

# 2010

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2010  
(A COMPANY LIMITED BY GUARANTEE)**

ACN 003 908 503

**PENRITH DISTRICT RUGBY LEAGUE  
FOOTBALL CLUB LIMITED**

## **CONTENTS**

Directors' Report	1
Statement of Comprehensive Income	5
Balance Sheet	6
Statement of Cash Flows	7
Statement of Changes in Equity	8
Notes to the Financial Statements	9
Directors' Declaration	26
Independent auditor's report	27

# Directors' Report

Your directors submit their report for the year ended 31 October 2010.

## 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.

<b>Names</b>	<b>Qualifications</b>
<b>Feltis, Donald (Chairman)</b>	Director since 2002. Retired police inspector. Life member of Panthers, Police Association of NSW, Penrith Junior League, NSW Rugby League, NSW Junior League Association. Compliance and Legal manager of Penrith Junior League. Thirty years experience in business of sporting management.
<b>Heidtmann, Terence (Senior Deputy Chairman)</b>	Managing Director, Professionals Real Estate Penrith, Licensed Real Estate Agent, Director of Real Estate Employers Federation, Director of Nepean Valley Regional Sports Centre. Director for 27 years, Member of the Audit Committee. Life Member of Panthers.
<b>Hiatt, John. OAM (Deputy Chairman)</b>	Director for 8 years, Retired Magistrate, Solicitor, Member of the Compliance Committee, Finance Committee and Donations Committee, Chairman of Hawkesbury Race Club Limited, and Principal Member of the New South Wales Racing Appeals Panel
<b>Alexander, Gregory</b>	Sports Commentator for 2UE and Foxtel, Director for 9 years, involved in Penrith football for 31 years. Winner of Penrith's "Rookie of the Year" award in 1984, and the Dally M player of the year in 1985. Captained Penrith's first premiership win in 1991.
<b>Chapman, Gregory</b>	National Distribution Manager – HLW Pty Limited (Liquor wholesale company), Director for 9 years, Director of Penrith Business Alliance, Member of the Panthers Finance Committee and the Panthers / ING Operational Review Committee, Lifelong resident in Penrith and active sportsman. Resigned as Director on 23rd February, 2011
<b>Lowe, Kerry</b>	Manager, Motor Industry, Director for 9 years, Member of the Remuneration Committee, Panthers Director, delegate, President and Vice Chairman of Camden Valley Golf Resort. Associated with Panthers for 30 years.
<b>Merrick, Denis</b>	Certified Practising Accountant, Principal in accounting firms in Penrith for nearly 40 years. Over 30 years experience in administration of sporting bodies. Life Member of Lower Mountains Junior Rugby League Club. Qualified rugby league Coach and Referee. Accredited official with Swimming Australia. Swimming Life Member of a local club, and district association. Panthers member for 37 years. Appointed Director on the 30th July 2008.
<b>Rhind, Keith OAM</b>	District Football Committee 1968-1969, Director 1969 to 1971, Director 1978 to current. Held Executive positions for 26 years including Chairman 1983. Patron of Penrith and Districts Junior Rugby League, Retired insurance Consultant, Life Member of Panthers.
<b>Walsh, Barry. OAM</b>	Press Room Manager John Fairfax, until retirement. Director for 28 years, Football Director for 36 years and Chairman 2000 – 2009, 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, Delegate NSWRL (30 years), NRL, ClubsNSW, and LCA Manager of the NSW Rugby League side in 1978, Social Secretary. Resigned as Director on the 22nd December, 2010.

# Directors' Report (continued)

## 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 \$3,151,000 (2009: \$2,656,000). No dividend was declared or paid during the year.

## Employees

The Football Club employed 250 employees as at 31 October 2010 (2009: 193).

## Review of operations

Revenue from ordinary activities for the year decreased by \$1,176,000 or 6% to \$19,610,000 (2009: \$18,434,000). This was mainly due to:

- an increase in operational revenue of \$845,000 or 7.3% to \$12,367,000 (2009: \$11,522,000) related largely to the increases in sponsorship, catering and beverages, gate receipts and merchandise sales due mainly to increased crowd attendance of 6,087 or 3.7% to 172,765 (2009: 166,687), and
- an increase in distributions from related parties of \$642,000 or 10.1% to \$7,028,000 (2009: \$6,386,000).

## Significant changes in the state of affairs

No significant changes in the state of affairs occurred during the year.

## 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.

## Likely developments and expected results

The directors foresee that in the 2011 financial year:

- ▶ The Football Club will continue with funding from the National Rugby League (NRL) and distributions from commonly controlled entities,
- ▶ A \$5,000,000 Federal Government grant has been allocated to the Penrith City Council for improvements in and around the Centrebet Stadium and the Howell Oval.

## Environmental regulation and performance

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

# Directors' Report

## 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

---

Number of meetings held:	12
--------------------------	----

---

Number of meetings attended:

B Walsh	11
D Feltis	12
T F Heidtmann	12
G P Alexander	4
G W Chapman	10
J Hiatt	11
K J Lowe	12
D Merrick	11
K L Rhind	11

## 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.

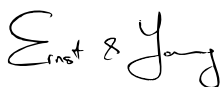


D. Feltis  
Director

Penrith, 28 February 2011

## 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 2010, 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  
28 February 2011

# Statement of Comprehensive Income

<b>FOR THE YEAR ENDED 31 OCTOBER 2010</b>	<b>Notes</b>	<b>2010 \$'000</b>	<b>2009 \$'000</b>
<b>INCOME FROM OPERATIONS</b>	3	<b>19,610</b>	<b>18,434</b>
Advertising and promotion		(362)	(273)
Artists and entertainment expense		(327)	(326)
Bad and doubtful debts	4b	(120)	(328)
Depreciation		(1,338)	(1,479)
Insurance expense		(194)	(108)
Raw materials and consumables used	4a	(1,531)	(1,170)
Rent and rates expense		(165)	(109)
Repairs and maintenance expense		(388)	(380)
Sponsorship expense		(698)	(659)
Salaries and employee benefit expense	4c	(8,085)	(7,635)
Training expense		(1,092)	(1,215)
Junior development		(617)	(534)
Other expenses		(1,542)	(1,562)
<b>SURPLUS BEFORE INCOME TAX</b>		<b>3,151</b>	<b>2,656</b>
<b>INCOME TAX EXPENSE</b>		<b>-</b>	<b>-</b>
<b>NET SURPLUS FROM OPERATIONS AFTER INCOME TAX</b>		<b>3,151</b>	<b>2,656</b>
Other comprehensive income		-	-
<b>TOTAL COMPREHENSIVE INCOME</b>		<b>3,151</b>	<b>2,656</b>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

# Balance Sheet

AS AT 31 OCTOBER 2010	Notes	2010 \$'000	2009 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	11	5	-
Trade and other receivables	5	982	820
Inventories		696	703
Prepayments		64	79
<b>TOTAL CURRENT ASSETS</b>		<u>1,747</u>	<u>1,602</u>
<b>NON-CURRENT ASSETS</b>			
Other receivables	6	95,487	88,459
Property, plant and equipment	7	13,930	15,180
<b>TOTAL NON-CURRENT ASSETS</b>		<u>109,417</u>	<u>103,639</u>
<b>TOTAL ASSETS</b>		<u>111,164</u>	<u>105,241</u>
<b>CURRENT LIABILITIES</b>			
Other payables	8	1,198	714
Provisions	12	89	86
Deferred revenue	9	655	304
<b>TOTAL CURRENT LIABILITIES</b>		<u>1,942</u>	<u>1,104</u>
<b>NON-CURRENT LIABILITIES</b>			
Deferred revenue	9	128	-
Other Payables	10	29,251	27,457
Provisions	12	25	13
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>29,404</u>	<u>27,470</u>
<b>TOTAL LIABILITIES</b>		<u>31,346</u>	<u>28,574</u>
<b>NET ASSETS</b>		<u>79,818</u>	<u>76,667</u>
<b>EQUITY</b>			
Retained earnings		<u>79,818</u>	<u>76,667</u>
<b>TOTAL EQUITY</b>		<u>79,818</u>	<u>76,667</u>

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

# Statement of Cash Flows

FOR THE YEAR ENDED 31 OCTOBER 2010	Notes	2010 \$'000	2009 \$'000
<b>CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES</b>			
Receipts from customers		12,321	12,931
Receipts of government grants		1,701	2,072
Payments to suppliers and employees		(14,887)	(16,189)
Interest paid		(20)	(32)
Net GST paid to ATO		(816)	(369)
<b>NET CASH FLOWS (USED IN) OPERATING ACTIVITIES</b>	11	<u>(1,701)</u>	<u>(1,587)</u>
<b>CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(88)	(1,389)
<b>NET CASH FLOWS (USED IN) INVESTING ACTIVITIES</b>		<u>(88)</u>	<u>(1,389)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Advances from related parties		1,794	2,976
<b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>		<u>1,794</u>	<u>2,976</u>
<b>NET INCREASE IN CASH HELD</b>		5	-
Add opening cash brought forward		-	-
<b>CLOSING CASH CARRIED FORWARD</b>		<u>5</u>	<u>-</u>

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 2010

	<b>Retained Earnings \$'000</b>	<b>Total Equity \$'000</b>
<b>At 1 November 2008</b>	74,011	74,011
Surplus for the year	2,656	2,656
Other comprehensive income	-	-
<b>At 31 October 2009</b>	76,667	76,667
Surplus for the year	3,151	3,151
Other comprehensive income	-	-
<b>At 31 October 2010</b>	<b>79,818</b>	<b>79,818</b>

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 2010

### 1. CORPORATE INFORMATION

The financial report of Penrith District Rugby League Football Club Limited for the year ended 31 October 2010 was authorised for issue in accordance with a resolution of the Directors on 28 February 2011.

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 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*

- i) Changes in accounting standards

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Football Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2009.

- AASB 101 Presentation of Financial Statements (revised 2007) effective 1 January 2009
- AASB 123 Borrowing Costs (revised 2007) effective 1 January 2009

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Football Club, its impact is described below:

#### **AASB 101 Presentation of Financial Statements**

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Football Club has elected to present one statement.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### b) *Statement of Compliance (continued)*

#### **AASB 123 Borrowing Costs**

The revised AASB 123 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Football Club's previous policy was to expense borrowing costs as they were incurred. In accordance with the transitional provisions of the amended AASB 123, the Football Club has adopted the Standard on a prospective basis. Therefore, borrowing costs are capitalised on qualifying assets with a commencement date on or after 1 January 2009. The Football Club did not capitalise any borrowing costs in the current year.

#### i) Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Football Club for the annual reporting period ended 31 October 2010.

It is estimated that the impact of adopting these pronouncements when effective will have no material financial impact on future reporting periods.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS), as issued by the Australian Accounting Standard Board.

### 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 Statement of Cash Flows, all cash received or paid by the parent entity on behalf of the Football Club has been included in the Statement of Cash Flows. 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.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **d) Taxes (continued)**

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 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, 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.

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 Statement of Comprehensive Income 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.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *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*

#### *(i) Cost and valuation*

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

#### *(ii) 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.

#### *Depreciation*

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

	2010	2009
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 assets, replace its remaining future economic benefits.

Impairment losses are recognised in the Statement of Comprehensive Income.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### **k) Employee Benefits**

#### *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.

#### *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.

### **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.

#### *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 reclassified to conform with changes in presentation in the current year.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### *n) Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. The Football Club does not currently hold qualifying assets but, if it did, the borrowing costs directly associated with this asset would be capitalised (including any other associated costs directly attributable to the borrowing and temporary investment income earned on the borrowing).

### *o) 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 the Statement of Comprehensive Income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 \$'000	2009 \$'000
<b>3. INCOME FROM OPERATIONS</b>		
<b>Revenues from operating activities</b>		
Revenue from sponsorship	3,837	3,628
Revenue from catering and beverages	1,465	1,308
Revenue from functions and banquets	444	469
Revenue from gate receipts	1,764	1,599
Revenue from merchandise sales	1,304	1,068
NRL grant	3,553	3,450
Total revenue from operating activities	12,367	11,522
<b>Other income</b>		
Trust income		
- other related party (a)	7,028	6,386
Government grants	20	371
Other revenue	195	155
Total revenue from non-operating activities	7,243	6,912
<b>Total income</b>	<b>19,610</b>	<b>18,434</b>

**(a) Mulgoa Land Trust (No 1)**

This trust owns land and buildings from which it derives rents, and units in Panthers Property Unit Trust, from which it derives income. 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 2010 was \$7,028,000 (2009: \$6,386,000).

**4. EXPENSES**

<b>a) Cost of goods sold</b>	1,531	1,170
<b>b) Bad and doubtful debts</b>	120	328
<b>c) Employee benefits expense</b>		
- Wages and salaries	6,815	6,347
- Defined contribution plan expense	183	162
- Long service leave provision	6	7
- Employee benefits	319	386
- Payroll and FBT tax	756	721
- Other	6	12
	8,085	7,635

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 \$'000	2009 \$'000
<b>5. TRADE AND OTHER RECEIVABLES (CURRENT)</b>		
Trade debtors	1,095	1,120
Provision for doubtful debts (a)	(273)	(408)
	<b>822</b>	<b>712</b>
Other debtors	160	108
	<b>982</b>	<b>820</b>

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 doubtful debts were as follows:

At 1 November	408	80
Charge for the year	120	328
Amounts written off	(255)	-
At 31 October	<b>273</b>	<b>408</b>

At 31 October 2010, 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	202	174	-	69	-	158	-	219	273	1,095
<b>Total</b>	<b>202</b>	<b>174</b>	<b>-</b>	<b>69</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>219</b>	<b>273</b>	<b>1,095</b>

As at 31 October 2009, 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	154	77	-	163	-	151	-	167	408	1,120
<b>Total</b>	<b>154</b>	<b>77</b>	<b>-</b>	<b>163</b>	<b>-</b>	<b>151</b>	<b>-</b>	<b>167</b>	<b>408</b>	<b>1,120</b>

\* Past Due not impaired (PDNI)

\*\* Considered impaired (CI)

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 \$'000	2009 \$'000
<b>6. OTHER RECEIVABLES (NON-CURRENT)</b>		
Receivables due from related parties	<b>95,487</b>	<b>88,459</b>
Terms and conditions of the receivables are disclosed in Note 17.		
<b>7. PROPERTY, PLANT AND EQUIPMENT</b>		
Plant and equipment – at cost	<b>700</b>	<b>610</b>
Accumulated depreciation	<b>(435)</b>	<b>(308)</b>
Net carrying amount	<b>265</b>	<b>302</b>
Leasehold improvement – at cost	<b>17,580</b>	<b>17,576</b>
Accumulated depreciation	<b>(3,995)</b>	<b>(2,815)</b>
Net carrying amount	<b>13,585</b>	<b>14,761</b>
Motor Vehicles – at cost	<b>153</b>	<b>153</b>
Accumulated depreciation	<b>(80)</b>	<b>(50)</b>
Net carrying amount	<b>73</b>	<b>103</b>
Capital work in progress - at cost	<b>7</b>	<b>14</b>
Total net carrying amount	<b>13,930</b>	<b>15,180</b>

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 \$'000	2009 \$'000
<b>7(a). PROPERTY, PLANT AND EQUIPMENT - RECONCILIATION</b>		
Plant and equipment		
- Carrying amount at beginning of period	302	282
- Additions	87	79
- Reclassifications	3	60
- Depreciation expense	(127)	(119)
- Carrying amount at period end	<u>265</u>	<u>302</u>
Leasehold improvement		
- Carrying amount at beginning of period	14,761	10,295
- Additions	-	18
- Reclassifications	4	5,782
- Depreciation expense	(1,180)	(1,334)
- Carrying amount at period end	<u>13,585</u>	<u>14,761</u>
Motor Vehicles		
- Carrying amount at beginning of period	103	73
- Additions	-	17
- Reclassifications	1	39
- Depreciation expense	(31)	(26)
- Carrying amount at period end	<u>73</u>	<u>103</u>
Capital work in progress		
- Carrying amount at beginning of period	14	4,620
- Additions	37	2,091
- Reclassifications	(44)	(6,697)
- Carrying amount at period end	<u>7</u>	<u>14</u>

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 \$'000	2009 \$'000
<b>8. OTHER PAYABLES (CURRENT)</b>		
Accrual for annual leave	294	247
Other creditors and accruals	842	417
Goods and Services Tax	62	50
	<b>1,198</b>	<b>714</b>
<b>9. DEFERRED REVENUE</b>		
- Sponsorship revenue	50	106
- Membership income in advance	180	55
- NRL grant	408	-
- Rent received in advance	145	143
	<b>783</b>	<b>304</b>
Current	655	169
Non-Current	128	135
	<b>783</b>	<b>304</b>
<b>10. OTHER PAYABLES (NON-CURRENT)</b>		
Amount other than trade payables from related parties		
Wholly-owned group		
- Ultimate parent entity	29,251	27,457
Terms and conditions of the loan are disclosed in Note 17.		

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 \$'000	2009 \$'000
<b>11. CASH AND CASH EQUIVALENTS</b>		
Cash balance comprises:		
Cash on hand	5	-
Reconciliation of net surplus from operations after tax to the net cash flows used in operations:		
Net surplus from operations after income tax	3,151	2,656
<b>Adjustment for</b>		
- Distribution of trust income	(7,028)	(6,386)
- Depreciation	1,338	1,479
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other debtors	(162)	2,033
Decrease in prepayments	15	22
Decrease/(increase) in inventories	7	(469)
Increase/(decrease) in trade and other payables and deferred revenue	978	(922)
Net cash outflows used in operating activities	<u>(1,701)</u>	<u>(1,587)</u>

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010 \$'000	2009 \$'000
<b>12. PROVISIONS FOR LONG SERVICE LEAVE</b>		
At the beginning of the period	99	99
Arising during the year	15	-
Utilised	-	-
Discount rate adjustment	-	-
At the end of the period	<u>114</u>	<u>99</u>
The aggregate employee entitlement liability is comprised of:		
Provisions (current)	89	86
Provisions (non-current)	25	13
	<u>114</u>	<u>99</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 2010 amounted to \$183,000 (2009: \$162,000).

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

(a) Operating lease commitments – Football Club as lessor

The Football Club has entered into lease with Penrith City Council over the stadium located at Mulgoa Road, Penrith.

The non-cancellable lease has a remaining term of 18 years and 2 months. The lease includes a clause to enable upward revision of the base rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals payable under non-cancellable operating leases as at 31 October are as follows:

- Within one year	75	75
- After one year but not more than five years	300	300
- After more than five years	988	1,063
	<u>1,363</u>	<u>1,438</u>

(b) There are no capital commitments.

(c) There are no contingent liabilities.

## 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 (2009: \$5). At 31 October 2010 such guarantees aggregated \$361,195 (2009: \$332,410).

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

	2010	2009
	\$	\$
<b>15. KEY MANAGEMENT PERSONNEL</b>		
Key management personnel includes all directors plus the following executive management:		
Michael Leary		Chief Executive Officer – Football
Key management personnel compensation:		
Short-term	79,195	140,281
Post employment	7,128	16,626
Other long-term	-	-
Termination benefits	-	-
Shared based payment	-	-
	<b>86,323</b>	<b>156,907</b>
<b>16. REMUNERATION OF AUDITORS</b>		
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	14,000	14,000
- other services in relation to the Football Club	8,000	6,250
	<b>22,000</b>	<b>20,250</b>

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 17. RELATED PARTY DISCLOSURES

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

D Feltis (Chairman)  
T F Heidtmann (Senior Deputy Chairman)  
J Hiatt (Deputy Chairman)  
K L Rhind  
G Alexander  
G Chapman (Resigned at 23 February 2011)  
K Lowe  
B Walsh (Resigned at 22 December 2010)  
D Merrick

	2010 \$'000	2009 \$'000
(b) Amounts receivable at balance date		
<i>Other related party</i>		
Mulgoa Land Trust (No.1) (i)	95,487	88,459
Amounts payable at balance date		
<i>Ultimate parent entity</i>		
Penrith Rugby League Club Limited (i)	29,251	27,457
<i>Transactions with related parties in the wholly owned group</i>		
(c) Distributions received		
Mulgoa Land Trust (No.1)	7,028	6,386
Mulgoa Land Trust (No.1) owns land and buildings from which it derives rents, and units in Panthers Property Unit Trust, from which it derives income. Each year the Trust distributes its income to the discretionary beneficiary Penrith District Rugby League Football Club Limited.		
(d) Provision of accounting and administrative assistance from controlling entity (ii)	-	-

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 17. RELATED PARTY DISCLOSURES (continued)

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

- (i) Loans between related parties are interest free and have no fixed maturity date
  - (ii) Accounting and administrative assistance provided by the controlling entity is free of charge.
- (e) The immediate and ultimate parent entity is Penrith Rugby League Club Limited.

## 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 Football Club. It is the Football Club's policy that no speculative trading in financial instruments shall be undertaken. The main risks arising from the Football Club's financial instruments are credit risk and liquidity risk. The Football 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*

Credit risk arises from the financial assets of the Football Club, which comprise trade and other receivables. The Football Club's exposure to credit risk arises from potential default of the counterparty, with a maximum exposure equal to the carrying amount of the financial assets (as outlined in each applicable note). 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*

Liquidity risk arises from the financial liabilities of the Football Club and the Football Club's ability to meet its obligations to repay their financial liabilities as and when they fall due.

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

# Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 OCTOBER 2010

## 18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

### *Liquidity risk (continued)*

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

	2010	2009
	\$000	\$000
≤ 6 months	1,198	714
6-12 months	-	-
1-5 years	-	-
> 5 years	29,251	27,457
	30,449	28,171

*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. These assets are considered in the Football Club's overall liquidity risk.

	< 6 months	6-12 months	1-5 years	> 5 years	Total
Year Ended 31 October 2010	\$000	\$000	\$000	\$000	\$000
<b>Financial Assets</b>					
Cash & cash equivalents	5	-	-	-	5
Trade & other receivables	982	-	-	95,487	96,469
	987	-	-	95,487	96,474
<b>Financial Liabilities</b>					
Trade & other payables	(1,198)	-	-	(29,251)	(30,449)
	(1,198)	-	-	(29,251)	(30,449)
<b>Net maturity</b>	(211)	-	-	66,236	66,025

### *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. 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 2010 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.



D. Feltis  
Director

Penrith,  
28 February 2011

## 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 Limited ("the Company"), which comprises the statement of financial position as at 31 October 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

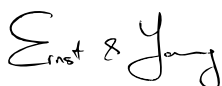
### *Independence*

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 financial 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 2010 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  
28 February 2011