

**Annual Financial Report for the Year Ended
31 October 2008**

(A company limited by guarantee)

ACN 003 908 503

Penrith District Rugby League Football Club Limited

12 February 2009

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Directors Report

Your directors submit their report for the year ended 31 October 2008.

Directors

All directors are current members of the Penrith District Rugby League Football Club Limited ("Football Club"). The names and details of the directors of the Football Club in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Names	Qualifications
Walsh, Barry (Chairman)	Press Room Manager John Fairfax, until retirement. Penrith Rugby League Club Limited Director for 26 years, Football Director for 35 years. Director and life member of Camden Valley Golf Resort, Chairman of Panthers on the Prowl, and Donations Chairman. Life Member of Panthers and Life Member of N.S.W. Rugby League. Patron of Penrith and Districts Junior Rugby League.
Heidtmann, Terence (Senior Deputy Chairman)	Managing Director, Professionals Real Estate Penrith, Licensed Real Estate Agent. Director for 25 years, Member of the Audit Committee. Life member of Panthers.
Feltis, Donald (Deputy Chairman)	Chief Executive of Penrith and Districts Junior Rugby League. Life member of Junior League. Life member of Panthers. Retired police inspector. Life member Police Association. Director since 2002. Life Member of NSW Rugby League and Chairman of the Board Audit Committee.
Alexander, Gregory	Sports Commentator for 2UE and Foxtel. Director for 7 years. Involved in Penrith football for 30 years. Winner of Penrith's "Rookie of the Year" award in 1984, and the Daily M player of the year in 1985. Captained Penrith's first premiership win in 1991.
Bentley, Colin	MBA, Graduate Diploma in Management. Sales Executive - IGT (Aust) Pty Limited, part-time lecturer at University and TAFE. Resigned as Director on the 9 April 2008.
Chapman, Gregory	National Distribution Manager - HLW Pty Limited (Liquor wholesale company). Director for 7 years.
Hiatt, John. OAM	Director since 2003. Retired Magistrate, Solicitor, Member of the Remuneration Committee, Member of the Governance and Risk Committee, Member of the Donations Committee, Deputy Chairman of Hawkesbury Race Club Limited, and Principal Member of the New South Wales Racing Appeals Panel.
Lowe, Kerry	Fleet Manager, Paul Wakeling Holden, Camden. Director for 7 years. Penrith delegate, Director of Camden Valley Golf Resort and Narellan Properties. Member of the Remuneration Committee.
Merrick, Denis	Certified practising accountant. Principal in accounting firms in Penrith for 38 years. Over 30 years experience in administration of sporting bodies. Life Member of lower mountains junior rugby league club. Qualified rugby league Coach and referee. Accredited official with swimming Australia. Swimming Life Member of a local club, and district association. Panthers member for 35 years. Appointed Director on the 30 July 2008.

Directors' Report (continued)

Names	Qualifications
Rhind, Keith	District Football Committee 1968-1969, Director 1969 to 1971, Director 1978 to 2008. Held Executive positions for 26 years including Chairman 1983. Patron of Penrith and District Junior Rugby League. Retired Insurance Consultant. Life Member of Panthers.

Principal activities

The principal activities of the Football Club during the year were:

- ▶ promotion of the game of rugby league football;
- ▶ provision of facilities for sport and recreation;
- ▶ sponsorship activities; and
- ▶ advertising and promotion activities.

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

Result and dividends

The net surplus of the Football Club for the year was \$6,455,000 (2007 deficit: \$4,130,000). No dividend was declared or paid during the year.

Employees

The Football Club employed 190 employees as at 31 October 2008 (2007: 189).

Review of operations

Revenue from ordinary activities for the year increased by \$10,532,000 or 103% to \$20,783,000 (2007:\$10,251,000). This was mainly due to the receipt of a grant of \$5,000,000 from the Government to renovate the eastern grandstand of CUA Stadium, and a distribution of \$5,667,000 from a related entity.

Significant changes in the state of affairs

During the year, the Football Club received a grant of \$5,000,000 from the Government to renovate the Eastern Grandstand. The Football Club has also received a distribution from Mulgoa Land Trust (No.1) of \$5,667,000.

Significant events after balance 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 or unusual nature likely, in the opinion of the directors of the Football Club to affect significantly the operations of the Football Club, the results of those operations, or the state of affairs of the Football Club, in future financial years.

Directors' Report (continued)

Likely developments and expected results

The directors foresee that in the 2009 financial year:

- ▶ The Football Club will continue with funding from the National Rugby League (NRL) and distributions from commonly controlled entities,
- ▶ The stadium lease is expected to be renewed for a further 20 years,
- ▶ A \$5,000,000 Federal Government grant will be received for improvements in and around the CUA Stadium precinct.

Environmental regulation and performance

The Football Club is not subject to any particular or significant environmental regulation.

Indemnification and insurance of directors and officers

During the financial year, the parent entity, Penrith Rugby League Club Limited, held an insurance policy for the benefit of the directors and officers. In accordance with commercial practice, the insurance policy prohibits disclosure of the terms of the policy, including the nature of the liability insured against and the amount of the premium.

Directors' meetings

Directors' Meetings

Number of meetings held:	
	13
Number of meetings attended:	
B Walsh	13
D Feltis	13
T F Heidtmann	11
G P Alexander	10
C D Bentley	4
G W Chapman	13
J Hiatt	12
K J Lowe	13
K L Rhind	12
D Merrick	3

Directors' Report (continued)

Directors' benefits

The directors received no benefits during the year. They were reimbursed for expenses incurred in relation to the performance of their duties as directors of the Football Club.

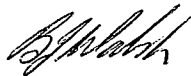
Rounding

The amounts contained in this report and in the financial statements have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Football Club under ASIC Class Order 98/0100. The Football Club is an entity to which the Class Order applies.

Auditor independence and non audit services

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

Signed in accordance with a resolution of the directors.

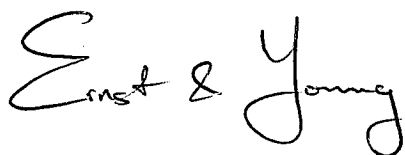


B Walsh
Director

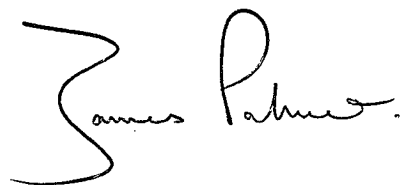
Penrith, 12 February 2009

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

In relation to our audit of the financial report of Penrith District Rugby League Football Club Limited for the financial year ended 31 October 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'James Palmer'.

James Palmer
Partner
12 February 2009

Income Statement

FOR THE YEAR ENDED 31 OCTOBER 2008	Notes	2008 \$'000	2007 \$'000
INCOME FROM OPERATIONS	3	20,783	10,251
Advertising and promotion		(320)	(980)
Artists and entertainment expense		(316)	(335)
Bad and doubtful debts		(36)	(50)
Depreciation		(928)	(701)
Insurance expense		(174)	(106)
Raw materials and consumables used		(758)	(557)
Rent and rates expense		(103)	(132)
Repairs and maintenance expense		(320)	(341)
Sponsorship expense		(560)	(407)
Salaries and employee benefit expense	4c	(7,404)	(7,883)
Training expense		(1,540)	(1,033)
Junior development		(635)	(551)
Other expenses		(1,234)	(1,305)
SURPLUS / (DEFICIT) BEFORE INCOME TAX		6,455	(4,130)
INCOME TAX EXPENSE		-	-
NET SURPLUS / (DEFICIT) FROM OPERATIONS AFTER INCOME TAX		6,455	(4,130)

The above income statement should be read in conjunction with the accompanying notes.

Balance Sheet

AS AT 31 OCTOBER 2008	Notes	2008 \$'000	2007 \$'000
CURRENT ASSETS			
Cash and cash equivalents	11	-	-
Trade and other receivables	5	2,853	1,054
Inventories		234	10
Prepayments		101	23
TOTAL CURRENT ASSETS		3,188	1,087
NON-CURRENT ASSETS			
Other receivables	6	82,073	76,406
Property, plant and equipment	7	15,270	11,377
TOTAL NON-CURRENT ASSETS		97,343	87,783
TOTAL ASSETS		100,531	88,870
CURRENT LIABILITIES			
Other payables	8	1,759	456
Provisions	12	86	97
Deferred revenue	9	181	5
TOTAL CURRENT LIABILITIES		2,026	558
NON-CURRENT LIABILITIES			
Other Payables	10	24,481	20,741
Provisions	12	13	15
TOTAL NON-CURRENT LIABILITIES		24,494	20,756
TOTAL LIABILITIES		26,520	21,314
NET ASSETS		74,011	67,556
EQUITY			
Retained earnings		74,011	67,556
TOTAL EQUITY		74,011	67,556

The above balance sheet should be read in conjunction with the accompanying notes.

Cash flow statement

FOR THE YEAR ENDED 31 OCTOBER 2008	Notes	2008 \$'000	2007 \$'000
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES			
Receipts from customers		12,851	11,381
Receipts of government grants		3,368	-
Payments to suppliers and employees		(14,728)	(14,132)
Net GST paid to ATO		(270)	(1,169)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	11	1,221	(3,920)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(4,820)	(1,975)
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		(4,820)	(1,975)
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from related parties		3,599	5,863
NET CASH FLOWS FROM FINANCING ACTIVITIES		3,599	5,863
NET (DECREASE)/ INCREASE IN CASH HELD		-	(32)
Add opening cash brought forward		-	32
CLOSING CASH CARRIED FORWARD		-	-

The above cash flow statement should be read in conjunction with the accompanying notes.

Statement of changes in equity

For the year ended 31 October 2008

	Retained Earnings \$'000	Total Equity \$'000
1 November 2006	71,686	71,686
Deficit for the year	(4,130)	(4,130)
At 31 October 2007	<u>67,556</u>	<u>67,556</u>
Surplus for the year	6,455	6,455
At 31 October 2008	<u>74,011</u>	<u>74,011</u>

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

Notes to the financial statements

For the year ended 31 October 2008

1. CORPORATE INFORMATION

The financial report of Penrith District Rugby League Football Club Limited for the year ended 31 October 2008 was authorised for issue in accordance with a resolution of the Directors on 12 February 2009.

Penrith District Rugby League Football Club Limited is a company limited by guarantee that is incorporated and domiciled in Penrith, Australia.

The directors have determined that the Football Club is a not-for-profit entity for the purposes of reporting under Australian equivalents to International Financial Reporting Standards (AIFRS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) *Basis of Accounting*

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 and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared in accordance on a historical cost basis.

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

b) *Statement of Compliance*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Football Club for the annual reporting year ended 31 October 2008. These are outlined in the table below.

Reference	Title	Summary	Application date of standard*	Impact on Football Club's financial report	Application date for Football Club*
AASB 8 and AASB 2007-3	Operating Segments and consequential amendments to other Australian Accounting Standards	New standard replacing AASB 114 <i>Segment Reporting</i> , which adopts a management reporting approach to segment reporting.	1 January 2009	AASB 8 is a disclosure standard so will have no direct impact on the amounts included in the club's financial statements, although it may indirectly impact the level at which goodwill is tested for impairment. In addition, the amendments may have an impact on the club's segment disclosures.	1 November 2009

Notes to the financial statements (continued)

For the year ended 31 October 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Statement of Compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Football Club's financial report	Application date for Football Club*
AASB 123 (Revised) and AASB 2007-6	Borrowing Costs and consequential amendments to other Australian Accounting Standards	The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalised, where previously there was a discretionary choice between capitalising and expensing.	1 January 2009	Under the club's current accounting policy such borrowing costs are expensed in the period they are incurred as permitted under the existing version of AASB 123. These revisions will decrease finance costs and increase the carrying value of our property, plant and equipment, with a resulting increase in depreciation expense.	1 November 2009
AASB 101 (Revised) and AASB 2007-8	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards	Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and optional changes to the titles of the financial statements.	1 January 2009	These amendments are only expected to affect the presentation of the club's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The club has not determined at this stage whether to present a single statement of comprehensive income or two separate statements.	1 November 2009

Notes to the financial statements (continued)

For the year ended 31 October 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Statement of Compliance (continued)

Reference	Title	Summary	Application date of standard*	Impact on Football Club's financial report	Application date for Football Club*
AASB 2008-5	Amendments to Australian Accounting Standards arising from the Annual Improvements Project	The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRSs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact.	1 January 2009	The club has not yet determined the extent of the impact of the amendments, if any.	1 November 2009
AASB 2008-6	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project	Refer to AASB 2008-5 above.	1 July 2009	The club has not yet determined the extent of the impact of the amendments, if any.	1 November 2009

*Designates the beginning of the applicable annual reporting period unless otherwise stated

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS).

Notes to the financial statements (continued)

For the year ended 31 October 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) *Cash and Cash Equivalents*

Cash and cash equivalents in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

The main treasury function of the Football Club is operated on a central basis and is controlled by the parent entity. For the purposes of the Cash Flow Statement, all cash received or paid by the parent entity on behalf of the Football Club has been included in the Cash Flow Statement. The 'advances from related parties' represents the net effect of transactions conducted through the central treasury function.

d) *Taxes*

(i) *Income Tax*

The Football Club is exempt from income tax under Section 50-45 of the *Income Tax Assessment Act (1997)*.

(ii) *Goods & Services Tax (GST)*

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

- ▶ where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ▶ 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

e) *Distributions*

Distributions from a trust of which the Football Club is a beneficiary are taken to income when the distribution is made.

f) *Trade and Other Receivables*

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

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

Notes to the financial statements (continued)

For the year ended 31 October 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) *Trade and Other Receivables (continued)*

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

g) *Trade and Other Payables*

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

Payables to related parties are carried at the principal amount. Interest, if charged, is recognised as an expense on an accrual basis.

h) *Inventories*

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

i) *Provisions*

Provisions are recognised when the Football Club has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

j) *Property, plant and equipment*

Cost and valuation

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses.

Capital work in progress

Costs incurred which are related to capital projects are carried forward and capitalised where future benefits are expected, beyond any reasonable doubt, to exceed these costs.

Notes to the financial statements (continued)

For the year ended 31 October 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Depreciation

Depreciation is provided on a straight-line basis over the estimated useful life of the assets as follows:

	2008	2007
Plant and equipment	5 years	5 years
Leasehold improvement	expected lease term	expected lease term
Motor Vehicles	5 years	5 years

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the Football Club has used depreciated replacement cost since the Football Club is a not-for-profit entity where the future economic benefits of its assets are not primarily dependent on the ability of the assets to generate net cash inflows and the Football Club would, if deprived of the asset, replace its remaining future economic benefits.

Impairment losses are recognised in the income statement.

k) *Employee Benefits*

i Wages, salaries, annual leave and sick leave

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

ii Long service leave

The liability for long service leave 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 reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the financial statements (continued)

For the year ended 31 October 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

l) Revenue Recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Football Club and the revenue can be reliably measured. The following specific criteria recognition must also be met before revenue is recognised:

Merchandise sales

Revenue is taken to account when the control of the goods has passed to the buyer.

Sponsorship income

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

Advertising and promotion income

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

Grant income

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

Trust income

Revenue is taken to account when the control of the right to receive the distribution has passed to the Football Club.

m) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

n) Interest-bearing liabilities

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

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

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

o) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

Notes to the financial statements (continued)

For the year ended 31 October 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Impairment of assets

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

In assessing value in use, the Football Club has used depreciated replacement cost since the Football Club is a not-for-profit entity where the future economic benefits of its assets are not primarily dependent on the ability of the assets to generate net cash inflows and the Football Club would, if deprived of the asset, replace its remaining future economic benefits. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset period.

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

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008	2007
	\$'000	\$'000
3. INCOME FROM OPERATIONS		
Revenues from operating activities		
Revenue from sponsorship	3,537	3,303
Revenue from advertising and promotion	-	534
Revenue from catering and beverages	959	1,015
Revenue from functions and banquets	547	484
Revenue from gate receipts	1,148	1,322
Revenue from merchandise sales	429	273
NRL grant	3,350	3,250
Total revenue from operating activities	9,970	10,181
Other income		
Trust income		
- other related party (a)	5,667	-
Government grants (b)	5,070	-
Other revenue	76	70
Total revenue from non-operating activities	10,813	70
Total income	20,783	10,251

(a) Mulgoa Land Trust (No 1)

This trust owns land and buildings occupied by the Penrith Rugby League Club Limited and derives its income from rents. Each year the trust distributes its income to the discretionary beneficiary which is Penrith District Rugby League Football Club Limited. Distribution made to Penrith District Rugby League Football Club Limited for the year ended 31 October 2008 was \$5,667,000 (2007: nil).

(b) Government grants

During the year, the Football Club received a grant of \$5,000,000 from the NSW State Government to renovate the Eastern Grandstand. The Football Club has also received a grant of \$70,000 from the Penrith City Council to reimburse the Football Club for maintenance expenses they had incurred throughout the financial year.

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008	2007
	\$'000	\$'000
4. EXPENSES		
a) Cost of goods sold	755	560
b) Bad and doubtful debts	36	50
c) Employee benefits expense		
- Wages and salaries	6,152	6,508
- Defined contribution plan expense	137	135
- Long service leave provision	16	58
- Employee benefits	455	348
- Payroll tax	636	823
- Other	8	11
	<u>7,404</u>	<u>7,883</u>

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008	2007
	\$'000	\$'000
5. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade debtors	1,023	1,112
Provision for doubtful debts (a)	(80)	(124)
	<u>943</u>	<u>988</u>
Other debtors	1,910	66
	<u><u>2,853</u></u>	<u><u>1,054</u></u>

Credit sales are on 7, 14 or 30 days terms. Other debtors represent loans to players and are ordinarily recouped from their salaries.

(a) Provision for doubtful debts

Movements in the Provision for Impairment loss were as follows:

At 1 November	124	74
Charge for the year	36	50
Amounts written off	(80)	-
At 31 October	<u><u>80</u></u>	<u><u>124</u></u>

At 31 October 2008, the ageing analysis of trade receivables is as follows:

	Current	0-30	0-30	31-60	31-60	61-90	61-90	91 +	91+	Total
			CI**	PDNI*	CI**	PDNI*	CI**	PDNI*	CI**	
Trade Receivables	35	232	2	181	-	25	4	470	74	1,023
Total	35	232	2	181	-	25	4	470	74	1,023

As at 31 October 2007, the ageing analysis of trade receivables is as follows:

	Current	0-30	0-30	31-60	31-60	61-90	61-90	91 +	91+	Total
			CI**	PDNI*	CI**	PDNI*	CI**	PDNI*	CI**	
Trade Receivables	96	74	-	86	-	89	-	643	124	1,112
Total	96	74	-	86	-	89	-	643	124	1,112

* Past Due not impaired (PDNI)

** Considered impaired (CI)

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008 \$'000	2007 \$'000
6. OTHER RECEIVABLES (NON-CURRENT)		
Receivables due from related parties	82,073	76,406
Terms and conditions of the receivables are disclosed in Note 17.		
7. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment - at cost	471	372
Accumulated depreciation	(189)	(87)
Net carrying amount	282	285
Leasehold improvement - at cost	11,776	11,703
Accumulated depreciation	(1,481)	(678)
Net carrying amount	10,295	11,025
Motor Vehicles - at cost	97	35
Accumulated depreciation	(24)	(1)
Net carrying amount	73	34
Capital work in progress - at cost	4,620	33
Total net carrying amount	15,270	11,377

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008 \$'000	2007 \$'000
7(a). PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION		
Plant and equipment		
- Carrying amount at beginning of period	285	69
- Additions	44	130
- Reclassifications	55	163
- Depreciation expense	(102)	(77)
- Carrying amount at period end	<u>282</u>	<u>285</u>
Leasehold improvement		
- Carrying amount at beginning of period	11,025	10,035
- Additions	23	29
- Reclassifications	50	1,584
- Depreciation expense	(803)	(623)
- Carrying amount at period end	<u>10,295</u>	<u>11,025</u>
Motor Vehicles		
- Carrying amount at beginning of period	34	-
- Additions	-	35
- Reclassifications	62	-
- Depreciation expense	(23)	(1)
- Carrying amount at period end	<u>73</u>	<u>34</u>
Capital work in progress		
- Carrying amount at beginning of period	33	-
- Additions	4,321	193
- Reclassifications	266	(160)
- Carrying amount at period end	<u>4,620</u>	<u>33</u>

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008 \$'000	2007 \$'000
8. OTHER PAYABLES (CURRENT)		
Accrual for annual leave	218	247
Other creditors and accruals	1,541	179
Goods and Services Tax	-	30
	<u>1,759</u>	<u>456</u>
9. DEFERRED REVENUE		
- Sponsorship revenue	31	5
- Contribution from NSW Rugby League	150	-
	<u>181</u>	<u>5</u>
10. OTHER PAYABLES (NON-CURRENT)		
Amount other than trade payables from related parties		
Wholly-owned group		
- Ultimate parent entity	24,481	20,741
	<u>24,481</u>	<u>20,741</u>
Terms and conditions of the loan are disclosed in Note 17.		

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008 \$'000	2007 \$'000
11. CASH AND CASH EQUIVALENTS		
Cash balance comprises:		
Cash at bank	-	-
Reconciliation of net surplus / (deficit) from operations after tax to the net cash flows from / (used in) operations:		
Net surplus / (deficit) from operations after income tax	6,455	(4,130)
Adjustment for		
- Distribution of trust income	(5,667)	-
- Depreciation	928	702
Changes in assets and liabilities		
Decrease/(increase) in trade debtors	45	(504)
Decrease/(increase) in other debtors and prepayments	(1,804)	(47)
Decrease/(increase) in inventories	(224)	3
(Decrease)/increase in trade and other payables and deferred revenue	1,488	56
Net cash outflows from / (used in) operating activities	1,221	(3,920)

Notes to the financial statements (continued)

For the year ended 31 October 2008

	2008	2007
	\$'000	\$'000
12. PROVISIONS FOR LONG SERVICE LEAVE		
At the beginning of the period	112	87
Arising during the year	-	58
Utilised	-	(33)
Discount rate adjustment	(13)	-
At the end of the period	<u>99</u>	<u>112</u>
The aggregate employee entitlement liability is comprised of:		
Provisions (current)	86	97
Provisions (non-current)	13	15
	<u>99</u>	<u>112</u>

Superannuation Commitments

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. The Football Club also contributes to the plans, generally at the rate of twice the employees' contributions. Contributions by the Football Club of up to 9% of employees' wages and salaries are legally enforceable. The Football Club contributions for the year ended 31 October 2008 amounted to \$137,000 (2007: \$135,000).

13. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Capital commitments

Commitments contracted for at reporting date but not recognised as liabilities are as follows:

- Within one year	1,632	-
Total capital commitments	<u>1,632</u>	<u>-</u>

The Football Club had contractual obligations to complete improvements to the Eastern Grandstand at CUA Stadium of \$1,632,000 (2007: nil). These commitments are expected to be settled within 12 months from balance date.

(b) There are no contingent liabilities.

Notes to the financial statements (continued)

For the year ended 31 October 2008

14. MEMBERS' GUARANTEE

Pursuant to the Memorandum of Association, every member has undertaken, in the event of a deficiency on winding up, to contribute an amount not exceeding \$5 (2007: \$5). At 31 October 2008 such guarantees aggregated \$331,025 (2007: \$222,700).

	2008	2007
	\$	\$

15. KEY MANAGEMENT PERSONNEL

Key management personnel includes all directors plus the following executive management:

Glenn Matthews	Chief Executive Officer
Daniel Munk	Chief Operating Officer
Ric Simpson	Chief Financial Officer

Key management personnel compensation:

Short-term	20,375	20,375
Post employment	1,834	1,834
Other long-term	-	-
Termination benefits	-	-
Shared based payment	-	-
	22,209	22,209

16. REMUNERATION OF AUDITORS

Amounts received or due and receivable by the auditors of Penrith District Rugby League Football Club Limited for:

- an audit of the financial statements of the Football Club	13,250	12,500
- other services in relation to the Football Club	5,500	5,000
	18,750	17,500

Notes to the financial statements (continued)

For the year ended 31 October 2008

17. RELATED PARTY DISCLOSURES

(a) The directors of the Football Club during the financial year were:

B Walsh (Chairman)
T F Heidtmann (Senior Deputy Chairman)
D Feltis (Deputy Chairman)
K L Rhind
G Alexander
C Bentley
G Chapman
J Hiatt
K Lowe
D Merrick

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

(i) *Transactions with related parties in the wholly owned group*

Distributions received from Mulgoa Land Trust (No.1) \$5,667,000 (2007: Nil).

Loans advanced to Mulgoa Land Trust (No.1) \$5,667,000 (2007: Nil).
Mulgoa Land Trust (No.1) owns land and buildings occupied by Penrith Rugby League Club Limited and derives its income from rents. Each year the Trust distributes its income to the discretionary beneficiary Penrith District Rugby League Football Club Limited. Distribution made for the year ended 31 October 2008 was \$5,667,000 (2007: nil)

Loans advanced from Penrith Rugby League Club Limited of \$3,740,000 (2007: \$5,863,000).

Provision of accounting and administrative assistance from controlling entity.

The above transactions were made on commercial terms and conditions and at market rates except:

- ▶ loans between related parties are interest free; and
- ▶ accounting and administrative assistance provided by controlling entity is free of charge.

(c) The immediate and ultimate parent entity is Penrith Rugby League Club Limited.

Notes to the financial statements (continued)

For the year ended 31 October 2008

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial risk management

The Football Club's principal financial instruments comprise receivables and payables. The main purpose of these financial instruments is to raise finance for the Club. It is the Club's policy that no speculative trading in financial instruments shall be undertaken. The main risks arising from the Club's financial instruments are credit risk and liquidity risk. The Club reviews and agrees policies for managing this risk and these are summarised below.

Risk Exposures and Responses

Interest rate risk

All financial assets and financial liabilities are non-interest bearing.

The Football Club has a number of loans which meet the definition of financial instruments. The loans are with related parties and do not have a fixed repayment term. Refer to Note 17 for the terms and conditions on the loans.

Credit risk

The Football Club minimises concentrations of credit risk in relation to trade accounts receivable by only trading with creditworthy third parties, carrying out credit verification procedures on all customers and monitoring receivable balances on an ongoing basis.

Liquidity risk

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities. Presented below are the gross undiscounted cash flows for respective obligations in the upcoming fiscal years.

The remaining contractual maturities of the Club's financial liabilities are:

	Penrith District Rugby League Football Club Limited	
	2008	2007
	\$000	\$000
6 months or less	1,759	457
6-12 months	-	-
1-5 years	24,481	20,741
	<u>26,240</u>	<u>21,198</u>

Notes to the financial statements (continued)

For the year ended 31 October 2008

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity risk (continued)

Maturity analysis of financial assets and liability based on management's expectation.

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade and other payables mainly originate from the financing of assets used in our ongoing operations such as property, plant and equipment and investments in working capital example inventories and trade receivables. These assets are considered in the Club's overall liquidity risk.

	< 6 months	6-12 months	1-5 years	Total
Year Ended 31 October 2008	\$000	\$000	\$000	\$000
Financial Assets				
Trade & other receivables	2,853	-	82,073	84,926
	<u>2,853</u>	<u>-</u>	<u>82,073</u>	<u>84,926</u>
Financial Liabilities				
Trade & other payables	1,759	-	24,481	26,240
	<u>1,759</u>	<u>-</u>	<u>24,481</u>	<u>26,240</u>
Net maturity	<u>1,094</u>	<u>-</u>	<u>57,592</u>	<u>58,686</u>

At balance date, the Football Club has available approximately \$10,000 unused credit facilities available for its immediate use. The amount of the facility is \$20,000.

Fair values

All assets and liabilities recognised in the balance sheet, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair values unless otherwise stated in applicable notes.

19. SEGMENT INFORMATION

The Football Club is predominantly involved in the promotion of the game of rugby league football and the provision of facilities for sport and recreation in Australia.

20. SUBSEQUENT EVENTS

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 or unusual nature likely, in the opinion of the directors of the Football Club to affect significantly the operations of the Football Club, the results of those operations, or the state of affairs of the Football Club, in future financial years.

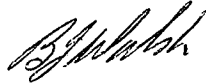
Directors' Declaration

In accordance with a resolution of the directors of Penrith District Rugby League Football Club Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Football Club are prepared in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Football Club's financial position as at 31 October 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Football Club will be able to pay its debts as and when they become due and payable.

Signed for and on behalf of the directors of Penrith District Rugby League Football Club Limited in accordance with a resolution of the directors.



B Walsh
Director

Penrith,
12 February 2009

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

Report on the Financial Report

We have audited the accompanying financial report of Penrith District Rugby League Football Club, which comprises the balance sheet as at 31 October 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report 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 controls. 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

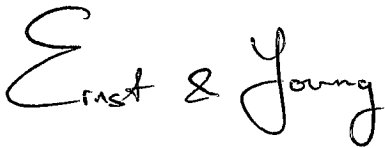
Independence

In conducting our audit we have met the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Auditor's Opinion

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

- i giving a true and fair view of the financial position of Penrith District Rugby League Football Club Limited at 31 October 2008 and of its performance for the year ended on that date; and
- ii complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

A handwritten signature in cursive script that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that reads 'James Palmer'.

James Palmer
Partner
Canberra
12 February 2009