



***PANTHERS***

PDR LFC  
ANNUAL  
REPORT  
2016



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2016 Sponsors

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Corporate Information

ACN  
003 908 503  
**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	
I. Hicks	
P. Graham	<i>Appointed July 2016</i>



# SPONSORS 2016

Major Partner & Sponsor of Junior League



Stadium Naming Rights Partner



Lower Back Sponsor



Legal Partner



Major Sponsors of the Panthers on the Prowl



Sleeve Partner



Shorts Sponsors



Apparel Partner



Executive Partners







## LIFE MEMBERS

Prior to 1966	Keith Dobson	1980	Tim Sheens	1995	Don Feltis OAM
	Herbert Dengate •	1980	Frederick Cunliffe OAM	1996	Geoffrey James
	Bill Johnston •	1981	Leo Trevena •	1996	John Farragher OAM
	Harry Richardson •	1983	Barry Hubbard	1997	Leigh Mawhood •
	David Fitzgerald •	1984	Walter (Wally) Ward •	1998	John Cartwright
	Gordon Roberts •	1984	Keith French	2001	Greg Alexander
	Rocky Davis •	1984	Jack Harris	2002	Mick Kelly •
	Alf Maiden •	1985	William George	2002	Ross Henry Sinclair
1954	Jack Reddan •		McKillop Davies •	2004	William Asher (Bill) •
1955	Merv Cartwright •	1985	Norman Hancock •	2006	Terence Hancock
1963	Noel East •	1986	Keith Rhind OAM	2006	Patrick Lawford •
1964	Ken Ausburn •	1987	Moyston May •	2007	Tony Ferguson
1964	Norrie Brown •	1987	Barry Walsh OAM	2008	Arthur Riley
1964	Edward Cullen •	1988	Len Manuel •	2009	Lou Zivanovic
1974	Tom O'Connor •	1989	Ron Mulock AO •	2011	Norm Southern
1976	Max Connors •	1989	Bruce Welladsen •	2013	Brad Waugh
1976	Lou Brown •	1989	Don Courts	2013	Sue McNeill
1976	Ron Partridge •	1991	Leo Armstrong •	2014	Alan Mair
1977	Murray Clarke •	1992	Vern Mychael •	2014	Brad Izzard
1977	Jock McKechnie •	1992	Royce Simmons	2014	Steve Carter
1979	Roger Cowan OAM	1994	Donald Ellks	2015	John Hiatt OAM
1979	Harry Slaughter	1994	Raymond Wiggins	2015	Ken Wolffe
1980	John Hewett •	1995	Terry Heidtmann •	2015	Phil Gould AM

• Deceased

# EXECUTIVE GENERAL MANAGER'S REPORT

2016 represented another highly successful season for the Penrith Panthers.

The club's strong investment in recruitment, coaching and development over the past five years, culminated in some outstanding results this year with all of our teams, from under 16's through to the NRL team, playing finals football.

Our Harold Matthews squad, made up entirely of players from our junior rugby league, did an outstanding job to qualify in the top eight.

Panthers under 18's won the prestigious and time-honoured SG Ball competition for the first time in 10 years, before going on to defeat the Queensland champions in this age group to win the national title.

The under 20's National Youth Competition team qualified for our third grand final in four seasons in this age group. Although defeated narrowly in the grand final, this was an outstanding result from a team that suffered many setbacks throughout the season. We are extremely proud of their efforts.

Our New South Wales cup team, despite using 55 players during the course of the season, again managed to qualify for finals football.

Ultimately, every club is judged by the performance of their NRL team. In 2016, the Panthers qualified for finals football for the second time in three years. The semi-final win over the powerful Canterbury Bankstown club was not only one of the highlights of our season, but also a strong indication of where our club is headed in the future. Despite boasting one of the youngest playing rosters in the NRL competition, the Panthers stormed home over the back half of the season and played an exciting brand of football that captured the imagination of not just our own great members and fans, but every rugby league supporter.

I would like to congratulate our head coach Anthony

Griffin and everyone associated with the football program here at Panthers. Not only was it a highly successful and enjoyable season, but more importantly, I believe it represented the beginning of a potentially great era for our club.

I must give special mention to Matt Cameron and Jim Jones who manage and co-ordinate the outstanding Panthers junior development and representative programs. They lead a tremendous team of coaches, conditioners, managers and volunteer staff, whose outstanding efforts and commitment make this easily the best rugby league development club in the country. The development of young talent from juniors through to the elite NRL levels of the game is essential for the ongoing success of this club. The extraordinary results that Panthers has been able to achieve in recent years can be directly attributed to the professionalism and success of our recruitment, coaching and development programs.

Without doubt the major highlight of 2016 was the opening of our new Panthers Rugby League Academy. This state-of-the-art \$22 million facility, represents an extraordinary and unprecedented investment by Panthers Group in the future of rugby league in this area. The academy is the best of its kind in the southern hemisphere and will hopefully be a source of inspiration and aspiration for all kids in Western Sydney and beyond, who hope for a career in professional football. This facility sets Panthers apart from every other NRL club in this competition.

None of this would be possible for Panthers rugby league without the support of the clubs Board of Directors. Our club is blessed to have a great association with many corporate partners and sponsors who support our football program. However, it should never be forgotten that



Panthers Group is by far the major financial contributor to our rugby league club. Chairman Dave O'Neill and his fellow board members are passionate about the Panthers club and in particular the propagation of rugby league in this wonderful area. We thank them for their ongoing support.

To Panthers Group CEO Brian Fletcher and his wonderful staff in the hospitality side of the business, we sincerely thank you all for your amazing support. The success of Panthers Group is a major asset to the Panthers rugby league program. We in turn hope that the Panthers rugby league program, is seen as a major asset to both Panthers Group and to the Penrith community.

Finally, I would like to take this opportunity to thank our rugby league management team and all our tremendous administrative staff members who work in the Panthers Rugby League Academy. I love our people and I am extremely proud of the work they produce. They are wonderful assets to our organisation.

The success our club enjoyed during 2016 now gives rise to great expectation for season 2017 and beyond. There is still a lot of hard work in front of us, not to mention the stiff competition that comes from the other 15 clubs in the NRL, who want the same results as we desire. However, I firmly believe that this current squad of talented players has the potential to produce one of the truly outstanding eras in this club's history, over the coming seasons.

Our philosophy is simple; Train Hard, Play Hard, Never Give Up.

That's what it means to be a Panther.

We look forward to the 2017 season with great excitement.



Phil Gould AM  
Executive General Manager Rugby League

# PANTHERS FIRST FOUR HALL OF FAME INDUCTEES



## Grahame Moran

Born in Taree, Moran arrived at Panthers for the club's inaugural season in 1967. He went on to play his entire first grade career for Penrith, notching up 122 games at five-eighth and in the centres. Moran scored 25 tries and kicked four goals in his eight seasons at the club. He became the first Panther to represent his state when he was selected for NSW in 1970.

## Royce Simmons

Hailing from Gooloogong, Simmons made his first grade debut in 1980 and was named Panthers captain three years later. The resilient hooker played 237 games for the club over 12 seasons and scored 15 tries, including two in his last game – the 1991 Grand Final. Simmons represented NSW on ten occasions and played ten tests for Australia. He returned to Penrith to coach the Panthers from 1994 to 2001, guiding the side to finals appearances in 1997 and 2000.

## Greg Alexander

Alexander burst onto the scene with an outstanding debut season in 1984 and the following season was named Dally M Player of the Year. An elusive playmaker blessed with blistering speed and a quality kicking game, Alexander played 238 games for Panthers, finishing with 101 tries, 343 goals and 14 field goals. He also played seven games for NSW and six tests for Australia.

## Craig Gower

Gower made his Panthers debut at hooker in 1996 and immediately impressed with his superb ball skills and ability to take on the defence. He earned his first Kangaroos jersey in 1997 and would finish his career with 23 tests for Australia and eight games for NSW. He made the transition into the halves and captained the Panthers to the 2003 NRL Premiership. He finished up with Panthers in 2007, having played 238 games and scored 55 tries.





## HALL OF FAME RECIPIENTS

This year Grahame Moran, Royce Simmons, Greg Alexander and Craig Gower were announced as the first four inductees to the Panthers Hall of Fame.

The selection of the four Panthers greats was announced at the club's 50th Season Gala Dinner, held at the Panthers Marquee at Panthers Penrith Leagues Club on Saturday 25 June 2016.

The showpiece event was attended by dozens of former Panthers players, including members of the club's 1991 and 2003 Premiership sides, along with the current NRL squad, staff and sponsors.

Phil Gould AM was master of ceremonies for the evening and was joined by rugby league historian David Middleton to reflect on the club's humble beginnings, greatest achievements and the people who made it all possible.

Panthers members and fans were able to watch the Gala Dinner live on the Panthers website, thanks to an exclusive livestream hosted by Tim Gilbert and powered by ABL Tile & Bathroom Centre.

# BOARD OF DIRECTORS

Penrith District Rugby League Football 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. 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. Is 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.

# Directors' report

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

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## DIRECTORS

Brian Fletcher (Resigned 24 February 2016. Appointed Chief Executive Officer 1 March 2016). Director for 5 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.

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

## DIVIDENDS

The Football Club is limited by guarantee and is prevented by its constitution from paying any dividends.

## PRINCIPAL ACTIVITIES

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

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

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

## OPERATING AND FINANCIAL REVIEW

Revenue from ordinary activities for the year increased by \$924,000 or 4% to \$26,177,000 (2015: \$25,253,000). This was mainly due to:

- an increase in operational revenue of \$498,000 or 4% to \$12,705,000 (2015: \$12,207,000) related largely to the increase in sponsorship, gate receipts and merchandise; and
- an increase in grants received from the NRL of \$320,000 or 4% to \$7,850,000 (2015: \$7,530,000).

## Operating results for the year

The net deficit after tax of the Football Club for the year ended 31 October 2016 was \$3,713,000 (2015: \$1,928,000).

## Employees

The Football Club employed 194 employees as at 31 October 2016 (2015: 179).

## SHORT AND LONG TERM OBJECTIVES

The Football Club's short term objectives are to utilise the new academy facilities to provide a premium training and development environment for senior and junior players. The Football Club's long term objectives are to harness and cultivate the rugby league talent of the Penrith region.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

## SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

On 20 December 2016, the Football Club 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 Football Club as a result of the Football Club'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.

## LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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



# Directors’ report

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

## ENVIRONMENTAL REGULATION AND PERFORMANCE

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

## INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

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

## INDEMNIFICATION OF AUDITORS

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

## DIRECTORS’ MEETINGS

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

	Number of meetings held whilst in office	Number of meetings attended
Number of meetings held: 12		
Number of meetings attended:		
D. O’Neill	12	12
G. Alexander	12	9
I. Hicks	12	12
D. Merrick FCPA/JP	12	10
P. Graham	4	3
B. Fletcher	4	4

## Directors’ benefits

The directors were remunerated for their performance of their duties as common directors of Penrith Rugby League Club Limited and Penrith District Rugby League Football Club Limited.

## ROUNDING

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

## AUDITOR INDEPENDENCE AND NON AUDIT SERVICES

The directors received an independence declaration from the auditor, Ernst & Young (Australia). A copy has been included on page 14 of the report. 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.



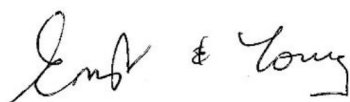
David John O’Neill  
Director

Penrith, 25 January 2017

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

As lead auditor for the audit of Penrith District Rugby League Football 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.



Ernst & Young



Daniel Cunningham  
Partner  
25 January 2017

# Statement of profit or loss and other comprehensive income

For the year ended 31 October 2016

	Notes	2016 \$'000	2015 \$'000
Income from operations	4	26,177	25,253
Raw materials and consumables used		(1,649)	(1,676)
Salaries and employee benefits expense	5	(18,578)	(16,569)
Depreciation		(1,525)	(1,236)
Bad and doubtful debt		-	(46)
Advertising and promotion		(399)	(343)
Artists and entertainment expenses		(267)	(448)
Net loss on disposal of property, plant and equipment		(18)	-
Insurance expense		(406)	(243)
Repairs and maintenance expense		(858)	(686)
Rent and rates expense		(169)	(154)
Electricity expense		(241)	(164)
Sponsorship expense		(2,474)	(2,253)
Medical expense		(898)	(752)
Training expense		(504)	(494)
Junior development		(211)	(225)
Other expenses		(1,668)	(1,862)
Finance costs		(25)	(30)
<b>Deficit before income tax</b>		<b>(3,713)</b>	<b>(1,928)</b>
Income tax expense		-	-
<b>Deficit from operations after income tax</b>		<b>(3,713)</b>	<b>(1,928)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		<b>(3,713)</b>	<b>(1,928)</b>

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

# Statement of financial position

As at 31 October 2016

	Notes	2016 \$'000	2015 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash	6	172	805
Trade and other receivables	7	2,758	2,182
Inventories		100	264
Prepayments		311	407
<b>Total current assets</b>		<b>3,341</b>	<b>3,658</b>
<b>Non-current assets</b>			
Other receivables	7	56,747	61,305
Property, plant and equipment	8	15,068	12,167
<b>Total non-current assets</b>		<b>71,815</b>	<b>73,472</b>
<b>Total assets</b>		<b>75,156</b>	<b>77,130</b>
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	9	1,277	1,058
Employee benefit liabilities	10	301	341
Deferred revenue	12	1,020	964
<b>Total current liabilities</b>		<b>2,598</b>	<b>2,363</b>
<b>Non-current liabilities</b>			
Employee benefit liabilities	10	70	66
Interest-bearing loans and borrowings	11	1,500	-
<b>Total non-current liabilities</b>		<b>1,570</b>	<b>66</b>
<b>Total liabilities</b>		<b>4,168</b>	<b>2,429</b>
<b>Equity</b>			
Retained earnings		70,988	74,701
<b>Total equity</b>		<b>70,988</b>	<b>74,701</b>
<b>Total equity and liabilities</b>		<b>75,156</b>	<b>77,130</b>

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



# Statement of changes in equity

For the year ended 31 October 2016

	<i>Retained earnings</i> \$'000	<i>Total equity</i> \$'000
<b>At 1 November 2015</b>	<b>74,701</b>	<b>74,701</b>
Deficit for the year	(3,713)	(3,713)
Other comprehensive income	-	-
Total comprehensive loss for the year	(3,713)	(3,713)
<b>At 31 October 2016</b>	<b>70,988</b>	<b>70,988</b>
<b>At 1 November 2014</b>	<b>76,629</b>	<b>76,629</b>
Deficit for the year	(1,928)	(1,928)
Other comprehensive income	-	-
Total comprehensive loss for the year	(1,928)	(1,928)
<b>At 1 November 2015</b>	<b>74,701</b>	<b>74,701</b>

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

# Statement of cash flows

For the year ended 31 October 2016

	Note	2016 \$'000	2015 \$'000
<b>Operating activities</b>			
Receipts from customers		18,488	16,842
Payments to suppliers and employees		(28,560)	(27,426)
Receipt from grants		7,850	7,530
Interest paid		(25)	(30)
<b>Net cash flows used in operating activities</b>		<b>(2,247)</b>	<b>(3,084)</b>
<b>Investing activities</b>			
Proceeds from sale of property, plant and equipment		64	-
Purchase of property, plant and equipment		(4,508)	(445)
<b>Net cash flows used in investing activities</b>		<b>(4,444)</b>	<b>(445)</b>
<b>Financing activities</b>			
Advances from National Rugby League Limited		1,500	-
Repayment of loans from related parties		4,558	3,544
<b>Net cash flows from financing activities</b>		<b>6,058</b>	<b>3,544</b>
Net (decrease)/increase in cash and cash equivalents		(633)	15
Cash and cash equivalents at 1 November		805	790
<b>Cash and cash equivalents at 31 October</b>	6	<b>172</b>	<b>805</b>

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

# Notes to the financial statements

For the year ended 31 October 2016

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## 1. CORPORATE INFORMATION

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

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

The directors have determined that the Football Club is a not-for-profit entity.

## 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 been prepared on a historical cost basis.

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

### b. Statement of compliance

The financial statements of the Football Club 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 *Corporations Act 2001*.

The financial statements also comply with Australian Accounting Standards which contain requirements specific to 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. Changes in accounting policies, new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year.

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2015/2016 do not impact the financial statements of the Football Club.

### d. Current versus non-current classification

The Football Club 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
- Expected to be realised within twelve months after the reporting period, or
- Cash or a 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 Football Club classifies all other liabilities as non-current.

# Notes to the financial statements (continued)

For the year ended 31 October 2016

**e. Cash**

Cash in the statement of financial position comprises cash at bank and on hand.

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

**f. Trade and other receivables**

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

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

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

**g. 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.

**h. Property, plant and equipment**

*(i) Cost and valuation*

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

*(ii) Capital work in progress*

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

*(iii) Depreciation*

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

Land is not depreciated

	2016	2015
Buildings	40 years	40 years
Plant and equipment	3-5 years	3-5 years
Leased improvement	expected lease term	expected lease term
Motor vehicles	3-5 years	3-5 years

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 statement of profit or loss and other comprehensive income when the asset is derecognised.

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



# Notes to the financial statements (continued)

For the year ended 31 October 2016

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## **i. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

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

## **j. Trade and other payables**

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

## **k. Interest-bearing loans and borrowings**

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. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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

Borrowings are classified as current liabilities unless the Football Club has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

## **l. Borrowing costs**

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

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

## **m. Provisions and employee benefit liabilities**

### *General*

Provisions are recognised when the Football Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Football Club expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

### *(i) Wages, salaries, and sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave, which are 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.

# Notes to the financial statements (continued)

For the year ended 31 October 2016

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## m. Provisions and employee benefit liabilities (continued)

### (ii) Long service leave and annual leave

The Football Club does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Football Club 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.

## n. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Football Club 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 Football Club 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.

### *Merchandise Sales*

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

### *Sponsorship Income*

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

### *Grant Income*

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

### *Trust Income*

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

## o. Taxes

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

### *Goods and services tax (GST)*

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the 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 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.

## p. Distributions

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

# Notes to the financial statements (continued)

For the year ended 31 October 2016

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## q. Impairment of non-current assets

The Football Club assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Football Club makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Football Club's 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 (CGU) to which it belongs. When the carrying amount of an asset or 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 Football Club has used depreciated replacement cost since the Football Club is a not-for-profit entity where the future economic benefits of its assets are not primarily dependent on the ability of the assets to generate net cash inflows and the Football Club would, if deprived of the asset, replace its remaining future economic benefits.

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

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

## 3. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Football Club's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets 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.

### *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 Football Club based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Football Club. Such changes are reflected in the assumptions when they occur.

### *Impairment of non-financial assets*

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Football Club is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 4. INCOME FROM OPERATIONS

	2016 \$'000	2015 \$'000
<b>a. Revenues from operating activities</b>		
Revenue from sponsorship	7,138	6,699
Revenue from catering and beverages	1,449	1,375
Revenue from functions and banquets	203	229
Revenue from gate receipts	2,328	2,307
Revenue from merchandise sales	1,587	1,597
Total revenue from operating activities	12,705	12,207
<b>b. Other income</b>		
Rental income	-	457
Trust income		
- other related party (a)	-	706
Interest received from related parties	3,266	3,127
Other revenue	1,606	1,226
NRL grant	7,850	7,530
Grant received from related parties	750	-
Total other income	13,472	13,046
<b>Total income from operations</b>	<b>26,177</b>	<b>25,253</b>

a) Mulgoa Land Trust (No 1)

This trust owns land and buildings from which it derives rents. Each year the trust distributes its income to the discretionary beneficiary which is Penrith District Rugby League Football Club Limited. Distribution made to Penrith District Rugby League Football Club Limited for the year ended 31 October 2016 was \$nil (2015: \$706,000).

## 5. EXPENSES

	2016 \$'000	2015 \$'000
<b>Salaries and employee benefits expense</b>		
Wages and salaries	15,809	14,473
Defined contribution plan expense	1,099	997
Payroll and FBT	1,670	1,099
Total salaries and employee benefits expense	18,578	16,569

## 6. CASH

	2016 \$'000	2015 \$'000
Cash at bank and on hand	172	805
	<b>172</b>	<b>805</b>



# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 7. TRADE AND OTHER RECEIVABLES

	2016 \$'000	2015 \$'000
<b>Current</b>		
Trade debtors	1,913	1,570
Provision for doubtful debts	-	(6)
	<b>1,913</b>	<b>1,564</b>
Sundry debtors	845	396
Other receivables	-	222
	<b>2,758</b>	<b>2,182</b>

Carrying amount of trade and other receivables

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

	2016 \$'000	2015 \$'000
<b>Provision for doubtful debts</b>		
Movements in the provision for doubtful debts were as follows:		
At 1 November	6	1
Charge for the year		5
Amounts written off	(6)	-
At 31 October	<b>-</b>	<b>6</b>

	2016 \$'000	2015 \$'000
<b>Non-current</b>		
Receivables due from related party	56,747	61,305
Carrying amount of non-current receivables	<b>56,747</b>	<b>61,305</b>

Terms and conditions of the receivables are disclosed in Note 14.

# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 8. PROPERTY, PLANT AND EQUIPMENT

	2016 \$'000	2015 \$'000
<i>Land</i>		
At cost	575	575
Net carrying amount	575	575
<i>Buildings</i>		
At cost	2,720	2,720
Accumulated depreciation	(1,620)	(1,584)
Net carrying amount	1,100	1,136
<i>Plant and equipment</i>		
At cost	6,106	1,701
Accumulated depreciation	(1,593)	(927)
Net carrying amount	4,513	774
<i>Leasehold improvement</i>		
At cost	16,128	16,128
Accumulated depreciation	(7,305)	(6,496)
Net carrying amount	8,823	9,632
<i>Motor vehicles</i>		
At cost	107	107
Accumulated depreciation	(93)	(85)
Net carrying amount	14	22
<i>Work in progress</i>		
At cost	43	28
Net carrying amount	43	28
 Total property, plant and equipment		
At cost	25,679	21,259
Accumulated depreciation	(10,611)	(9,092)
Net carrying amount	15,068	12,167

# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 8. PROPERTY, PLANT AND EQUIPMENT (continued)

### Reconciliation of carrying amounts at the beginning and end of the year

	2016 \$'000	2015 \$'000
<i>Land</i>		
Carrying amount at the beginning of the year	575	575
Balance at the end of the year - Net carrying amount	575	575
<i>Buildings</i>		
Carrying amount at the beginning of the year	1,136	1,145
Additions	-	27
Depreciation charge for the year	(36)	(36)
Balance at the end of the year - Net carrying amount	1,100	1,136
<i>Plant and equipment</i>		
Carrying amount at the beginning of the year	774	1,086
Additions	4,405	85
Depreciation charge for the year	(666)	(397)
Balance at the end of the year - Net carrying amount	4,513	774
<i>Leasehold improvement</i>		
Carrying amount at the beginning of the year	9,632	9,955
Additions	-	333
Transfer from work in progress	-	132
Depreciation charge for the year	(809)	(788)
Balance at the end of the year - Net carrying amount	8,823	9,632
<i>Motor vehicles</i>		
Carrying amount at the beginning of the year	22	37
Additions	88	-
Disposals	(82)	-
Depreciation charge for the year	(14)	(15)
Balance at the end of the year - Net carrying amount	14	22
<i>Work in progress</i>		
Carrying amount at the beginning of the year	28	160
Additions	15	-
Transfers to leasehold improvement	-	(132)
Balance at the end of the year - Net carrying amount	43	28
<i>Total property, plant and equipment</i>		
Carrying amount at the beginning of the year	12,167	12,958
Additions	4,508	445
Disposals	(82)	-
Depreciation charge for the year	(1,525)	(1,236)
Balance at the end of the year - Net carrying amount	15,068	12,167

# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 9. TRADE AND OTHER PAYABLES

	2016 \$'000	2015 \$'000
<b>Current</b>		
Trade creditors	544	669
Other creditors and accruals	521	260
Goods and services tax	212	129
Carrying amount of other payables	1,277	1,058

## 10. EMPLOYEE BENEFIT LIABILITIES

	2016 \$'000	2015 \$'000
<b>Current</b>		
Annual leave	230	287
Long service leave	71	54
	301	341
<b>Non-current</b>		
Long service leave	70	66
	70	66

### 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 Football Club of up to 9.50% of employees' wages and salaries are legally enforceable. The Football Club contributions for the year ended 31 October 2016 amounted to \$1,097,853 (2015: \$995,830).

## 11. LOANS AND BORROWINGS

	2016 \$'000	2015 \$'000
Loans - NRL	1,500	-
	1,500	-

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.

# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 12. DEFERRED REVENUE

	2016 \$'000	2015 \$'000
Current	1,020	964
	<b>1,020</b>	<b>964</b>
Including:		
Grants revenue (received in advance)	-	648
Sponsorship revenue (received in advance)	463	129
Membership income in advance	467	90
Rental revenue	90	97
	<b>1,020</b>	<b>964</b>

## 13. CONTINGENT LIABILITIES AND COMMITMENTS

### a. Operating Lease Commitments - Football Club as lessee

The Football Club has entered into a lease with Penrith City Council over the 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 base rental charge on an annual basis according to prevailing market conditions.

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

	2016 \$'000	2015 \$'000
Within one year	88	87
After one year but not more than five years	353	347
After more than five years	634	707
	<b>1,075</b>	<b>1,141</b>

### b. There are no capital commitments (2015: none).

### c. There are no contingent liabilities (2015: none).

# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 14 RELATED PARTY DISCLOSURES

- a. The immediate and ultimate parent entity is Penrith Rugby League Club Limited.
- b. Transactions with related parties

	2016 \$'000	2015 \$'000
<b>i) Amounts receivable at reporting date</b>		
<i>Ultimate parent entity</i>		
Penrith Rugby League Club Limited	55,297	60,599
Loans between related parties are charged at 5.8% per annum and have no fixed maturity date.		
Grants from Penrith Rugby League Club	750	-
Grants from Penrith Rugby League Club remain unpaid as at balance sheet date.		
<i>Other related entity</i>		
Mulgoa Land Trust (No.1)	700	706
Mulgoa Land Trust (No.1) owns land and buildings from which it derives rents. Each year the Trust distributes its income to the discretionary beneficiary Penrith District Rugby League Football Club Limited.		
<b>ii) Distributions received</b>		
Mulgoa Land Trust (No.1)	-	706
Mulgoa Land Trust (No.1) owns land and buildings from which it derives rents. Each year the Trust distributes its income to the discretionary beneficiary Penrith District Rugby League Football Club Limited.		
<b>iii) Provision of accounting and administrative assistance from controlling entity</b>		
Accounting and administrative assistance provided by the controlling entity is free of charge.		
	2016 \$'000	2015 \$'000
<b>iv) Interest received</b>		
Interest received on intercompany loans	3,266	3,127



# Notes to the financial statements (continued)

For the year ended 31 October 2016

## 15. MEMBERS' GUARANTEE

Pursuant to the Memorandum of Association, every member has undertaken, in the event of a deficiency on winding up, to contribute an amount not exceeding \$5 (2015: \$5). At 31 October 2016, such guarantees aggregated \$400,690 (2015: \$400,690).

## 16. KEY MANAGEMENT PERSONNEL

Key management personnel compensation:

	2016 \$'000	2015 \$'000
Total compensation	983	1,171

## 17. EVENTS AFTER THE REPORTING PERIOD

On 20 December 2016, the Football Club 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 Football Club, as a result of the Football Club'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.

## Directors' declaration

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

In the opinion of the directors:

- a. The financial statements and notes of Penrith District Rugby League Football 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 the Football Club's financial position as at 31 October 2016 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001;
- b. There are reasonable grounds to believe that the Football Club will be able to pay its debts as and when they become due and payable.

On behalf of the Board



David John O'Neill  
**Director**

Penrith, 25 January 2017



## Opinion

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

- (a) giving a true and fair view of the financial position of Penrith District Rugby League Football Club Limited 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*.

The logo for Ernst &amp; Young, featuring the company name in a stylized, handwritten script.

Ernst & Young

A handwritten signature in black ink, which appears to read 'Daniel Cunningham'.

Daniel Cunningham  
Partner  
Sydney  
25 January 2017



