370,795	67,370,795

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 2019

		2019	2018
	Notes	\$	\$
Operating activities			
Receipts from customers and sponsors (inclusive of GST)		89,996,338	82,943,091
Payments to suppliers and employees (inclusive of GST)		(79,216,591)	(78,080,950)
Rent received		1,040,077	977,290
Interest received		81,631	125,379
Interest paid		(1,039,009)	(672,348)
Net cash flows from operating activities		10,862,446	5,292,462
Investing activities			
Payments for property, plant and equipment	10	(9,762,988)	(23,026,455)
Payments for investment property	12	-	(58,824)
Proceeds from sale of property, plant and equipment		420,912	908,877
Net cash flows used in investing activities		(9,342,076)	(22,176,402)
Financing activities			
Repayment of NRL grant		-	(600,000)
Proceeds from NAB loan facility		735,258	12,607,432
Repayment of NAB loan facility		(2,000,000)	(500,000)
Net proceeds from/(repayment of) other borrowings		-	(178,965)
Net cash flows (used in)/from financing activities		(1,264,742)	11,328,467
Net (decrease)/increase in cash and cash equivalents		255,628	(5,555,473)
Cash and cash equivalents at 1 November		7,198,979	12,754,452
Cash and cash equivalents at 31 October	8	7,454,607	7,198,979

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

1. Corporate information

The consolidated financial statements of Parramatta Leagues' Club Ltd (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 October 2019 were authorised for issue in accordance with a resolution of the administrator on 18 December 2019.

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

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

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

2. Summary of significant accounting policies

a) Basis of preparation

Statement of compliance

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

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

The financial report is presented in Australian dollars (\$).

b) Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied AASB 9 Financial Instruments for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; and impairment.

The Group applied AASB 9 retrospectively, with an initial application date of 1 November 2018.

The classification and measurement requirements of AASB 9 did not have a material impact on the consolidated financial statements of the Group, but there have been some changes in the disclosures resulting from the adoption of the accounting standard.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and 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 2019. The administrator has not early adopted any of these new or amended standards or interpretations. The administrator is in the process of accessing the impact of the applications of AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019), AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* (effective 1 January 2019) and its amendments to the extent relevant to the consolidated financial statements of the Group.

c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 October 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if, and only if, the Group has:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

2. Summary of significant accounting policies (continued)

c) Basis of consolidation (continued)

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

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

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

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

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

If the Group loses control over a subsidiary, it derecognises the related assets, liabilities 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.

d) Going concern

The financial statements have been prepared on a going concern basis as Parramatta Leagues' Club Ltd has unused available cash facilities at 31 October 2019 in excess of the net current liability

that can be drawn against if required to meet its financial obligations.

The Group generated an operating profit during the year ended 31 October 2019 of \$2,269,737 (2018: \$3,521,526), and as at that date the Group's total current liabilities exceeded total current assets by \$7,195,957 (2018: \$325,827).

e) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

f) Revenue recognition

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

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

Revenue is recognised for the major business activities as follows:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

(i) Sale of goods

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

(ii) Rendering of services

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

(iii) Sponsorship

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

(iv) Membership income

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

(v) National Rugby League distribution grant

Grants from the National Rugby League are recognised as revenue in the period in which the funding relates to the extent that expenditure has been incurred in accordance with the terms and conditions attached to these grants.

(vi) Rental income

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

(vii) Gate receipts

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

(viii) Interest income

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

g) Cash and cash equivalents

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

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

h) Trade and other receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the EIR method.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

i) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned on the basis of weighted average costs.

j) Property, plant and equipment

Capital work in progress is stated at cost, net of accumulated impairment losses, if any. Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to consolidated profit or loss during the reporting period in which they are incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

2. Summary of significant accounting policies (continued)

j) Property, plant and equipment (continued)

Depreciation on assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Buildings	10 to 40 years
Leasehold improvements	2 to 40 years
Leased plant and equipment	3 to 5 years
Poker machine	3 to 5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. (Note 2(m)).

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

k) Intangible assets

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

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

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

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or losses when no future economic benefits are expected from its use or disposal.

Any gain or loss arising upon 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.

Purchased poker machine entitlements

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

l) Leases

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

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

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

m) Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

n) Investment properties

Investment properties, principally comprising freehold buildings, are held for long-term rental yields and are not occupied by the Group. Investment properties are carried at fair value and are based on the administrator's valuation which in turn is subject to third party verification once every three to five years. External valuation of all investment properties has been made as at 31 October 2019. Changes in fair values are recorded in the consolidated statement of profit or loss and other comprehensive income as part of other income.

o) Trade and other payables

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

p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. For more information, refer to Note 14.

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

Borrowing costs are expensed as incurred.

q) Employee benefit liabilities

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months after the end of each reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefit obligations

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

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

Superannuation plan

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

Termination benefits

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

2. Summary of significant accounting policies (continued)

r) Taxes

Current income tax

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

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

Deferred tax

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

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

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

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

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

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Tax consolidation legislation

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

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

Goods and services tax (GST)

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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.

s) Parent entity financial information

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

Investments in subsidiaries

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

3. Critical accounting estimates and judgements

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

(i) Estimated fair values of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in profit or loss. It obtains independent valuations at least once every three years. The fair value of each property is updated by taking into account the most recent independent valuations. External valuations of all investment properties has been made as at 31 October 2019. The key assumptions used in this determination are set out in Note 12(a).

(ii) Provision for expected credit losses

The Group uses a provision matrix to calculate expected credit losses (ECLs) for financial assets, specifically trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

4. Revenue

	2019	2018
	\$	\$
Revenue from operating activities		
Sale of goods		
Bar sales	2,814,325	1,799,322
Catering sales	4,549,657	2,918,282
Merchandise sales	709,872	693,671
Total sale of goods	8,073,854	5,411,275
Services		
Poker machine	44,921,859	45,627,264
NRL distribution	12,665,375	12,426,650
Sponsorship and hospitality	6,801,457	5,962,714
Commissions received	425,373	445,343
Members subscription	181,914	155,025
Gate ticket sales	5,560,945	2,762,078
TenPin sales	779,158	276,995
Total services	71,336,081	67,656,069
Other revenue from ordinary activities		
Rent received	1,040,077	977,290
Interest income	81,631	125,379
Sundry income	610,985	1,079,003
Total other revenue from ordinary activities	1,732,693	2,181,672
Total revenue from ordinary activities	81,142,628	75,249,016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

5. Other income

	2019	2018
	\$	\$
Grants and other activities	1,061,042	1,881,421
Net gain on disposal of non-current assets	-	399,266
Fair value adjustment to investment property	1,209,728	-
	2,270,770	2,280,687

6. Expenses

6.1 Finance costs

	2019	2018
	\$	\$
Bank charges	52,290	32,393
Interest expense	1,014,669	639,955
Total finance costs	1,066,959	672,348

6.2 Profit before income tax includes the following specific expenses

	2019	2018
	\$	\$
Net loss on disposal of non-current assets	467,375	-
Rental expense relating to operating leases	2,529,398	1,936,082
Minimum lease payments		
Defined contribution superannuation expense	2,048,353	1,784,464

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

7. Income tax

The major components of income tax expense for the years ended 31 October 2019 and 2018 are:

	2019	2018
	\$	\$
Consolidated profit or loss and other comprehensive income		
<i>Current income tax charge:</i>		
Current income tax charge	-	-
<i>Deferred tax:</i>		
Relating to the origination and reversal of temporary differences	-	-
Income tax expense reported in the consolidated statement of profit or loss and other comprehensive income	-	-

Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for 2019 and 2018:

Accounting profit before income tax	2,269,737	3,521,526
At Australia's statutory income tax rate of 30% (2018: 30%)	680,921	1,056,458
Non-assessable income	(3,974,215)	(3,839,962)
Non-deductible expenses	1,899,512	1,518,142
Tax (gain)/losses not recorded as deferred tax assets	1,393,782	1,265,362
Income tax expense	-	-

Tax losses

Unused tax losses for which no deferred tax asset has been recognised	53,367,722	52,939,652
Potential tax benefit @ 30%	16,010,3170	15,881,896

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

8. Cash and cash equivalents

	2019	2018
	\$	\$
Cash at bank and on hand	7,454,607	7,198,979

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

9. Trade and other receivables

	2019	2018
	\$	\$
Current		
Trade receivables	311,946	795,626
Provision for impairment of receivables (a)	(217,649)	(306,530)
	94,297	489,096
Other receivables	550,286	437,394
Prepayments	945,120	745,694
	1,589,703	1,672,184

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

10. Property, plant and equipment

	Land	Buildings	Plant and equipment	Poker machines	Leasehold improvements	Capital work in progress	Total
	\$	\$	\$	\$	\$	\$	\$
Cost							
At 1 January 2018	4,210,500	84,988,672	23,997,918	15,685,785	4,902,235	1,740,112	135,525,222
Additions	-	207,678	1,628,607	4,442,318	-	3,484,385	9,762,988
Disposals	-	-	(3,044,420)	(2,370,232)	-	-	(5,414,652)
Transfer to investment properties	(600,000)	(550,000)	-	-	-	-	(1,150,000)
At 31 October 2019	3,610,500	84,646,350	22,582,105	17,757,871	4,902,235	5,224,497	138,723,558
Accumulated depreciation							
At 1 November 2018	-	29,071,661	15,133,710	12,185,847	2,989,579	-	59,380,797
Depreciation charge for the year	-	2,467,718	2,282,487	1,668,933	140,424	-	6,559,562
Disposals	-	-	(2,174,555)	(2,351,810)	-	-	(4,526,365)
At 31 October 2019	-	31,539,379	15,241,642	11,502,970	3,130,003	-	61,413,994
Net book value							
At 31 October 2019	3,610,500	53,106,971	7,340,463	6,254,901	1,772,232	5,224,497	77,309,564
At 31 October 2018	4,210,500	55,917,011	8,864,208	3,499,938	1,912,656	1,740,112	76,144,425

During the year, no borrowing costs were capitalised (2018: \$203,687).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

11. Intangible assets

	Purchased poker machine entitlements
	\$
Cost	
At 1 November 2018	689,000
At 31 October 2019	689,000
Net book value	
At 31 October 2019	689,000
At 31 October 2018	689,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

12. Investment properties

	2019	2018
	\$	\$
At fair value		
Opening balance at 1 November	18,202,619	18,143,795
Capitalised subsequent expenditure	-	58,824
Transfer from property, plant and equipment	1,150,000	-
Net gain from fair value adjustment	1,209,728	-
Closing balance at 31 October	20,562,347	18,202,619

a) Valuation basis

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

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

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

b) Non-current assets pledged as security

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

12. Investment properties (continued)

c) Leasing arrangements

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

	2019	2018
	\$	\$
Within one year	251,227	513,172
After one year but not more than five years	103,479	362,416
	354,706	875,588

The following are core properties:

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

The following are non-core properties:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

13. Trade and other payables

	2019	2018
	\$	\$
Current		
Trade payables	3,141,579	1,647,965
Accrued expenses	5,674,287	4,938,884
GST payable	253,049	365,481
	9,068,915	6,952,330

14. Borrowings

	2019	2018
	\$	\$
Current		
Unsecured notes	246,648	218,698
NAB loan facility (i)	3,735,258	-
	3,981,906	218,698
Non-current		
NAB loan facility (i)	19,522,163	24,522,163
Total used facility	23,504,069	24,740,861
Total facilities available	32,898,811	26,348,698
Unused facility	(9,394,742)	(1,607,837)
	23,504,069	24,740,861

	2019	2018
	\$	\$
Secured liabilities and assets pledged as security		
The total secured liabilities (current and non-current) are as follows:		
NAB loan facility (i)	23,257,421	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

14. Borrowings (continued)

(i) NAB loan facility

The NAB loan facilities include \$22.5 million (\$22.5 million drawn) Corporate Markets Main Loan funding capital projects, \$4.0 million (\$0.7 million drawn) Corporate Markets Additional Loan opened during 2019 to fund the construction costs of the new Kellyville park training facility, \$5.5m (\$nil drawn) Master Asset Finance Facility and \$0.6m (\$0.3m drawn) other NAB facilities. There are \$0.3m (\$0.3m drawn) other non-NAB unsecured facilities.

15. Grant in advance

	2019	2018
	\$	\$
Current		
Grant in advance	600,000	600,000
Non-current		
Grant in advance	1,200,000	1,800,000

16. Employee benefit liabilities

	2019	2018
	\$	\$
Current		
Annual leave	1,474,678	1,391,985
Non-current		
Long service leave	551,569	609,871

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

	2019	2018
Assumed rate of increase in wage and salary rates	3%	3%
Discount rate	3.51%	3.51%
Settlement term (years)	10	10

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

17. Deferred Revenue

	2019	2018
	\$	\$
Current		
Income received in advance	1,530,528	350,624
Non-current		
Income received in advance	450,690	407,388

18. Commitments

18.1 Capital commitments

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

	2019	2018
	\$	\$
Property, plant and equipment	1,846,346	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

18. Commitments (continued)

18.2 Lease commitments: group as lessee

Non-cancellable operating leases

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

	2019	2018
	\$	\$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	830,430	820,615
After one year but not more than five years	2,501,393	2,727,672
More than five years	21,895,620	22,895,325
	25,227,443	26,443,612

18.3 Remuneration commitments

	2019	2018
	\$	\$
The Group has entered into contracts with players with respect to subsequent seasons, whereby certain minimum amounts are payable.		
The minimum amounts payable are as follows:		
Within one year	9,786,580	9,767,500

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

19. Related party disclosures

(a) Club Administrator

During the year, the Club paid a total of \$241,075 (2018: \$267,790) to the Club Administrator as remuneration for services provided in his role as the Club Administrator, and for services provided by the directors appointed to Parramatta National Rugby League Club Pty Limited by the Club Administrator.

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

(b) Parent entity and subsidiaries

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

Name	Principal activities	Country of incorporation	% Equity interest	
			2019	2018
Parramatta National Rugby League Club Pty Limited	To compete in the National Rugby League competition and to encourage, promote and control the development, playing and interests of rugby league football.	Australia	100%	100%
Parramatta Power Soccer Club Limited	The Club does not trade and hasn't had any activity since 2006.	Australia	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

19. Related party disclosures (continued)

(c) Key management personnel compensation

	2019	2018
	\$	\$
Key management personnel compensation	3,874,400	2,472,305

(i) Transactions with key management personnel

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

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

(d) Transactions and balances with other related

	2019	2018
	\$	\$
Transactions - expenses		
Consultant fees (i)	96,343	45,851

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

20. Events after the reporting period

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2019

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

(a) Summary financial information

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

	2019	2018
	\$	\$
Statement of financial position		
Current assets	9,425,479	9,363,230
Non-current assets	98,343,323	93,392,311
Total assets	107,768,802	102,755,541
Current liabilities	14,380,969	8,165,379
Non-current liabilities	18,923,417	23,920,968
Total liabilities	33,304,386	32,086,347
Net assets	74,464,416	70,669,194
Member's equity		
Retained earnings	74,464,416	70,669,194
Profit for the year	3,795,221	2,852,527
Total comprehensive income	3,795,221	2,852,527

(b) Guarantees entered into by the parent entity

The Company has not entered into any guarantee contracts during the current financial year (2018: \$nil).

(c) Contingent liabilities of the parent entity

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

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

The Company has entered into a contractual commitments for acquisition of property, plant or equipment during the current financial year for a commitment up to \$1,846,346 (2018: \$nil).

ADMINISTRATOR'S DECLARATION

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

In the opinion of the administrator:

- (a) the consolidated financial statements and notes set out on pages 17 to 42 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 October 2019 and of its performance for the financial year ended on that date, and
 - (ii) complying with Accounting Standards - Reduced Disclosure Requirements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the board



Max Donnelly
Administrator
Sydney
18 December 2019



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

Opinion

We have audited the financial report of Parramatta Leagues Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the Company's and the Group's financial position as at 31 October 2019 and of their financial performance for the period ended on that date; and
- b) complying with Australian Accounting Standards– Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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



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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young

Daniel Cunningham
Partner
Sydney
18 December 2019





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