



PRLC
ANNUAL
REPORT
2016

PANTHERS GROUP

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Corporate Information

ACN
000 578 398
Registered Office
Mulgoa Road, Penrith NSW 2750
Company Secretary
B. Fletcher
Bankers
ANZ
Auditors
Ernst & Young

Directors

D. O'Neill	<i>Appointed Chairman March 2016</i>
G. Alexander	<i>Appointed Deputy Chairman March 2016</i>
D. Merrick	
J. Geyer	<i>Resigned February 2016</i>
D. Mayne	<i>Appointed April 2016</i>
I. Hicks	
M. Mulock	<i>Appointed April 2016</i>
P. Graham	<i>Appointed July 2016</i>

CHAIRMAN'S REPORT

It is my pleasure to deliver the Chairman's Report for the period ended 31 October 2016.

The 2016 year has seen the Group develop comprehensive plans to enhance and expand facilities and benefits for our members and guests to enjoy across our six licensed clubs.

After years of transformation for the Group it is a time of enormous opportunity for our business. I am more than confident that our Chief Executive Officer Brian Fletcher will lead a reinvigorated, motivated and focused team to do just this. Brian, who was appointed CEO in March 2016, has shown commitment, effort and initiative and this, coupled with his business acumen, will see us deliver on these opportunities and ensure the long-term future and success of Panthers.

I concur with our Executive General Manager Phil Gould AM in congratulating our Penrith Panthers NRL side who reached the NRL Finals Series this year only to unfortunately go down to the Canberra Raiders. Further congratulations must go to Josh Mansour, Matt Moylan and Trent Merrin who represented Australia, as well as Dallin Watene-Zelezniak, James Fisher-Harris and Te Maire Martin who represented New Zealand in the Four Nations tournament this year.

The financial result for the year ended 31st October 2016 was a loss of \$1.825m. While always disappointing reporting a loss, the 2016 result was impacted by a number of one-off or abnormal items which have been detailed below.

	2016	2015
(Loss)/profit for the year	(1,825)	1,750
(Loss)/profit for the year from discontinued operations	(2,769)	1,992
Net profit Newcastle Panthers	-	603
Net profit on sale of PP&E Newcastle Panthers	-	1,461
Net loss Hibbard Panthers	-	(14)
Net loss on sale of PP&E Hibbard Panthers	(2,000)	-
Net loss Lavington Panthers	(769)	(58)
Income tax (expense)/benefit	(853)	900
Profit/(loss) from continuing operations	1,797	(1,142)

Importantly, it is pleasing to note that the financial result from continuing operations (those business units expected to continue into the foreseeable future) was a profit of \$1.797m. The Group CEO Brian Fletcher will further detail the financial results in the CEO's report.

On behalf of the Board, I would like to acknowledge the passing of Max Connors, one of our Life Members. Max, who was awarded Life Membership in 1976, was a well-respected member of Panthers and the wider Penrith community.

A special mention also needs to be made of Jim Geyer, who completed his term on the PRLC board in February 2016. Jim's 11 years of service to our organisation was invaluable and on behalf of our Board, Management and Staff, I thank Jim for his contribution.

I wish to acknowledge and sincerely thank all Panthers Club and Rugby League staff for their substantial contribution over the last 12 months, and for their continuing commitment to the club. Our success is reliant upon our staff and I thank you all for your continued support and dedication.

Most importantly, I would like to thank you, our Members, for your ongoing support. We are proud of our achievements during 2016 and believe we have the right strategy and team to deliver continued growth during 2017 and beyond.



Dave O'Neill
Chairman, Panthers Group



CEO'S REPORT

It is my pleasure to deliver the Chief Executive Officer's Report for the period ended 31 October 2016.

I was appointed CEO of the Panthers Group in March 2016, and I have had a very busy and productive eight months absorbing the large operation that is known as The Panthers Group.

The Panthers Group is made up of six licensed Clubs (Panthers Penrith, Panthers Port Macquarie, Panthers Bathurst, Panthers North Richmond, Panthers Wallacia Golf Club, Panthers Glenbrook) and Panthers Rugby League.

I am pleased to report an EBITDA (earnings before interest, tax, depreciation and amortisation) or cash earnings for 2016 of \$17.356m.

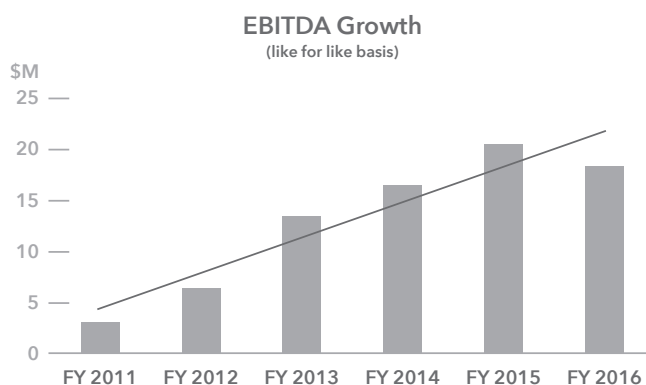
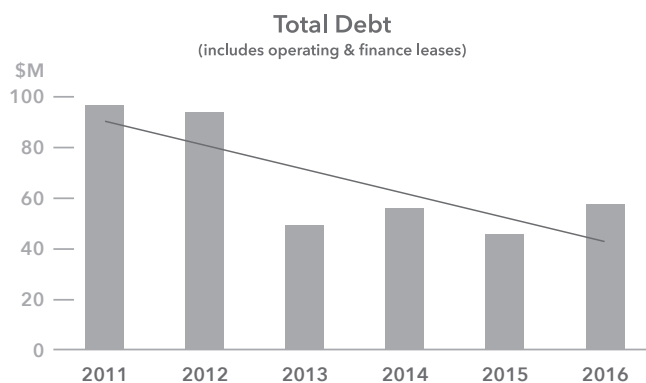
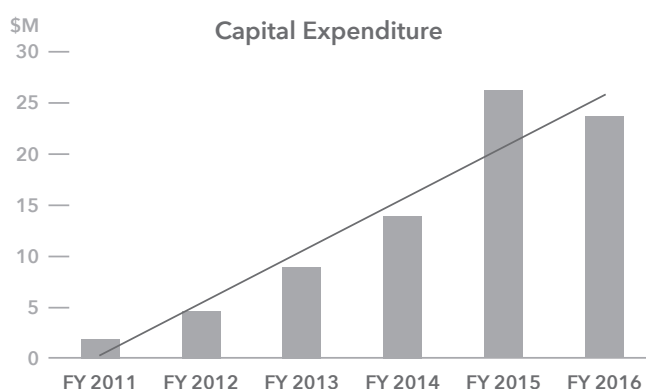
The Panthers Group has a debt facility of \$60m with the present debt position being \$49.99m plus leases of \$6.4m. The Panthers Group also has a cash war chest of \$9.6m in its working account, which in summary means total debt of \$46.8m with assets of \$230m. This can be compared to the position just 6 years ago in 2010 when the Panthers Group's total debt was in excess of \$100m with total assets of \$185m.

In 2016 we continued our reinvestment back into the business, to the tune of \$23.4m. This was spent on Club renovations and refurbishments. This brings the total reinvestment back into the business to \$78.6m over the past six years.

2016 saw the completion of the Panthers Rugby League Academy (\$22.0m) in April, Panthers Bathurst renovations (\$4.25m) in September and the start of Panthers Port Macquarie's (\$7.9m) renovations, which are scheduled for completion in February/March 17. The Panthers North Richmond refurbishment (\$1.95m) was also completed in December 2015.

Importantly, the reinvestment back into the business has been funded via operating cash; loan funding from our financier ANZ banking group and through funds made available from the de-amalgamation of Panthers Newcastle in September 2015. Total debt for the period ending 31 October 2016 was \$56.38m and the Group complied with all external banking covenants.

The downside of major building work and renovations is that this has impacted the financial results for 2016. However I am pleased to report that the Group has still delivered EBITDA (earnings before interest, tax, depreciation and amortisation) or cash earnings for 2016 of \$17.356m.



In my previous role as Chairman of the Panthers Group I stated at a macro level that significant progress had been achieved in the conception of developing the Penrith site into the "Panthers Precinct". I am pleased to report the overall plan is now progressing and the execution of the various stages of development is underway. Progress to date includes:

- Construction of the Panthers Rugby League Academy, which was completed in April 2016 at a cost \$22m.
- Major refurbishments completed at: Bathurst (\$4.25m); Port Macquarie (\$7.9m); Wallacia (\$0.2m) and North Richmond (\$1.95m), together with the upgrade of TC's and Squires Bar at Penrith (\$1m).
- Conception of a state of the art retirement village and aged care facility including 125 living units and 125 fully cared units. Construction will commence March 2017.
- An agreement has been executed with developer CABE who has submitted a plan for the development of a minimum 512 apartment complex with commercial facilities. Subject to approval by Council, it is anticipated that the construction will commence in June 2018.
- Plans are progressing for the construction of an entertainment complex, multi deck car park and 250 overnight stay rooms on our present front car park site.
- Construction of a multi-deck car park behind IFLY at a cost of \$20m with construction to commence in April 2017.

On the football front, Panthers Rugby League celebrated its 50th year in the NRL in 2016. I extend my congratulations to all in Rugby League who helped make this occasion the greatest event celebrated in the Club's history. Hall of Fame inductees were: Grahame Moran; Royce Simmons; Greg Alexander and Craig Gower.

To Phil Gould AM, coach Anthony Griffin, players, coaching staff and all Academy staff congratulations on a marvellous year both on and off the field. If 2016 is any indication of the Club's future, success is right on our door step.

I extend my congratulations to COO Peter Thiel and CFO Mathew Luszczynski and all their staff for the excellent manner in which they have carried their duties, and for being a crucial part of the success of the Panthers Group. Also my personal thanks to my Executive Assistant Jill Trad who has been a wonderful assistant.

My sincere thanks go to Chairman Dave O'Neill and his fellow Board members for their guidance and support over the past eight months.

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



Brian Fletcher
CEO, Panthers Group





PANTHERS

Rugby League Academy

Aqua Golf

Multi Deck Ca



PANTHERS PR
YOUR WORLD OF ENTER

Mercure Penrith

Krispy Kre

Childcare Facility

The Royce

Outback Steakhouse

KFC

PROPOSED FUTURE DEVELOPMENT MAP

Panthers Penrith Precinct

-  **Aqua Golf**
Under New Management
-  **Multi Deck Car Park**
Commencement May 2017
-  **Childcare Facility**
Commencement June 2018
-  **The Royce Retirement Village and Aged Care Facility**
Commencement March 2017
-  **CABE Apartment Development**
Commencement June 2018

CABE Apartment Development

Car Park

iFLY Downunder

PENRITH
ENTERTAINMENT

am

McDonalds

ver Spur

C



Pepper Stadium

COMMUNITY DONATIONS

Penrith Rugby League Club Limited 2016

\$15,002,822

Proudly donated to the community over the past 10 years*

\$2,608,067

Proudly donated to the community in 2016

PENRITH

Panthers on the Prowl	\$ 150,000
Foundation for Disabled Sportsmen & Women	\$ 50,000
NADO - Nepean Disability Expo	\$ 7,500
Gifts of Grace	\$ 5,000
Autism Spectrum Australia	\$ 5,000
Riding for the Disabled	\$ 5,000
Royal Life Saving	\$ 9,970
Christ Mission Possible	\$ 36,000
Cerebral Palsy Alliance	\$ 6,000
Community Junction	\$ 6,370
Delta Society Australia	\$ 5,000
Women in League	\$ 3,900
Coonamble Cancer Survival Fund	\$ 7,500
Clontarf Foundation Chifley College	\$ 7,500
Penrith Community Kitchen	\$ 10,000
Penrith & District Junior Rugby League Club Ltd	\$ 1,340,000
Penrith District Rugby League Football Club Ltd	\$ 540,000
Total	\$2,194,740

PORT MACQUARIE

Camp Quality	\$ 3,500
Westpac Rescue Helicopter	\$ 15,061
Port Macquarie Hastings Jnr. Legacy	\$ 2,900
War Widows Guild of Australia	\$ 4,500
Leukaemia Foundation	\$ 103
People Builders	\$ 3,300
Hastings Pre-School & Long Daycare Centre	\$ 13,090
Interrelate	\$ 1,900
Port Macquarie Youth Hub	\$ 5,000
Alzheimer's Australia	\$ 6,500
Hastings Education Fund	\$ 7,500
Life Education Fund	\$ 10,446
Riding for the Disabled Kendall	\$ 5,430
Panthers Hospital Visitation Group	\$ 6,000
Port Macquarie Hastings Legacy	\$ 10,000
Port Panthers Women's Bowling Club	\$ 17,500
Port Panthers Men's Bowling Club	\$ 38,000
Port Panthers Netball Club	\$ 11,000
Port City Rugby League Football Club	\$ 24,000
Port Panthers Snooker Club	\$ 7,200
Port Macquarie Football Club	\$ 8,000
Port Panthers Pirates Cricket Club	\$ 3,405
National Water Ski Association	\$ 5,000
Port Macquarie Beatles Festival	\$ 2,000
Port Panthers Bridge Club	\$ 1,400
Port Macquarie Sharks Jnr RL Football Club	\$ 3,000
Total	\$ 215,735

NORTH RICHMOND

Hawkesbury Area Women's & Kids Services	\$ 4,000
Hawkesbury Community Arts Workshop	\$ 11,600
North Richmond Community Centre	\$ 4,900
Richmond Community Service	\$ 1,100
Richmond Community Service	\$ 2,779
Hawkesbury District Hospital	\$ 6,333
Hawkesbury High School	\$ 200
Glossodia Public School	\$ 500
Hawkesbury City Junior League Club	\$ 5,365
Hawkesbury City Little Athletics	\$ 500
Hawkesbury District Cricket Club	\$ 5,000
Hawkesbury High School	\$ 200
Richmond Ladies Golf Club	\$ 300
Richmond Vets Golf Club	\$ 300
Richmond North Public School	\$ 500
Colo High School	\$ 650
Kurrajong Rural Fire Service	\$ 1,000
Total	\$ 45,227

GLENBROOK

Mountain Community Resource Network	\$ 2,500
Wesley Community Service	\$ 2,200
West Connects Domestic Violence	\$ 1,075
Blaxland Glenbrook RSL	\$ 3,525
East Blaxland School	\$ 250
Blaxland Football Club	\$ 5,000
Glenbrook Blaxland Cricket Club	\$ 2,515
Glenbrook Darts Club	\$ 800
Glenbrook Public School	\$ 250
Total	\$ 18,115

BATHURST

2BS Bathurst Lions Club Inc.	\$ 250
Australian Kookaburra Kids Foundation	\$ 1,500
Bathurst Basketball Association Inc	\$ 4,000
Bathurst Community Transport	\$ 1,500
Bathurst Cricket Umpires	\$ 700
Bathurst CSU Women's Hockey	\$ 1,500
Bathurst Eisteddfod Society	\$ 250
Bathurst Gardens Social Club	\$ 1,000
Bathurst Harness Racing club	\$ 440
Bathurst High School Rep Rugby League	\$ 400
Bathurst Junior Men's Hockey Ass	\$ 2,000
Bathurst Junior Rugby League	\$ 4,000
Bathurst Panthers Junior Rugby League	\$ 3,000
Bathurst Panthers Netball	\$ 4,500
Bathurst Panthers Senior Football Club	\$ 55,000
Bathurst Panthers Snooker & Billiards Club	\$ 1,500
Bathurst Panthers Squash Club	\$ 1,750
Bathurst Regional Council	\$ 500
Bathurst Seymour Centre	\$ 1,500
Bunyarra Accommodation Service	\$ 1,000
Camp Quality	\$ 2,000
Colour Care Sponsorship	\$ 1,120
Eglington All-Stars Netball Club	\$ 2,000
Group 10 Country Rugby League of NSW	\$ 2,500
Group 10 Junior Rep Team NZ Tour	\$ 500
Hope Care Bathurst (B)	\$ 2,000
Hope Care Bathurst Free Home maintenance	\$ 2,500
Itinerant Vision Support DEC	\$ 800
Lara Jean Association	\$ 300
Life Education NSW	\$ 2,500
Lifeline Central West Inc.	\$ 2,000
Little Wings Limited	\$ 1,000
Men of League Foundation	\$ 3,000
Muscular Dystrophy NSW	\$ 3,000
NSW Police Country Rugby League	\$ 2,000
ORC Cricket Club	\$ 6,000
Road Safety Education Ltd	\$ 1,000
Shine for Kids Co-operative Limited	\$ 2,000
TAD Disability Services	\$ 1,500
The Probus Club of Bathurst	\$ 440
Tooheys New Group 10 CRL	\$ 2,500
Variety Club of NSW	\$ 500
Western NSW Health District	\$ 2,000
Western NSW Panthers Football Club	\$ 2,000
Western Region Academy of Sport	\$ 3,000
Total	\$ 134,250



ANNUAL FINANCIAL REPORT 2016

PENRITH RUGBY LEAGUE
CLUB LIMITED

Corporate Governance Statement

For the year ended 31 October 2016

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

THE BOARD OF DIRECTORS

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

CODE OF CONDUCT

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

BOARD SUB-COMMITTEES

The Board utilises a number of Sub-committees to support it in matters which require more intensive review. During 2016 the Board had the following three sub Sub-committees in place:

Finance and Audit Sub-committee

The Finance and Audit Sub-committee's role is to oversee the financial affairs of the Penrith Rugby League Club Ltd, review and make recommendations to the PRLC Board about the financial affairs and policies of the Group. Members of this Sub-committee during 2016 were Denis Merrick, David O'Neill, Mark Mulock and Peter Graham.

Remuneration Sub-committee

The Remuneration Sub-committee assists the Board by ensuring that Panthers remuneration policies and practices fairly and responsibly reward executive management having regard to their performance, the law and the highest standards of governance. The Sub-committee operates under guidelines formulated to ensure compliance with the Clubs NSW Code of Practice as well as industry standards. The current members are David O'Neill, Ian Hicks and Peter Graham.

Club Grants Sub-committee

The Club Grants Sub-committee administers compliance with the Community Development and Expenditure Tax rebate scheme known as "ClubGRANTS", and makes recommendations to the Board for approval of grants under Category 1 and 2 of that scheme for payment to Community recipients. The Sub-committee comprised of David O'Neill, Greg Alexander and Peter Graham.



BOARD OF DIRECTORS

Penrith Rugby League Club Limited 2016



David O'Neill Chairman

Appointed March 2016 | Director for 4 years

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



Greg Alexander Deputy Chairman

Appointed March 2016 | Director for 14 years

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



Peter Graham Director

Appointed July 2016

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



Denis Merrick FCPA JP Director

Director for 8 years

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



Mark Mulock Independent Director

Appointed April 2016

Born, bred and raised in Penrith. Lifetime Panthers supporter. Board Member of Panthers on the Prowl. Founding member of The Great Walk Foundation, Penrith Charity. Member and current Chairman of Olatype Pty. Limited - Penrith Business Group. Part-time Member of the NSW Civil and Administrative Tribunal. Legal practitioner for 35 years practising in Penrith as Mark Mulock & Co Pty. Limited since 1991. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses.



Ian Hicks Director

Director for 1 year

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



David Mayne Independent Director

Director for 3 years

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

Directors' report

Your directors submit their report for the year ended 31 October 2016.

DIRECTORS

Brian Fletcher (Resigned 24 February 2016. Appointed Chief Executive Officer 1 March 2016) Director for 6 years. CEO and Life Member of Hawkesbury Race Club Limited. Deputy Chairman of the Provincial Racing Association of NSW. Life Member of Coonamble Race Club. Chairman of the Foundation for Disabled Sportsmen and Sportswomen. Victor Chang Foundation Ambassador.

Jim Geyer (Resigned 24 February) 2016 Director for 15 years. Technical Director in the computer industry. University Lecturer for 32 years (Retired 27 January 2017). Member of Bathurst Panthers Advisory Committee for 17 years.

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

PRINCIPAL ACTIVITIES

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

- promotion of the game of rugby league football;
- provision of facilities for sport and recreation;
- operation of a licensed club; and
- rental and development of property.

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

Employees

The Group employed 691 employees as at 31 October 2016 (2015: 630).

REVIEW AND RESULTS OF OPERATIONS

The net profit before tax for continuing operations for the Group for the year was \$1,797,000 (2015: loss before tax of \$1,142,000) after amortisation and depreciation charge from continuing operations of \$15,430,000 (2015: \$17,014,000), and finance cost of \$2,034,000 (2015: \$3,937,000). This is before recognising a tax expense of \$853,000 (2015: tax benefit of \$900,000) and recognising loss from discontinued operations of \$2,769,000 (2015: profit of \$1,992,000).

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

- An increase in revenue from operating activities of \$2,787,000 or 2% to \$130,177,000 (2015: \$127,390,000).
- Decrease in depreciation expenses of \$1,584,000 or 9.3% to \$15,430,000 (2015: \$17,014,000); and
- A decrease in finance costs of 1,903,000 or 48.3% to \$2,034,000 (2015: \$3,937,000).

The net profit after tax before discontinued operations increased by \$1,186,000 or 490% to a profit of \$944,000 (2015: after tax loss of \$242,000).

The tax expense in the current year was \$853,000 (2015: tax benefit of \$900,000).

DIVIDENDS

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

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

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

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

Directors' report (continued)

Your directors submit their report for the year ended 31 October 2016.

ENVIRONMENTAL REGULATION AND PERFORMANCE

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

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

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

ROUNDING

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

MEASUREMENT OF SUCCESS

The Club measures success by focusing on five key areas.

1. The Financial Performance of the Club

The key financial indicators listed below, are presented for review to the group board and executive management monthly.

- Revenue;
- Wages Costs;
- Earning before interest, tax, depreciation and amortisation (EBITDA); and
- Net Profit

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

2. A growing customer base – monitored via total membership numbers, the use of door counters and data extracted from the point of sale system.

3. Customer satisfaction – by obtaining direct customer feedback through formal focus sessions, mystery shoppers plus monitoring the data obtained from point two above.

4. Employee satisfaction

5. Engaging the Community – through our various charitable arms such as Panthers on the Prowl and the Foundation for Disabled Sportsmen and Sportswomen. Promoting sport and recreation via the Club Grants Scheme and participation in the elite NRL competition.

2016 continued our reinvestment back into the business, to the tune of \$23.4m on club renovations and refurbishments. Bringing the total reinvestment back into the business, to \$78.6m over the past six years. 2016 saw the completion of the Panther Rugby League Academy \$22.0m in April 16, Panther North Richmond refurbishment \$1.95m December 15, Panthers Bathurst renovations \$4.25m September 16 and the start of Panthers Port Macquarie \$7.9m renovations which is scheduled for completion February/March 17.

SHORT AND LONG TERM OBJECTIVES

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

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

Directors' report (continued)

Your directors submit their report for the year ended 31 October 2016.

DIRECTORS' MEETINGS

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

	Directors Meetings	Remuneration Committee	Club Grants Committee	Finance and Audit Subcommittee
Number of meetings held:	12	2	9	3
Number of meetings attended by Director/number of meetings held per Director:				
D O'Neill	12/12	2/2	9/9	3/3
G Alexander	9/12	-	3/6	-
I Hicks	12/12	1/1	-	-
D Merrick FCPA JP	10/12	-	-	2/3
M Mulock	7/7	-	-	1/2
D Mayne	8/11	1/1	-	-
P Graham	3/4	1/1	3/3	-
B Fletcher	4/4	1/1	3/3	1/1
J Geyer	3/4	-	-	1/1

INDEMNIFICATION OF AUDITORS

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

AUDITOR'S INDEPENDENCE DECLARATION

The directors have received a declaration of independence from the auditor and this is attached on page 19. The directors are satisfied that the nature and scope of non audit services has not compromised the auditor's independence.

Signed in accordance with a resolution of the directors.

David John O'Neill

Chairman

Panthers Group

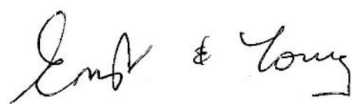
Penrith, 25 January 2017

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

As lead auditor for the audit of Penrith Rugby League Club Limited for the financial year ended 31 October 2016, I declare to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Penrith Rugby League Club and the entities it controlled during the financial year.



Ernst & Young



Daniel Cunningham
Partner
25 January 2017

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 October 2016

	Notes	2016 \$'000	2015 \$'000
Revenue/income from continuing operations	4(a)	130,177	127,390
Raw materials and consumables used		(13,073)	(15,118)
Employee benefits expense	4(d)	(49,599)	(46,943)
Gaming machine tax		(15,941)	(15,747)
Depreciation expense		(15,430)	(17,014)
Finance costs	4(c)	(2,034)	(3,937)
Electricity expense		(2,015)	(2,080)
Artists and entertainment expenses		(848)	(1,044)
Repairs and maintenance		(3,223)	(2,465)
Member promotions and membership expense		(2,589)	(2,275)
Donations		(1,255)	(1,211)
Sponsorship		(2,472)	(2,252)
Insurance expense		(1,248)	(1,004)
Other promotions		(1,690)	(1,607)
Rent and rates		(1,378)	(1,165)
Advertising expense		(564)	(591)
Land tax		(344)	(380)
Computer expenses		(763)	(693)
Junior development		(211)	(227)
Bad and doubtful debts recovery/(expense)		2	(52)
Other expenses	4(b)	(13,705)	(12,727)
Profit/(loss) before tax from continuing operations		1,797	(1,142)
Income tax (expense)/benefit	5	(853)	900
Profit/(loss) for the year from continuing operations		944	(242)
Discontinued operations			
(Loss)/profit after tax for the year from discontinued	6	(2,769)	1,992
(Loss)/profit for the year		(1,825)	1,750
Profit attributable to non-controlling interest		-	76
(Loss)/profit attributable to members of Penrith Rugby League Club Limited		(1,825)	1,826
Other comprehensive income for the year		-	-
Total comprehensive (loss)/income for the year		(1,825)	1,826

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

As at 31 October 2016

	Notes	2016 \$'000	2015 \$'000
Assets			
Current assets			
Cash	7	12,491	9,724
Trade and other receivables	8	1,510	1,758
Inventories	9	722	885
Other assets	10	2,573	2,581
Net assets held for sale	6	750	4,079
Total current assets		18,046	19,027
Non-current assets			
Trade and other receivables	8	57	57
Property, plant and equipment	11	210,630	201,662
Deferred tax assets	5	1,201	2,793
Poker machine licences	12	279	279
Other assets	10	-	550
Total non-current assets		212,167	205,341
Total assets		230,213	224,368
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	13	4,570	4,647
Employee benefit liabilities	14	1,541	1,883
Loans and borrowings	15	9,739	8,875
Other liabilities	16	10,781	14,686
Total current liabilities		26,631	30,091
Non-current liabilities			
Employee benefit liabilities	14	448	414
Deferred tax liabilities	5	89	828
Loans and borrowings	15	46,640	34,484
Other liabilities	16	2,055	2,479
Total non-current liabilities		49,232	38,205
Total liabilities		75,863	68,296
Equity			
Retained surplus		154,350	156,175
Total members interest in equity		154,350	156,175
Total non-controlling interest		-	(103)
Total equity		154,350	156,072
Total equity and liabilities		234,035	224,368

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

For the year ended 31 October 2016

	<i>Retained earnings</i> \$'000	<i>Total equity</i> \$'000
At 1 November 2015	156,175	156,175
Deficit for the year	(1,825)	(1,825)
Other comprehensive income	-	-
	(1,825)	(1,825)
At 31 October 2016	154,350	154,350
At 1 November 2014	154,349	154,349
Profit for the year	1,750	1,750
Profit attributable to non-controlling interest	76	76
Other comprehensive income	-	-
Total comprehensive income for the year	1,826	1,826
At 31 October 2015	156,175	156,175
	2016 \$'000	2015 \$'000
Attributable to:		
Members of Penrith Rugby League Club Limited	154,350	156,175
Non-controlling interest	-	(103)
Total	154,350	156,072

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

Consolidated statement of cash flows

For the year ended 31 October 2016

	Note	2016 \$'000	2015 \$'000
Operating activities			
Receipts from customers, sponsorships and grants		143,299	145,819
Payments to suppliers and employees		(127,424)	(121,254)
Interest received		33	24
Finance costs		(3,235)	(3,503)
Net cash flows from operating activities		12,673	21,086
Investing activities			
Proceeds from sale of property, plant and equipment		-	2,324
Purchase of property, plant and equipment		(21,669)	(25,863)
Proceeds from assets held for sale		500	19,459
Proceeds from sale of intangible assets not recognised on the balance sheet		3,329	-
Net cash flows used in investing activities		(17,840)	(4,080)
Financing activities			
Repayments of borrowings		(11,454)	(22,731)
Repayment of leases		(5,086)	(4,829)
Proceeds from borrowings		24,474	14,413
Net cash flows from/(used in) financing activities		7,934	(13,147)
Net increase in cash and cash equivalents		2,767	3,859
Cash and cash equivalents at 1 November		9,724	5,865
Cash and cash equivalents at 31 October	7	12,491	9,724

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

Notes to the consolidated financial statements

For the year ended 31 October 2016

1. CORPORATE INFORMATION

The financial report of Penrith Rugby League Club Limited (the "Group") for the year ended 31 October 2016 was authorised for issue in accordance with a resolution of the directors on 25 January 2017.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis apart from interest rate swaps which are measured at fair value.

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

b. Statement of compliance

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

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

c. Going concern

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

At 31 October 2016, the Club's total current liabilities exceeded total current assets by \$8,585,000 (2015:\$11,064,000) and an overall net assets of \$154,350,000 (2015: \$156,072,000). Given there are \$5,750,000 of financing facilities available for use at 31 October 2016 (2015: \$22,700,000), the Directors have concluded that the use of the going concern assumption in the preparation of this year's financial report is appropriate.

d. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 October 2016. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

e. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

f. Cash

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

g. Trade and other receivables

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

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

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

h. Inventories

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

i. Derivative financial instruments

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

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

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

j. Non-current assets held for sale and discontinued operations

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

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

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

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

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

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

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

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

k. Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The considerations made in determining significant influence is similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate is accounted for using the equity method.

Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The consolidated statement of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the statement of changes in equity.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

Unrealised gains and losses resulting from transactions between the Group and the associate is eliminated to the extent of the interest in the associate.

The aggregate of the Group's share of profit or loss of an associate is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associate is prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, then recognises the loss as 'Share of profit of an associate' in the consolidated statement of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

I. Property, plant and equipment

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

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

	2016	2015
Land	Not depreciated	Not depreciated
Buildings	40 years	40 years
Plant and equipment leasehold improvement	2 to 15 years	2 to 15 years
Leasehold improvement	Expected lease term	Expected lease term
Plant and equipment under lease	lease term	lease term
Freehold improvement	10-20 years	N/A

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

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

m. Leases

Group as a lessee

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

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

Group as a lessor

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

n. Impairment of non-financial assets

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

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

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

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

o. Intangible assets

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

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

p. Trade and other payables

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

q. Panther Points liabilities

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

r. Interest-bearing liabilities

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

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

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

s. Borrowing costs

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

t. Employee benefit liabilities

(i) Wages, salaries, and sick leave

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

(ii) Long service leave and annual leave

The Group does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Group recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

u. Revenue recognition

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

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

Sale of goods (Includes liquor, restaurant sales, and gaming machine revenue)

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods.

Sponsorship income

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

Advertising and promotion income

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

Grant income

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

Trust income

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

Interest income

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income in the consolidated statement of profit or loss and other comprehensive income.

Subscriptions

Subscriptions for annual membership are recognised in revenue over the membership year. Subscriptions for permanent membership are not taken to income as they are refundable on death or within twelve months of resignation of the members. These are included in the Group's non-current liabilities.

v. Self insured risks

Payments of members' mortality benefits are expensed when incurred.

w. Taxes

Current income tax

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

Deferred tax

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

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

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

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

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

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

Tax consolidation legislation

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

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

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

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

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

Goods and services tax (GST)

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

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

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

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

Judgements

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

Operating lease commitments – Group as lessor

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

Poker Machine Licences

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

Estimates and assumptions

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

Classification of assets and liabilities as held for sale

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

Taxation

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

4. INCOME AND EXPENSES

	2016 \$'000	2015 \$'000
Revenue/income from continuing operations		
a. Revenues from operating activities		
Revenue from gaming	66,754	66,469
Revenue from catering and beverages	27,315	26,487
Revenue from raffles/bingo	1,109	1,119
Revenue from gate receipts	2,328	2,307
Revenue from functions and banquets	5,138	4,926
Revenue from merchandise sales	1,586	1,598
Revenue from show tickets	470	410
Rental income	2,086	2,529
NRL grant	7,850	7,530
Sponsorship revenue	7,138	6,699
Subscriptions	704	629
Other	3,739	6,241
	126,217	126,944
Other income		
Net gain on disposal of property, plant and equipment	598	422
Net gain on disposal of intangible assets	3,329	-
Interest income	33	24
Total other income	3,960	446
Total revenue/income from continuing operations	130,177	127,390

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

4. INCOME AND EXPENSES (continued)

	2016 \$'000	2015 \$'000
<i>Expenses from continuing operations</i>		
b. Other expenses from operating activities		
Annual report	128	104
Audit and accounting	487	479
Bank charges	188	190
Cleaning expenses	1,313	1,218
Consultancy	1,245	788
Courtesy bus	40	36
Equipment hire	515	375
Gaming, monitoring and other cost	607	711
General expenses	774	547
Legal fees	606	686
Licences and Subscriptions	717	674
Medical expenses	899	752
Mini asset register	125	79
Money security	74	90
Motor vehicle expenses	291	274
Other expenses	515	698
Pest control	32	37
Plants	44	44
Postage	224	165
Printing and stationery	747	792
Purchases Raffle and Bingo	1,759	1,712
Security	237	265
Staff amenities	165	144
Telephone	643	599
Travel and accommodation	599	538
Training	504	493
Waste expenses	227	237
	13,705	12,727
c. Finance costs		
Borrowings other persons/corporations	1,731	3,612
Finance charges - lease liability	303	325
Total finance costs	2,034	3,937

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

4. INCOME AND EXPENSES (continued)

	2016 \$'000	2015 \$'000
Expenses from continuing operations (continued)		
d. Employee benefits expense		
Wages and salaries	41,546	39,210
Workers' compensation costs	1,086	1,284
Defined contribution plan expense	3,341	3,198
Long service leave provision	262	251
Employee benefits	165	150
Payroll and FBT Tax	2,845	2,673
Other	354	177
Total employee benefits expense	49,599	46,943

5. INCOME TAX

	2016 \$'000	2015 \$'000
a. Income tax expense/(benefit)		
Deferred income tax expense/(benefit)		
Relating to origination and reversal of temporary differences	853	(900)
Income tax expense/(benefit) reported in the statement of profit or loss and other comprehensive income	853	(900)
b. Numerical reconciliation between aggregate tax expense/(benefit) recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate		

A reconciliation between tax expense/(benefit) and the product of accounting loss before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting income/(loss) before tax from continuing operations	1,797	(1,142)
(Loss)/profit before tax from a discontinued operation	(2,769)	1,992
Accounting (loss)/profit before income tax	(972)	850
At Group's statutory income tax rate of 30% (2015: 30%)	(292)	255
Non-temporary differences	-	37
Members only income	(709)	(818)
Members only expenses	1,904	1,731
Effect of mutuality	(3,231)	(3,131)
Prior year tax losses deducted	(1,500)	(4,371)
Other items (net)	4,681	5,397
Aggregate income tax expense/(benefit)	853	(900)

Aggregate income tax expense is attributable to:

Continuing operations	853	(900)
Discontinued operations	-	-
	853	(900)

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

5. INCOME TAX (continued)

c. Recognised deferred tax assets and liabilities

Deferred income tax at 31 October relates to the following:

Consolidated statement of financial position

(i) Deferred tax liabilities

	2016 \$'000	2015 \$'000
Prepayments	-	7
Property held for sale	45	798
Provisions	44	23
Gross deferred tax liabilities	89	828

(ii) Deferred tax assets

Property, plant & equipment	550	1,321
Employee benefits	144	335
Deferred Income	19	40
Accruals	188	155
Borrowing costs and deductible black hole expenditure	13	144
Prior year tax losses	45	798
Property held for sale	242	-
Gross deferred tax assets	1,201	2,793

Consolidated statement of profit or loss and other comprehensive income

(i) Deferred tax liabilities

Property, plant & equipment	-	(615)
Employee benefits	-	12
Prepayments	(7)	4
Poker machine licences	-	(23)
Property held for sale	(753)	(4,118)
Provisions	21	-
	(739)	(4,740)

(ii) Deferred tax assets

Property, plant & equipment	771	(355)
Employee benefits	191	125
Deferred income	21	13
Accruals	(33)	(99)
Borrowing costs and deductible black hole expenditure	131	38
Prior year tax losses	753	4,118
Property held for sale	(242)	-
	1,592	3,840

Deferred income tax expense/(benefit)	853	(900)
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d. Tax losses

The Group has deferred tax assets relating to carried forward tax losses of \$13,786,000 (2015: \$16,277,000). The carried forward tax losses are available indefinitely for offset against future taxable income, subject to continuing to meet relevant statutory tests.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

6. DISCONTINUED OPERATIONS AND NET ASSETS HELD FOR SALE

In the previous financial years, the Group held the property, plant, and equipment at Lavington as held for sale assets.

During the financial year ended 31 October 2016, assets held for sale included the property, plant and equipment at Lavington Panthers.

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

	2016 \$'000	2015 \$'000
The results of the discontinued operations for the year until disposal are presented below:		
Revenue	-	6,274
Expenses	(2,769)	(4,282)
Gross (loss)/profit	(2,769)	1,992
Finance costs	-	-
(Loss)/profit for the year from discontinued operations	(2,769)	1,992

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

	2016 \$'000	2015 \$'000
<i>Assets</i>		
Property, plant and equipment	750	4,164
Assets classified as held for sale	750	4,164
<i>Liabilities</i>		
Other liabilities	-	(85)
Liabilities directly associated with assets classified as held for sale	-	(85)
Net assets directly associated with disposal group	750	4,079

The net cash flow associated with disposal group:

	2016 \$'000	2015 \$'000
Operating	-	-
Investing	500	19,459
Financing	-	-
Net cash inflow	500	19,459

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

7. CASH

	2016 \$'000	2015 \$'000
Cash	12,491	9,724

8. TRADE AND OTHER RECEIVABLES

	2016 \$'000	2015 \$'000
Current		
Trade debtors	1,510	1,768
Provision for doubtful debts	-	(10)
	1,510	1,758
Non-current		
Other related party	1,886	1,886
Provision for doubtful debts - other related party	(1,829)	(1,829)
	57	57

Loans receivable from related parties are non-current. Other details of the terms and conditions of related party receivables are set out in Note 23(c).

9. INVENTORIES

	2016 \$'000	2015 \$'000
Raw materials and stores at cost	722	885
Total inventory at the lower of cost and net realisable value	722	885

10. OTHER ASSETS

	2016 \$'000	2015 \$'000
Current		
Prepayments	959	1,226
Sundry debtors	1,614	1,355
	2,573	2,581
Non-current		
Sundry debtors	-	550

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

11. PROPERTY, PLANT AND EQUIPMENT

	2016 \$'000	2015 \$'000
<i>Land</i>		
At cost	79,928	79,928
Net carrying amount	79,928	79,928
<i>Buildings</i>		
At cost	130,449	105,257
Accumulated depreciation	(58,547)	(52,306)
Net carrying amount	71,902	52,951
<i>Plant and equipment</i>		
At cost	30,302	23,961
Accumulated depreciation	(18,095)	(14,557)
Net carrying amount	12,207	9,404
<i>Leasehold improvement</i>		
At cost	47,060	46,990
Accumulated depreciation	(15,065)	(13,326)
Net carrying amount	31,995	33,664
<i>Capital works in progress</i>		
At cost	4,589	18,105
Net carrying amount	4,589	18,105
<i>Plant and equipment under lease</i>		
At cost	36,884	34,230
Accumulated depreciation	(29,282)	(26,620)
Net carrying amount	7,602	7,610
<i>Freehold improvements</i>		
At cost	2,407	-
Net carrying amount	2,407	-
 Total property, plant and equipment		
At cost	331,619	308,471
Accumulated depreciation	(120,989)	(106,809)
Net carrying amount	210,630	201,662

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	2016 \$'000	2015 \$'000
Reconciliation of carrying amounts at the beginning and end of the year		
<i>Land</i>		
Carrying amount at the beginning of the year	79,928	82,383
Disposals	-	(2,455)
Balance at the end of the year - Net carrying amount	79,928	79,928
<i>Buildings</i>		
Carrying amount at the beginning of the year	52,951	49,199
Additions	10,095	-
Transfers	15,090	9,000
Depreciation charge for the year	(6,234)	(5,248)
Balance at the end of the year - Net carrying amount	71,902	52,951
<i>Plant and equipment</i>		
Carrying amount at the beginning of the year	9,404	9,571
Additions	6,352	910
Disposals	(4)	(399)
Transfers	-	2,633
Depreciation charge for the year	(3,545)	(3,311)
Balance at the end of the year - Net carrying amount	12,207	9,404
<i>Leasehold improvement</i>		
Carrying amount at the beginning of the year	33,664	36,243
Additions	9	-
Disposals	-	(636)
Classification to assets held for sale	-	1,991
Transfers	61	465
Depreciation charge for the year	(1,739)	(4,399)
Balance at the end of the year - Net carrying amount	31,995	33,664
<i>Capital works in progress</i>		
Carrying amount at the beginning of the year	18,105	8,343
Additions	2,836	25,041
Write off	(811)	-
Transfers	(15,541)	(15,279)
Balance at the end of the year - Net carrying amount	4,589	18,105

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

11. PROPERTY, PLANT AND EQUIPMENT (continued)

	2016 \$'000	2015 \$'000
Reconciliation of carrying amounts at the beginning and end of the year (continued)		
Plant and equipment under lease		
Carrying amount at the beginning of the year	7,610	8,976
Additions	3,514	-
Disposals	-	(491)
Transfers	390	3,181
Depreciation charge for the year	(3,912)	(4,056)
Balance at the end of the year - Net carrying amount	7,602	7,610
Freehold improvements		
Additions	2,407	-
Balance at the end of the year - Net carrying amount	2,407	-
Total property, plant and equipment		
Carrying amount at the beginning of the year	201,662	194,715
Additions	25,213	25,951
Disposals	(815)	(3,981)
Classification to assets held for sale	-	1,991
Depreciation charge for the year	(15,430)	(17,014)
Balance at the end of the year - Net carrying amount	210,630	201,662

12. POKER MACHINE LICENSES

	2016 \$'000	2015 \$'000
Balance at beginning of year	279	202
Classification from assets held for sale	-	77
Balance at end of year	279	279

13. TRADE AND OTHER PAYABLES

	2016 \$'000	2015 \$'000
Current		
Trade creditors	4,444	4,647
Other related party	126	-
	4,570	4,647

14. EMPLOYEE BENEFIT LIABILITIES

	2016 \$'000	2015 \$'000
Current		
Employee entitlements	1,541	1,883
	1,541	1,883

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

14. EMPLOYEE BENEFIT LIABILITIES (continued)

	2016 \$'000	2015 \$'000
Non-current		
Employee entitlements	448	414

15. LOANS AND BORROWINGS

	2016 \$'000	2015 \$'000
Current		
Other Loan (i)	6,110	5,067
Lease liability (ii)	3,629	3,808
	9,739	8,875
Non-current		
Borrowings (i)	42,383	31,455
Lease liability (ii)	2,757	3,029
Loans - NRL (iii)	1,500	-
	46,640	34,484

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

- Loan Facility Floating Rate (1) of \$43.5m reaches maturity on 2 August 2019. (\$5.9m classified as current, \$37.6m as non-current).
- Loan Facility Floating Rate (2) of \$7.55m reaches maturity on 31 December 2018. (\$3.4m classified as non-current). The club may draw a further \$4.2m from this facility.
- Loan Facility Floating rate (3) of \$1.95m reaches maturity on 31 December 2018 (\$0.2m classified as current, \$1.4m as non-current). The club may draw a further \$0.35m from this facility.
- Asset finance facility (1) of \$7.0m (\$3.0m classified as current, \$2.8m classified as non-current). The Club may draw a further \$1.2m from this facility.
- Asset finance facility (2) of \$0.6m is classified as current and is fully drawn.

The Loan Facility Floating Rates facilities total \$48.5m of which \$6.1m is classified as current and \$42.4m is classified as non-current. The Group has unused cash advance facilities totalling \$4.5m.

The loan is secured by a fixed and floating charge on all assets. Interest rate for 2016 as at reporting date is 4.41% p.a. (2015: 4.66%).

(ii) As at reporting date, the Group had finance leases with an average lease term of 3 to 5 years. The average discount rate implicit in the leases is 5.56% (2015: 5.54%). The lease liability is secured by a charge over the leased assets to which the liability relates.

(iii) During the financial year the NRL made available an advance payment of \$1.5million, by way of a loan, while the Football Club Licence is negotiated. This loan is non-interest bearing and is not repayable until after 1 February 2018.

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

16. OTHER LIABILITIES

	2016 \$'000	2015 \$'000
Current		
Deferred income	2,296	1,682
Gaming machine tax	2,829	2,874
Accrued wages/salaries	1,083	600
Accruals for annual leave	1,746	1,821
Other creditors and accruals	1,880	7,126
GST payable	721	371
Subscriptions received in advance	226	212
	10,781	14,686
Non-current		
Interest rate swaps	1,504	1,882
Rent received in advance	448	479
Permanent members	103	118
	2,055	2,479

17. TOTAL MINIMUM LEASE PAYMENTS UNDER HIRE PURCHASE

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

	2016 \$'000	2015 \$'000
Not later than one year	3,853	4,101
Later than one year but not more than five years	2,861	3,037
Total minimum lease payments	6,714	7,138
Future finance charges	(328)	(301)
Lease liability	6,386	6,837
Current liability (Note 15)	3,629	3,808
Non-current liability (Note 15)	2,757	3,029
	6,386	6,837

(i) The majority of the above represents payments due for leased gaming machines under non-cancellable lease agreements and have been recognised as a liability.

(ii) Finance leases have an average lease term of 3 years.

(iii) Interest rate is disclosed at Note 15.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

18. OPERATING LEASE COMMITMENTS PAYABLE

	2016 \$'000	2015 \$'000
Future minimum rentals payable under non-cancellable operating leases as at 31 October are as follows:		
Within one year	273	226
After one year but not more than five years	415	594
After more than five years	634	707
Total minimum lease payments	<u>1,322</u>	<u>1,527</u>

Penrith District Rugby League Football Club Limited (PDRLFC) has entered into a non-cancellable lease with Penrith City Council over Pepper Stadium, located at Mulgoa Road, Penrith. The non-cancellable lease has a remaining term of 12 years and 2 months. The lease includes a clause to enable upward revision of the rental charge on an annual basis according to the Consumer Price Index, and turnover rent, equal to 10% of the net profit of PDRLFC.

Penrith Rugby League Club has entered into a lease agreement with CABE Investments No. 21 Pty Ltd over the Wallacia Club and golf course situated at Park Road, Wallacia. The lease has a remaining term of 1 year and 4 months.

19. OPERATING LEASE COMMITMENTS RECEIVABLE

	2016 \$'000	2015 \$'000
Future minimum rentals receivable under non-cancellable operating leases as at 31 October are as follows:		
Within one year	1,659	1,695
After one year but not more than five years	3,536	3,142
More than five years	2,355	2,370
Total minimum lease payments	<u>7,550</u>	<u>7,207</u>

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

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

20. CAPITAL COMMITMENTS

The Group has committed to capital expenditure of \$4.5m for renovations to be carried out at the trading venue, North Richmond and Port Macquarie.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

21. SUPERANNUATION COMMITMENTS

All employees are entitled to varying levels of benefits on retirement, disability or death. The superannuation plans provide accumulated benefits. Employees contribute to the plans at various percentages of their wages and salaries. Contributions by the Group of 9.5% of employees' wages and salaries are legally enforceable. PRLC contributions for the year ended 31 October 2016 amounted to \$3,341,000 (2015: \$3,198,000).

22. CONTINGENCIES

- a. Full members of the chief entity with continuous membership since 1 April 1975 are entitled to a mortality benefit of \$200. At 31 October 2016 the maximum contingent liability was \$402,200 (2015: \$420,800).
- b. The Group has provided an undertaking to Penrith District Rugby Club Players Superannuation Plan that it will continue to provide financial support to the Plan to meet debts as and when they fall due.
- c. Permanent members purchase membership that runs until the time of their passing. At this time, they are entitled to a refund of their membership fees less goods and services tax, provided a claim is made by the deceased's estate. At 31 October 2016 the maximum contingent liability was \$2,202,887 (2015: \$2,217,764).

23. RELATED PARTY DISCLOSURES

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

D O'Neill - Chairman
G Alexander - Deputy Chairman
P Graham (appointed 27 July 2016)
I Hicks
D Mayne (appointed 27 April 2016)
D Merrick FCPA/JP
M Mulock (appointed 27 April 2016)
B Fletcher (resigned 24 February 2016)
J Geyer (resigned 24 February 2016)

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

The Group charged other group companies interest at a rate of 5.81% p.a. (2015: 5.1%).

Loans were advanced to Penrith Rugby League Club Limited by subsidiaries in the past. The entity concerned was Penrith District Rugby League Football Club Limited. The balance at year end is \$55,297,000 (2015: \$60,599,974).

Loans were advanced to Mulgoa Land Trust by Penrith Rugby League Club Limited during the year. The balance at years end was \$7,905,000 (2015: \$Nil).

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

A grant was provided to Penrith District Rugby League Football Club of \$750,000 (2015: \$Nil). As at 31 October 2016 this amount was unpaid.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

c. Transactions with related parties

Penrith District Rugby League Football Club Players' Superannuation Plan

Penrith Rugby League Club Limited has provided a loan to the Penrith District Rugby League Football Club Players' Superannuation Plan; this entity is a related party. The balance at year end is \$1,867,547 (2015: \$1,867,547).

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

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

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

24. KEY MANAGEMENT PERSONNEL

	2016 \$'000	2015 \$'000
Total key management personnel compensation	3,406	3,557

25. EVENTS AFTER REPORTING PERIOD

On 20 December 2016, the Group entered into a Deed of Arrangement with the National Rugby League Limited that detailed the future grant funding to be provided by the NRL to the Group as a result of the Group's continued participation in the NRL competition. The Deed also confirmed that the \$1.5 million advance payment received during the year will not be repayable until after 1 February 2018.

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

26. MEMBERS' GUARANTEES

Pursuant to the Memorandum of Association, every member has undertaken, in the event of a deficiency on winding up, to contribute an amount not exceeding \$4 (2015: \$4). At 31 October 2016, such guarantees totalled \$496,908 (2015: \$517,712).

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2016

27. PARENT ENTITY INFORMATION

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

	2016 \$'000	2015 \$'000
Current assets	13,824	16,102
Non-current assets	141,478	145,890
Total assets	155,302	161,992
Current liabilities	59,631	77,972
Non-current liabilities	59,866	51,869
Total liabilities	119,497	129,841
Net assets	35,805	32,151
Retained earnings	35,805	32,151
Total equity	35,805	32,151
Net profit	3,654	3,755
Other comprehensive income	-	-
Total comprehensive income	3,654	3,755

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

Core property

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

Penrith (Mulgoa) 151/863625

Non-core properties

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

1 Port Macquarie RSL	109/1083464
2 Lavington	27/1014850
3 Bathurst RLC	1/881588
4 North Richmond	101/873170
5 Glenbrook	357/704602 321/751662

Directors' declaration

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

In the opinion of the directors:

- a. The financial statements and notes of Penrith Rugby League Club Limited for the financial year ended 31 October 2016 are in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of its consolidated financial position as at 31 October 2016 and performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001
- b. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



David John O'Neill

Chairman

Panthers Group

Penrith, 25 January 2017

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

We have audited the accompanying financial report of Penrith Rugby League Club Limited, which comprises the consolidated statement of financial position as at 31 October 2016, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers 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.

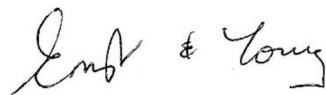
Independence

In conducting our audit we have complied with 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.

Opinion

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

- a. giving a true and fair view of the financial position of the consolidated entity at 31 October 2016 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.



Ernst & Young



Daniel Cunningham

Partner

Sydney

25 January 2017



PANTHERS
RUGBY LEAGUE
ACADEMY

