PANTHERS
GROUP

2023 Annual Report

Penrith Rugby League Club Limited
And Its Controlled Entities
ACN 000 578 398

General Purpose (SDS) Financial Report
For the year ended 31 October 2023

Contents

Chairman's Report

Dear Members,

I would like to start this years Annual Report by thanking the many organisations and people who have contributed to our success over the last reporting year.
Our members are the reason our people come to work everyday of the year and provide a range of important services to our community.

Each of our Clubs, Port Maquarie, North Richmond, Glenbrook, Bathurst and Penrith rest in important parts of our State. Penrith has grown from what was a friendly country town when our Club was formed into a metropolis taking its place as one of the major cities in Australia. Penrith Panthers has grown with it.

PANTHERS TOTAL MEMBERS	
Bathurst	11,471
Glenbrook	5,557
North Richmond	7,570
Penrith	94,420
Port Macquarie	18,728
Total	**137,746**

The continuing development of our Clubs is an important priority for your Board. The most significant of these was the completion of the Western Sydney Conference Centre (WSCC). This magnificent building incorporates the Pullman Hotel, Marcel Restaurant, Tori Coffee Shop as well as the Warrami Community Centre housing our Community Development Foundation, Panthers on the Prowl and Westcare Services and community rooms. The WSCC now gives Penrith the first-class conference, hotel and dining facilities it so richly deserves.

I cannot let this opportunity pass without commending our Architects, Turner and our Builder Richard Crookes for designing and delivering a first class building that truly complements our precinct. Our Group CEO Brian Fletcher, our Head of Property, Matt Leavey and the WSCC General Manager, Glen Erickson and their teams worked tirelessly to ensure this facility met our expectations.

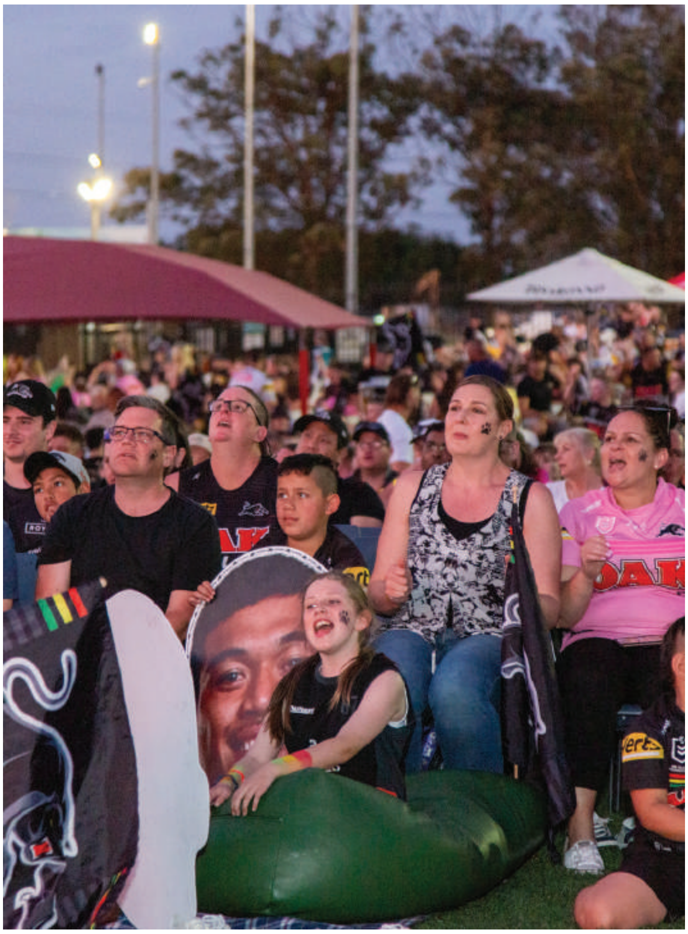
Throughout this last year the board has been developing our views on how our sites, particularly Penrith should continue to be developed over the next 10 years. To support this process, we have embarked on a Placemaking Review to help us understand not only what we have at the moment, but also what our Stakeholders would like us to be in the future. This work involves conversations with Council, our tenants and our community. The Placemaking Review will be used by the Board over the coming twelve months to inform our site master planning process.

Our approach to diversity has been developing over the past few years, with women now occupying many senior roles in our Clubs and in our football department. This was never more evident than on our Board, with former Mayor and experienced business leader Tricia Hitchen and Belinda Leonard, an experienced business leader and CEO of the music therapy organisation NORO, joining our Board last year. During this period Directors Ian Hicks and Craig Terry left our Board and we thank them for their outstanding contribution during their time with us.

In 2023, Panthers Group donated more than $2,118,000 to local organisations that help numerous members of our community every day. Some of these organisations include The Haven, Nepean Therapy Dogs, Nepean Food Services, The Link Foundation AOD, Nepean Hospital Volunteers, Rainbow Club, Pink Finss, Little Wings, Penrith Community Kitchen and Penrith Mens Walk and Talk, to name a few.

We are also proud to partner with and provide funding for local sporting organisations including Penrith Cricket Club, Panthers Netball, Penrith Social Golf, Penrith Baseball Club, Penrith Valley Athletics Club and many others.

In addition, our Football team and staff spent many hours assisting community groups and local organisations. We are fortunate enough to be able to give back to our community and we look forward to being able to continue this fabulous work in 2024.



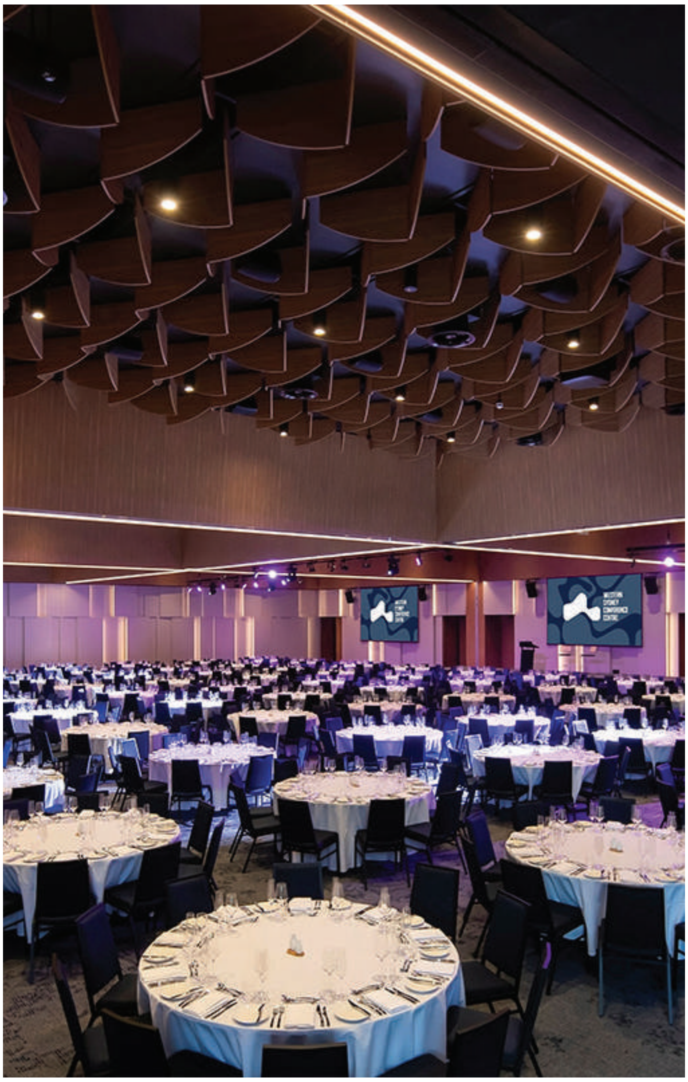
We are incredibly proud of how our Panthers have represented our community in 2023. While their success is undisputed, it is their support of our community and the example they set to our young people that is such a benefit to Penrith.

A special thanks to our Board who continue to lead our organisation through high level governance, strategic planning and the development of our aspirations for the next 10 years.

In closing, I would like to recognise our Group CEO, Brian Fletcher for his outstanding leadership through a year of many challenges. Brian leads a team of very committed executives, managers and staff who continue to deliver for our community.

Finally, a heartfelt thank you to our members for your continued support for our great Clubs and our community.

Peter Graham
Chairman, Panthers Group



Directors' report

Your directors submit their report on Penrith Rugby League Club Ltd (the "Company") and its controlled entities (the "Group") for the year ended 31 October 2023.

Directors

All directors noted below are current members of Penrith Rugby League Club Ltd and were in office during the financial year and until the date of this report. The names and details of the directors of the Company are as follows:

Peter Graham (Chairman)

Director for 7 years. 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 7 years. Mentor with Panthers on the Prowl Building Young Men Program. Director of Panthers on the Prowl. 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 International College. Graduate Western Sydney University and Harvard Business School. PhD (Hons) Western Sydney University. Member of the Australian Institute of Company Directors. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses (2017).

Gregory Alexander (Deputy Chairman)

Director for 21 years. Involved with football in Penrith area for over 40 years. Penrith's "Rookie of the Year" in 1984. Won the prestigious 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 (2017). Inducted into the Panthers Hall of Fame in 2016. Breakfast radio host on SEN. NSW Blues advisor since 2018 to 2023.

Mark Mulock (Deputy Chairman)

Director for 7 years. Born, bred and raised in Penrith. Lifetime Panthers supporter. Board Member of Panthers on the Prowl. Founding member of The Great Walk Foundation, a Penrith charity. Member of Olatype Pty. Limited – Penrith Business Group. Legal practitioner for 40 years practising in Penrith as Mark Mulock & Co Pty Limited since 1991. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses (2017).

Robert Wearn

Director for 5 years. A proud Penrith local and long time, passionate supporter of Panthers. Robert is the Managing Director of Mulgoa Quarries, a local earth moving and civil contracting company and employer of approximately 150 local people since 1986. Robert is a member and former Chairman of Olatype Pty. Limited - Penrith Business Group. He has been a Director of Sydney Business Park since 2007.

Robert is community focused and is a founding member of The Great Walk Foundation, a Penrith charity. He is also a Director of Thorndale Foundation, a local disability services provider. Robert is an active supporter of the Children's Cancer Institute, as well as Royal Far West, which helps connect country children with urgent developmental and mental health support. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses (2020).

John Farragher (OAM)

Employed at Panthers for over 40 years, Panthers has been one of the great blessings in his life. He will ensure that all decisions are made in the Members' best interests, that we have a strong football side and that the Club is financially sound for generations to come. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses (2022).

Belinda Leonard (Board Appointed Director 30 August 2023)

Belinda understands the value and importance of community as CEO of Noro Music Therapy and passionate health consumer advocate. Belinda has a depth of experience gained in major executive roles in blue chip international organisations including Visa and Mastercard, both in Australia, USA and UK.

Belinda is a Member of the Australian Institute of Company Directors, a Fellow of The Institute of Community Directors Institute and has completed Clubs NSW Finance for Club Boards and Director Foundation and Management Collaboration courses (2023).

Belinda is a mentor in the inaugural Empowering Young Women program with Panthers on the Prowl and is looking forward to using both her knowledge of the local area and corporate skills to contribute to the commercial success Panthers and extending the benefits we provide to our local communities.

Directors' report

Patricia (Tricia) Hitchen (Board Appointed Director 25 October 2023)
A highly decorated former Chief Inspector in the NSW Police Force. Tricia spent her service in the Outer Western Suburbs of Sydney. After leaving the Police Force, she was elected to Council in 2012 and has served as Deputy Mayor 2016, 2017 and 2020 and then Mayor 2022 and 2023. A mother to a child with special needs Tricia is a strong advocate on issues of disability, access and inclusion.

Tricia has previously been on the Board of the Nepean Medical Research Foundation, Penrith Aquatic and Leisure Centre, Penrith CBD Corporation, St Mary's Town Centre Board and the Fernhill Trust. She is a current Board member of The Haven Nepean Women's Shelter and Penrith Performing and Visual Arts. Tricia was the winner of Westfield Local Hero 2020 award for her work at The Haven.

Tricia and her husband run Hitchens Removals and Storage, a family business that has been operating in Penrith for over 65 years.

Ian Hicks (Ceased Directorship 22 February 2023)
Director for 8 years. Managing Director - Hix Group Pty Ltd, a local business that employs over 80 local people. Has sponsored and is a passionate supporter of Panthers for a number of years as a Corporate Sponsor. He is also a Director - Western Sydney Business Centre, Director- Penrith CBD Corp. and a Director of Panthers on the Prowl. A Panthers member for more than 35 years and is passionate about representing the members interest and helping Panthers to continue its growth to be the biggest and best club in Australia that we are all proud of. Completed ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration Courses (2017).

Craig Terry (Ceased Directorship 27 July 2023)
Director for 3 years. Craig has been a member and proud supporter of Panthers for over 40 years. He has held board, management and consulting positions within his career including at Coles Myer Ltd where he was Internal Audit Manager (NSW) for its Specialty Group of retail stores and subsequently, Supply Chain Accounting Manager for the Coles Myer Liquor Group (Liquorland, Vintage Cellars) Craig has also had academic roles including lecturing in management at Macquarie University for over 10 years where he led the postgraduate capstone unit for the University's Master of Commerce degree course. He is a Fellow of the Australian Institute of Company Directors and has completed the ClubsNSW Finance for Club Boards, Director Foundation and Management Collaboration courses (2020).

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 were no significant changes in the nature of these activities during the year.

Employees

The Group employed 799 employees as at 31 October 2023 (2022: 649).

Review and results of operations

The net loss before tax of the Group for the year was $1,665,000 (2022: net income before tax of $15,759,000) after depreciation charge of $18,192,000 (2022: $16,290,000), and finance costs of $3,711,000 (2022: $1,287,000). This is before recognising a tax benefit of $2,527,000 (2022: expense of $1,684,000).

The change in net profit before tax in the current year is mainly due to the following movements:
- An increase in revenue of $1,310,000 or 0.9% to $153,537,000 (2022: $152,227,000).
- An increase in depreciation expenses of $1,902,000 or 12% to $18,192,000 (2022: $16,290,000).
- An increase in finance costs of $2,424,000 or 188% to $3,711,000 (2022: $1,287,000); and
- An increase in employee benefits expense of $7,799,000 or 14% to $61,648,000 (2022: $53,849,000).

The net income after tax decreased by $13,213,000 or 94% to $862,000 (2022: $14,075,000) in current year.

The tax benefit in the current year was $2,527,000 (2022: expense of $1,684,000).

Directors' report

Dividends

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

Significant changes in the state of affairs

During the year, the Group completed the construction of the Pullman Sydney Penrith, the Western Sydney Conference Centre and the Warami Community Centre.

The Pullman Sydney Penrith is the city's first international five-star hotel, located adjacent to the Western Sydney Conference Centre and Panthers Leisure and Entertainment Precinct. The hotel presents 153 sophisticated guest rooms and suites along with some of the region's best dining, bars, elite fitness centre, sauna as well as a fully equipped 1,250sqm premium Conference and Exhibition Centre.

The Western Sydney Conference Centre offers a uniquely sophisticated and versatile offering to the meetings and events industry. This precinct provides a multi-functional event space, premium dining options and easy access to the Penrith region which is brimming with an assortment of entertainment and activities.

The Warami Community Centre will serve as a hub for local organisations to operate from, with flexible spaces for a broad range of community programs. Two local not-for-profit charities will permanently occupy half of the Warami Community Centre.

There were no other significant changes in the state of affairs of the Group during the year.

Significant events after the reporting period

There were 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.

Likely developments and expected results

The Group expects improved results from the Penrith Club with the completion of construction and removal of the parking restrictions that impacted the site during the year.

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 Group under *ASIC Corporations Instrument 2016/191*. The Group is an entity to which the Class Order applies.

Directors' report

Measurement of success

The Group measures success by focusing on five key areas.

1. The Financial Performance of the Group
   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 National Rugby League (NRL) competition.

Short and long-term objectives

With the completion and opening of the Pullman Sydney Penrith, the Western Sydney Conference Centre and the Warrami Community Centre, the short-term objective of the Group is to grow and develop the new business.

The medium-term objectives of the Group are to upgrade members facilities throughout the Group and selecting projects that satisfy the Group's minimum return on investment criteria.

The long-term objectives of the Group are to explore future development opportunities with the aim of fully developing under-utilised assets (land) to create new perpetual income streams and continue to be the premier provider of entertainment and community services in the Group's geographical locations.

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:	11	-
Peter Graham	11	11
Gregory Alexander	11	7
Mark Mulock	11	11
Robert Wearn	11	10
John Farragher	11	11
Belinda Leonard	3	3
Patricia (Tricia) Hitchen	1	1
Ian Hicks	3	3
Craig Terry	8	8

Directors' benefits

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

Directors' report

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 (2022: $4). At 31 October 2023, such guarantees totalled $550,984 (2022: $491,600), and the number of member was 137,746 (2022: 122,900).

Indemnification of auditor

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

Auditor's independence declaration

The directors have received a declaration of independence from the auditor and this is attached on page 10. 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.

Peter Graham
Director
Panther Group

Penrith, 29 February 2024

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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's independence declaration to the directors of Penrith Rugby League Club Limited

As lead auditor for the audit of the financial report of Penrith Rugby League Club Limited for the financial year ended 31 October 2023, 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Daniel Cunningham
Partner
29 February 2024

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 October 2023

	Notes	2023 $000	2022 $000
Revenue from contracts with customer	4.a	126,874	127,769
Revenue from grants	4.b	21,497	21,979
Other income	4.c	5,166	2,479
		153,537	152,227
Raw materials and consumables used		(18,102)	(16,306)
Employee benefits expense	4.d	(61,648)	(53,849)
Gaming machine tax		(14,185)	(15,095)
Depreciation expense	4.e	(18,192)	(16,290)
Finance costs	4.f	(3,711)	(1,287)
Electricity expense		(2,229)	(2,159)
Artists and entertainment expenses		(1,307)	(1,102)
Repairs and maintenance		(4,800)	(4,468)
Member promotions and membership expense		(3,267)	(1,966)
Donations		(2,118)	(1,619)
Sponsorship		(1,141)	(1,534)
Insurance expense		(1,801)	(1,739)
Other promotions		(764)	(1,475)
Rent and rates		(1,334)	(978)
Advertising expense		(1,273)	(555)
Land tax		(480)	(394)
Computer expenses		(1,894)	(1,527)
Junior development		(178)	(167)
Reversal of/(expected credit losses)		4	(8)
Other expenses	4.g	(16,782)	(13,950)
(Loss)/income before tax		(1,665)	15,759
Income tax benefit/(expense)	5	2,527	(1,684)
Profit for the year		862	14,075
Other comprehensive income for the year		-	-
Total comprehensive income for the year		862	14,075
Attributable to:			
Members of Penrith Rugby League Club Ltd		862	14,075

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 2023

	Notes	2023 $000	2022 $000
Assets			
Current assets			
Cash	6	16,183	34,990
Trade receivables	7	1,292	1,735
Inventories	8	1,064	869
Other assets	9	1,903	1,800
Total current assets		20,442	39,394
Non-current assets			
Property, plant and equipment	10	281,390	228,335
Right-of-use assets	11	984	952
Deferred tax assets	5	4,703	1,499
Total non-current assets		287,077	230,786
Total assets		307,519	270,180
Liabilities and equity			
Current liabilities			
Trade payables	12	4,966	10,845
Employee benefit liabilities	13	4,950	4,870
Interest-bearing loans and borrowings	14	5,076	5,209
Contract liabilities	15	4,600	3,430
Other liabilities	17	9,076	7,453
Total current liabilities		28,668	31,807
Non-current liabilities			
Employee benefit liabilities	13	836	714
Deferred tax liabilities	5	7,204	6,527
Interest-bearing loans and borrowings	14	97,060	58,202
Deferred revenue	16	198	229
Other liabilities	17	21	31
Total non-current liabilities		105,319	65,703
Total liabilities		133,987	97,510
Equity			
Retained surplus		173,532	172,670
Total members' interest in equity		173,532	172,670
Total equity		173,532	172,670
Total liabilities and equity		307,519	270,180

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 2023

	Retained surplus $000	Total equity $000
At 1 November 2022	172,670	172,670
Profit for the year	862	862
Other comprehensive income	-	-
Total comprehensive income for the year	862	862
At 31 October 2023	173,532	173,532
At 1 November 2021	158,595	158,595
Profit for the year	14,075	14,075
Other comprehensive income	-	-
Total comprehensive income for the year	14,075	14,075
At 31 October 2022	172,670	172,670

	2023 $000	2022 $000
Attributable to:		
Members of Penrith Rugby League Club Ltd	173,532	172,670
Total	173,532	172,670

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 2023

	Note	2023 $000	2022 $000
Operating activities			
Receipts from customers and sponsorships		145,094	142,820
Payments to suppliers and employees		(147,449)	(132,718)
Receipt of grants		23,647	24,197
Finance costs		(4,785)	(2,274)
Net cash flows from operating activities		16,507	32,025
Investing activities			
Proceeds from sale of property, plant and equipment		1,287	316
Purchase of property, plant and equipment		(75,023)	(29,316)
Net cash flows used in investing activities		(73,736)	(29,000)
Financing activities			
Proceeds from borrowings		44,159	6,937
Repayments of borrowings		(4,875)	(3,375)
Repayment of lease liabilities		(862)	(1,801)
Net cash flows from financing activities		38,422	1,761
Net (decrease)/increase in cash and cash equivalents		(18,807)	4,786
Cash and cash equivalents at 1 November		34,990	30,204
Cash and cash equivalents at 31 October	6	16,183	34,990

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 2023

1. Corporate information

The financial report of Penrith Rugby League Club Ltd (the "Company") and its controlled entities (the "Group") for the year ended 31 October 2023 was authorised for issue in accordance with a resolution of the directors on 29 February 2024.

Penrith Rugby League Club Ltd is a company limited by guarantee that is incorporated and domiciled in Australia.

The registered office and principal place of business of the Company is Mulgoa Road, Penrith, NSW 2750.

The nature of the operations and principal activities of the Group are described in the Directors' report. Information on other related party relationships of the Group is provided in Note 25.

2. Significant accounting policies

a. Basis of preparation

These general purpose financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards - Simplified Disclosures* and other authoritative pronouncements of the Australian Accounting Standards Board. The Group is a not-for-profit entity for the purposes of preparing these financial statements.

The consolidated financial statements have been prepared on a historical cost basis except for interest rate swaps which are measured at fair value. The consolidated financial statements are 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 statements comply 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. Changes in accounting policies, new and amended standards and interpretations

New and amended standards and interpretations

The new and amended Australian Accounting Standards and interpretations that apply for the first time in 2022/2023 do not have a material impact on the consolidated financial statements of the Group.

Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 31 October 2023. The Group intends to adopt these new and amended standards and interpretations, when they become effective.

d. 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.

The Group generated a net profit after tax during the year ended 31 October 2023 of $862,000 (2022: $14,075,000) and as at that date the Group's total current liabilities exceeded total current assets by $8,226,000 (2022: total current assets exceeded total current liabilities by $7,587,000). The Group is forecasted to generate positive operating cash flows. The directors have concluded that the use of the going concern assumption in the preparation of this year's consolidated financial statements is appropriate.

e. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 31 October 2023. 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

Notes to the consolidated financial statements

For the year ended 31 October 2023

2. Significant accounting policies (continued)

e. Basis of consolidation (continued)

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

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

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

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.

f. Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

g. Cash

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

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash at bank and on hand, as defined above.

h. Trade receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less expected credit losses. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Notes to the consolidated financial statements

For the year ended 31 October 2023

2. Significant accounting policies (continued)

i. 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.

j. 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.

k. Property, plant and equipment

Property, 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:

Land	Not depreciated
Buildings	40 years
Plant and equipment	2 to 15 years
Leasehold improvement	Expected lease term
Freehold improvement	10 to 20 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e at the date the recipient obtains control) 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.

l. Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

i. Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Notes to the consolidated financial statements

For the year ended 31 October 2023

2. Significant accounting policies (continued)

l. Leases (continued)

i. Group as a lessee (continued)

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Motor vehicles and other equipment	1 to 11 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.m Impairment of non-financial assets.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing loans and borrowings.

ii. Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. 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.

Rental income

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

m. Impairment of non-financial assets

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Notes to the consolidated financial statements

For the year ended 31 October 2023

2. Significant accounting policies (continued)

m. Impairment of non-financial assets (continued)

Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor 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 unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

n. Trade payables

Trade 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.

o. Deferred revenue

Liabilities relating to "Panther Points" are accrued as members earn points through members spending at various outlets of the club. Each Panther 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.

Deferred revenue also includes deposits in advance for events, functions and ticket sales for Panthers members and guests paid for an event in advance.

p. 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 rate (EIR) method.

Gains and losses are recognised in the consolidated statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

q. Finance cost

Finance 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 finance costs are expensed in the period in which they occur. Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

r. Employee benefit liabilities

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.

Notes to the consolidated financial statements
For the year ended 31 October 2023

2. Significant accounting policies (continued)

r. Employee benefit liabilities (continued)

Long service leave and annual leave
The liabilities for long service leave and annual leave which is not expected to be settled within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

s. Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Sale of goods
Revenue from the sale of goods is recognised (net of rebates, returns, discounts and other allowances) at the point of sale or delivery as this corresponds to the transfer of control of the goods.

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

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

National Rugby League distribution grant
National Rugby League ("NRL") distributions are recorded as revenue in the relevant year as they are approved and earned by the National Rugby League.

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.

Government grants - Western Sydney Convention Centre
Government grants received for the construction of the Western Sydney Convention Centre ("WSCC") are recorded as revenue upon receipt in line with AASB 1058 *Income of Not-for-Profit Entities*.

Contract balances
Contract liabilities
A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

t. Fair value measurement

The Group measures financial instruments, such as interest rate swaps, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the consolidated financial statements

For the year ended 31 October 2023

2. Significant accounting policies (continued)

t. Fair value measurement (continued)

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

u. Self insured risks

Payments of members' mortality benefits are expensed when incurred.

v. Taxes

i. 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 consolidated statement of profit or loss and other 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.

ii. 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 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.

Notes to the consolidated financial statements

For the year ended 31 October 2023

2. Significant accounting policies (continued)

v. Taxes (continued)

ii. Deferred tax (continued)

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 other comprehensive income (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.

iii. Tax consolidation legislation

Penrith Rugby League Club Ltd (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 tax consolidated 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.

iv. 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.

Notes to the consolidated financial statements

For the year ended 31 October 2023

3. Significant accounting 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.

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.

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.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

Leases - Estimating the incremental borrowing rate

Where the Group cannot readily determine the interest rate implicit in the lease, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Notes to the consolidated financial statements

For the year ended 31 October 2023

4. Income and expenses

a. Revenue from contracts with customers

	2023 $000	2022 $000
Revenue under AASB 15		
Revenue from gaming	60,259	65,308
Revenue from catering and beverages	32,702	32,335
Revenue from raffles/bingo	1,578	1,368
Revenue from gate receipts	1,694	1,689
Revenue from functions and banquets	6,072	4,736
Revenue from merchandise sales	4,065	3,565
Revenue from accommodation	947	-
Revenue from show tickets	415	382
Sponsorship revenue	13,228	12,936
Subscriptions	531	444
Other revenue	5,383	5,006
	126,874	127,769
Timing of revenue recognition		
Goods and services transferred at a point in time	113,115	114,389
Goods and services transferred over time	13,759	13,380
Total revenue from contracts with customers	126,874	127,769

b. Revenue from grants

	2023 $000	2022 $000
Revenue under AASB 1058		
NRL grant	18,197	15,679
Government grants - WSCC	3,300	6,300
	21,497	21,979

c. Other income

	2023 $000	2022 $000
Rental income	3,211	1,939
Net gain on disposal of property, plant and equipment	1,219	245
Other income	736	295
	5,166	2,479

Notes to the consolidated financial statements

For the year ended 31 October 2023

4. Income and expenses (continued)

d. Employee benefits expense

	2023 $000	2022 $000
Wages and salaries	50,968	45,422
Workers' compensation costs	534	481
Defined contribution plan expense	4,590	3,800
Long service leave provision	443	475
Employee benefits	637	269
Payroll and FBT Tax	3,511	2,412
Other employee benefit expense	965	990
	61,648	53,849

e. Depreciation expense

	2023 $000	2022 $000
Depreciation of property, plant and equipment	17,921	16,076
Depreciation of right-of-use assets	271	214
	18,192	16,290

f. Finance costs

	2023 $000	2022 $000
Borrowings other persons/corporations	3,668	1,200
Finance charges - lease liability	43	87
	3,711	1,287

Notes to the consolidated financial statements

For the year ended 31 October 2023

4. Income and expenses (continued)

g. Other expenses from operating activities

	2023 $000	2022 $000
Annual report	24	23
Audit and accounting	456	365
Bank charges	382	335
Cleaning	1,729	1,498
Consultancy	289	276
Courtesy bus	62	43
Equipment hire	449	367
Gaming, monitoring and other cost	734	804
General	4,837	2,508
Legal fees	383	340
Licences and subscriptions	1,074	1,196
Medical	185	269
Mini asset register	87	77
Money security	61	41
Motor vehicle	73	36
Other expenses	783	900
Pest control	46	31
Plants	61	70
Postage	362	302
Printing and stationery	504	691
Purchases raffle and bingos	1,861	1,718
Security	465	403
Telephone	478	478
Travel and accommodation	562	510
Training	513	417
Waste	322	252
	16,782	13,950

Notes to the consolidated financial statements

For the year ended 31 October 2023

5. Income tax

The major components of income tax (benefit)/expense for the years ended 31 October 2023 and 2022 are:

	2023 $000	2022 $000
Current tax:		
Current income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(2,527)	1,684
Income tax (benefit)/expense reported in the consolidated statement of profit or loss	(2,527)	1,684

Reconciliation of tax (benefit)/expense and the accounting (loss)/profit multiplied by Australia's domestic tax rate for 2023 and 2022:

	2023 $000	2022 $000
Accounting (loss)/profit before income tax	(1,665)	15,759
At Group's statutory income tax rate of 30% (2022: 30%)	(500)	4,728
Non-temporary differences	(1,229)	739
Members only income	(710)	(451)
Members only expenses	1,451	1,282
Effect of mutuality	1,344	(2,639)
Non-deductible losses for tax-exempt entities	(2,883)	(1,975)
Income tax (benefit)/expense reported in the consolidated statement of profit or loss	(2,527)	1,684

Recognised deferred tax assets and liabilities

Deferred income tax at 31 October relates to the following:

Consolidated statement of financial position	2023 $000	2022 $000
Deferred tax liabilities		
Government grants	-	5,850
Property, plant and equipment	7,204	676
Others	-	1
Gross deferred tax liabilities	7,204	6,527
Deferred tax assets		
Employee benefits	435	363
Deferred income	93	37
Accruals	166	85
Tax losses	3,656	1,014
Others	353	-
Gross deferred tax assets	4,703	1,499

Notes to the consolidated financial statements

For the year ended 31 October 2023

5. Income tax (continued)

Consolidated statement of profit or loss	2023 $000	2022 $000
Deferred tax liabilities		
Government grants	(5,850)	1,890
Property, plant and equipment	6,528	643
Others	(1)	(13)
	677	2,520
Deferred tax assets		
Employee benefits	72	101
Deferred income	56	6
Accruals	81	41
Tax losses	2,642	688
Others	353	-
	3,204	836
Deferred income tax (benefit)/expense	(2,527)	1,684

Tax losses

The Group has a carried forward tax losses of $5,633,000 (2022: $5,633,000). The carried forward tax losses are available indefinitely for offset against future taxable income, subject to continuing to meet relevant statutory tests.

6. Cash

	2023 $000	2022 $000
Cash at bank and on hand	16,183	34,990

7. Trade receivables

	2023 $000	2022 $000
Trade debtors	1,292	1,735

Trade receivables are non-interest bearing and are generally on terms up to 30 days.

8. Inventories

	2023 $000	2022 $000
Raw materials and stores at cost	1,064	869
Total inventory at the lower of cost and net realisable value	1,064	869

Notes to the consolidated financial statements

For the year ended 31 October 2023

9. Other assets

	2023 $000	2022 $000
Current		
Prepayments	1,391	1,410
Sundry debtors	512	283
GST receivable	-	33
Interest rate swaps - at fair value	-	74
	1,903	1,800

Sundry debtors include returnable deposits and payments for good and services awaiting clearing from financial institutions.

Notes to the consolidated financial statements

For the year ended 31 October 2023

10. Property, plant and equipment

	Land $000	Buildings $000	Plant and equipment $000	Leasehold improvements $000	Capital works in progress $000	Plant and equipment under leases $000	Motor vehicles under leases under leases $000	Freehold improvements $000	Total $000
Cost									
1 November 2022	70,838	228,235	47,420	16,183	26,032	45,100	1,034	2,449	437,291
Additions	-	-	-	-	68,440	2,453	151	-	71,044
Transfers	-	73,045	21,269	-	(94,400)	-	86	-	-
Disposals	-	(2,390)	(10,078)	(59)	-	(10,507)	(67)	-	(23,101)
31 October 2023	70,838	298,890	58,611	16,124	72	37,046	1,204	2,449	485,234
Accumulated depreciation									
1 November 2022	-	122,386	35,087	11,980	-	37,735	958	810	208,956
Depreciation for the year	-	9,509	4,344	745	-	3,142	59	122	17,921
Disposals	-	(2,385)	(10,020)	(59)	-	(10,502)	(67)	-	(23,033)
31 October 2023	-	129,510	29,411	12,666	-	30,375	950	932	203,844
Net book value									
31 October 2023	70,838	169,380	29,200	3,458	72	6,671	254	1,517	281,390
31 October 2022	70,838	105,849	12,333	4,203	26,032	7,365	76	1,639	228,335

Notes to the consolidated financial statements

For the year ended 31 October 2023

11. Leases

Group as a lessee

The Group has lease contracts for motor vehicles and other equipment used in its operations. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Motor vehicles and other equipment $000
At 1 November 2022	952
Additions	303
Depreciation expense	(271)
At 31 October 2023	984

Presented below is a maturity analysis of future lease payments:

	2023 $000	2022 $000
Not later than 1 year	407	183
Later than 1 year but not later than 5 years	954	1,044
Later than 5 years	78	234
	1,439	1,461

12. Trade payables

	2023 $000	2022 $000
Trade creditors	4,966	10,845

Trade payables are non-interest bearing and are normally settled within 60-day terms.

13. Employee benefit liabilities

	2023 $000	2022 $000
Current		
Employee entitlements	4,950	4,870
Non-current		
Employee entitlements	836	714

Notes to the consolidated financial statements

For the year ended 31 October 2023

13. Employee benefit liabilities (continued)

	Employee entitlements $000
At 1 November 2022	5,584
Arose during the year	3,225
Utilised during the year	(3,023)
At 31 October 2023	5,786

14. Interest-bearing loans and borrowings

	2023 $000	2022 $000
Current		
Borrowings (i)	4,500	4,500
Asset finance facility (i)	192	539
Other lease liability (ii)	-	10
Lease liabilities	384	160
	5,076	5,209
Non-current		
Borrowings (i)	96,050	56,766
Asset finance facility (i)	8	200
Lease liabilities	1,002	1,236
	97,060	58,202

i. The Group has the following loan facilities with Commonwealth Bank of Australia:
- Cash Advance Facility A of $31.8m (Principal & Interest) reaches maturity on 15 December 2026. ($4.5m classified as current, $27.3m as non-current). The facility is fully drawn.
- Cash Advance Facility B of $18.8m (Revolver Facility) reaches maturity on 15 December 2026. ($18.8m classified as non-current). The facility is fully drawn.
- Cash Advance Facility C of $50.0m (Development Facility) reaches maturity on 15 December 2026. ($50.0m classified as non-current). The facility is fully drawn.
- Equipment Financing Facility of $4.0m ($0.2m classified as current, $0.01m as non-current). The Group may draw a further $3.8m from this facility.
- Commercial card facility of $0.25m. The Group did not have any exposure on this credit card at year end.

The loan is secured by a fixed and floating charge on all assets (interest rate for 2023 as at reporting date is 4.95% p.a. (2022: 3.84%)).

ii. The Group had finance leases with an average term of 1-2 years. The average discount rate implicit in the leases is 3.90% (2022: 4.10%). The lease liability is secured by a charge over the leased assets to which the liability relates.

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

Notes to the consolidated financial statements

For the year ended 31 October 2023

15. Contract liabilities

	2023 $000	2022 $000
Current		
Contract liabilities	3,855	2,709
Subscriptions received in advance	745	721
	4,600	3,430

16. Deferred revenue

	2023 $000	2022 $000
Rent received in advance	198	229

17. Other liabilities

	2023 $000	2022 $000
Current		
Gaming machine tax	2,559	3,129
Accrued wages/salaries	1,376	1,038
Other creditors and accruals	4,286	3,286
GST payable	855	-
	9,076	7,453
Non-current		
Permanent members	21	31

18. Fair value measurement

	Date of valuation	$000
Assets measured at fair value:		
Interest rate swaps	31 Oct 2023	-
	31 Oct 2022	74

Notes to the consolidated financial statements

For the year ended 31 October 2023

19. Total minimum lease payments under hire purchase and other asset finance

The total minimum lease payments under hire purchase and other asset finance are as follows:

	2023 $000	2022 $000
Within one year	195	555
After one year but not more than five years	8	203
	203	758

i. The majority of the above represents payments due for leased property, plant and equipment under non-cancellable leases agreements and have been recognised as a liability.
ii. Finance leases have an average lease term of less than 2 years.
iii. Interest rate is disclosed in Note 14(ii).

20. Operating lease commitments payable

The Group has no lease contracts that have not yet commenced as at 31 October 2023 (2022: none).

21. Operating lease commitments receivable

Group as a lessor

The Group has entered into various commercial property leases over land and buildings. These leases have terms of between 1 and 13 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties. Rental income recognised by the Group during the year is $3,211,000 (2022: $1,939,000).

Future minimum rentals receivable as at 31 October are as follows:

	2023 $000	2022 $000
Within one year	2,803	1,703
After one year but not more than five years	7,660	3,866
More than five years	3,767	1,939
Total minimum lease receivable	14,230	7,508

22. Capital commitments

The Group has no capital expenditure committed during the year (2022: $54,111,032). The prior year commitment of $54,111,032 was for the construction of the Western Sydney Community and Conference Centre. Located near the Penrith Panthers Leagues Club, the new conference centre will feature 1,250 sqm of floor space, be serviced by a 153 room Pullman Hotel and sit below a 1,200 sqm community centre.

23. 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 11% of employees' wages and salaries are legally enforceable. PRLC contributions for the year ended 31 October 2023 amounted to $4,590,000 (2022: $3,799,000).

Notes to the consolidated financial statements

For the year ended 31 October 2023

24. Contingencies

a. Full members of the Group with continuous membership since 1 April 1975 are entitled to a mortality benefit of $200. At 31 October 2023, the maximum contingent liability was $342,200 (2022: $346,600).
b. 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 2023, the maximum contingent liability was $2,120,779 (2022: $2,130,619).

25. Related party disclosures

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

Peter Graham - Chairman
Gregory Alexander - Deputy Chairman
Mark Mulock - Deputy Chairman
Robert Wearn
John Farragher - OAM
Belinda Leonard (Appointed: 30 August 2023)
Patricia (Tricia) Hitchen (Appointed: 25 October 2023)
Ian Hicks (Ceased Directorship 22 February 2023)
Craig Terry (Ceased Directorship 27 July 2023)

b. Transactions with related parties

During the year, the Group transacted with Dalycone Pty Ltd through sponsorship and services. These transactions represented arm’s length transactions under normal commercial trading terms. Gregory Alexander (Director) is regarded as having an interest. Transactions with Dalycone Pty Ltd in the year ended 31 October 2023 totalled $165,000 (2022: $165,000). Outstanding payments owing to Dalycone Pty Ltd at 31 October 2023 were $nil (2022: $nil). No provisions have been accounted for related to Dalycone Pty Ltd during the financial year.

During the year, the Group did not transact with Mark Mulock & Co through services provided. The prior year transactions represented arm’s length transactions under normal commercial trading terms. Mark Mulock (Director) is regarded as having an interest. Transactions with Mark Mulock & Co in the year ended 31 October 2023 totalled $ nil (2022: $25,927). Outstanding payments owing to Mark Mulock & Co at 31 October 2023 were $nil (2022: $nil). No provisions have been accounted for related to Mark Mulock & Co during the financial year.

During the year, the Group provided grants totalling $50,000 (2022: $50,000) to the entity, The Foundation For Disabled Sportsmen & Sportswomen Limited. In accordance with the Foundation objects, these funds were applied to payments for insurance, medical expenses, motor vehicle expenses, rates, repairs and maintenance and salaries and wages. John Farragher (Director), is regarded as having an interest as a beneficiary of these fund payments.

During the year, the Group provided Free Rent totalling $107,100, plus a donation of $100 to the entity, Nordoff-Robbins Music Therapy Australia Limited (NORO). In accordance with the charter of NORO, the facility at Penrith is used to provide musical therapy to groups and individuals, as well as being a NDIS Certified provider. Belinda Leonard (Director) is regarded as having an interest as the CEO of Nordoff-Robbins Music Therapy Australia Limited.

During the year, the Group transacted with Hix Group Pty Ltd through sponsorship and services. These transactions represented arm‘s length transactions under normal commercial trading terms. The commercial agreement was completed in an open and transparent tender. Ian Hicks (ceased Directorship on 22 February 2023), is regarded as having an interest. Transactions with Hix Group Pty Ltd for the period ended 22 February 2023 totalled $134,457 (2022: $345,242). Outstanding payments owing to Hix Group Pty Ltd at 31 October 2023 were $12,738 (2022: $29,866). No provisions have been accounted for related to Hix Group Pty Ltd during the financial year. Hix Group Pty Ltd has never had a financial or other interest in any building or construction company conducting work with Panthers Group.

Notes to the consolidated financial statements

For the year ended 31 October 2023

26. Key management personnel

Key management personnel (KMP) are those persons having the authority and responsibility for planning, directing, and controlling the activities of the entity, directly or indirectly, including any directors (whether executive or otherwise) of the entity.

Compensation expense of key management personnel amounted to $2,424,652 during the year ended 31 October 2023 (2022: $2,292,889).

27. Events after reporting period

There were 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.

28. Auditor's remuneration

The auditor of Penrith Rugby League Club Ltd and its controlled entities is Ernst & Young (Australia).

	2023 $	2022 $
Amounts received or due and receivable by Ernst & Young (Australia) for:		
An audit of the financial report of the entity	264,280	257,300
Other non-audit services	89,130	67,550
	353,410	324,850

29. 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 (2022: $4). At 31 October 2023, such guarantees totalled $550,984 (2022: $ 491,600), and the number of member was 137,746 (2022: 122,900).

30. Parent entity information

Information about the subsidiaries

The consolidated financial statements of the Group include:

			% equity interest	
Name	**Principal activities**	**Country of incorporation**	**2023**	**2022**
Penrith District Rugby League Football Club Limited	Advertising and promotion activities, provision of facilities for sport and recreation, sponsorship activities and promotion of the game of rugby league football	Australia	100	100
Mulgoa Land Trust (No.1)	Acquire and hold land and buildings for lease rental income	Australia	100	100
Mulgoa Land Trust (No.1) Pty Ltd	Trustee of Mulgoa Land Trust (No.1) Pty Ltd	Australia	100	100
Panthers Catering Pty Ltd	Catering and banqueting services	Australia	100	100

Notes to the consolidated financial statements

For the year ended 31 October 2023

30. Parent entity information (continued)

There has been no trading activity in Mulgoa Land Trust (No.1) Pty Ltd or Panthers Catering Pty Ltd in the financial year ended 31 October 2023 (2022: none).

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

	2023 $000	2022 $000
Current assets	9,652	16,161
Non-current assets	235,790	178,734
Total assets	245,442	194,895
Current liabilities	22,087	27,114
Non-current liabilities	185,051	120,729
Total liabilities	207,138	147,843
Net assets	38,304	47,052
Retained earnings	38,304	47,052
Total equity	38,304	47,052
Net (loss)/profit for the year	(8,748)	7,467
Other comprehensive income	-	-
Total comprehensive (loss)/income for the year	(8,748)	7,467

The Parent incurred a net loss after tax during the year ended 31 October 2023 of $8,748,000 (2022: generated a net profit after tax of $7,467,000) and as at that date the Parent's total current liabilities exceeded total current assets by $12,435,000 (2022: $10,953,000). The Parent is forecasted to generate positive operating cash flows. The directors have concluded that the use of the going concern assumption for the Parent is appropriate.

Contingent liabilities of the Parent
The Company did not have any contingent liabilities as at 31 October 2023 (2022: $nil).

Contractual commitments of the Parent
The Company did not have any contractual commitments as at 31 October 2023 (2022: $nil).

Notes to the consolidated financial statements

For the year ended 31 October 2023

31. Core property and non-core property of the group

Core property

Penrith (Mulgoa)	Lot 2 DP 1257587

Non-core properties

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

1	Port Macquarie RSL	111/1252111
2	Bathurst RLC	1/881588
3	North Richmond	101/873170
4	Glenbrook	357/704602 321/751662
5	Mulgoa Road	Lot 2 DP 1263697 and Lot 2 DP 1154043
6	Penrith (Mulgoa)	Hotel, Western Sydney Conference and Community Centre Lot (Lot 1 DP 1257587)

Directors' declaration

In accordance with a resolution of the directors of Penrith Rugby League Club Ltd and its controlled entities (the "Group"), I state that:

In the opinion of the directors:

a. the consolidated financial statements and notes of Penrith Rugby League Club Ltd and its controlled entities for the financial year ended 31 October 2023 are in accordance with the *Corporations Act 2001*, including:

    i. giving a true and fair view of the Group's financial position as at 31 October 2023 and its performance for the year ended on that date; and

    ii. complying with *Australian Accounting Standards - Simplified Disclosures* 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

Peter Graham
Director
Panther Group

Penrith, 29 February 2024

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

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

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

Opinion

We have audited the financial report of Penrith Rugby League Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2023, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a. Giving a true and fair view of the consolidated financial position of the Group as at 31 October 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards – Simplified Disclosures and the Corporations Regulations 2001.

Basis for opinion

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

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

Information other than the financial report and auditor's report thereon

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

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

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

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

Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

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

Ernst & Young

Daniel Cunningham
Partner
Sydney
29 February 2024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