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**St George Leagues Club Limited**  
ABN 77 000 151 020  
**and its Controlled Entity**

**Annual Financial Report**  
**31 October 2014**

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# St George Leagues Club Limited and its Controlled Entity

## Directors' Report

The directors present their report, together with the financial statements of St George Leagues Club Limited (the company) and its controlled entity (the consolidated entity) for the year ended 31 October 2014.

### Directors

The directors of the company in office at any time during or since the end of the financial year are:

Brian Stuart Johnston  
Harvey Warren Lockwood  
Ralph Gordon Piggott  
Peter Lawrence Doust  
Bruce William Spaul  
Peter Ernest Black  
Michelle Maree McClelland  
Craig Stephen Young  
Martin Newman

### Information on directors

The information on directors is as follows:

Brian Stuart Johnston	<ul style="list-style-type: none"><li>• Chairman</li><li>• Company Director</li><li>• Director, St George District Rugby League Football Club Limited</li><li>• Director, St George Illawarra Rugby League Football Club Pty Limited</li></ul>
Ralph Gordon Piggott	<ul style="list-style-type: none"><li>• Deputy Chairman</li><li>• Company Director</li><li>• Director, St George District Rugby League Football Club Limited</li><li>•</li></ul>
Harvey Warren Lockwood	<ul style="list-style-type: none"><li>• Consultant</li><li>• Director, St George District Rugby League Football Club Limited</li><li>• Director, St George Illawarra Rugby League Football Club Pty Limited</li></ul>
Peter Lawrence Doust	<ul style="list-style-type: none"><li>• Executive Director and Chief Executive Officer, St George Illawarra Rugby League Football Club Pty Limited</li><li>• Director, St George District Rugby League Football Club Limited</li></ul>
Bruce William Spaul	<ul style="list-style-type: none"><li>• Chartered Accountant</li><li>• Director, St George District Rugby League Football Club Limited</li></ul>
Peter Ernest Black	<ul style="list-style-type: none"><li>• Sales Manager</li><li>• Director, St George District Rugby League Football Club Limited</li><li>• Director, St George Illawarra Rugby League Football Club Pty Limited</li></ul>
Michelle Maree McClelland	<ul style="list-style-type: none"><li>• School Teacher</li><li>• Director, St George District Rugby League Football Club Limited</li></ul>
Craig Stephen Young	<ul style="list-style-type: none"><li>• Coaching and Development Officer</li><li>• Director, St George District Rugby League Football Club Limited</li></ul>
Martin Newman	<ul style="list-style-type: none"><li>• Company Director</li><li>• Director, St George District Rugby League Football Club Limited</li></ul>

# St George Leagues Club Limited and its Controlled Entity

## Directors' Report (continued)

### Directors' meetings

The number of directors' meetings of the company's Board of Directors (the Board) held during the year ended 31 October 2014 and the number of meetings held during the financial year were:

Director	Number of meetings attended	Number of meetings held *
Brian Stuart Johnston	11	11
Ralph Gordon Piggott	9	11
Harvey Warren Lockwood	10	11
Peter Lawrence Doust	10	11
Bruce William Spaul	11	11
Peter Ernest Black	10	11
Craig Stephen Young	11	11
Martin Newman	9	11
Michelle Maree McClelland	11	11

\* Number of meetings held during the time the director held office during the year.

### Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 October 2014 was 27,440 (2013: 29,263).

### Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter. The total amount that the members of the company are liable to contribute if the company is wound up is \$54,880 (2013: \$58,526).

### Operating Result

The table below shows a reconciliation of St George Leagues Club and its Controlled Entity's earnings before interest, income tax, depreciation, amortisation and grants and community development expenditure to football clubs (referred to as EBITDAG).

	2014 \$	2013 \$
Net profit after income tax expense attributable to members	2,670,667	2,350,750
Add back:		
Depreciation and amortisation expense	2,675,359	2,735,678
Finance cost	207,836	276,334
Income tax expense / (benefit)	-	227,037
Share in loss from Narellan Properties	-	38,208
Grants to football clubs and community development and support expenditure	1,262,262	981,047
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<b>EBITDAG</b>	<b>6,816,124</b>	<b>6,609,054</b>
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# St George Leagues Club Limited and its Controlled Entity

## Directors' Report (continued)

### Short and long term objectives

The principle short and long term objectives of the consolidated entity are to operate a licensed social Club for the use of the members and their guests and to promote and foster the playing of Rugby League Football in the St George district and elsewhere.

### Strategy for achieving the objectives

The Board and Management regularly address cash flow forecasts and apply budgetary controls to ensure that the objectives are achieved.

### Principal activities

The principal activities of the company during the financial year were that of a licensed social Club and controlling the operations of the St George District Rugby League Football Club Limited.

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

### How these activities assist in achieving the objectives

These activities generate funds to achieve the objectives of providing facilities and promoting and fostering the playing of rugby league football.

### Performance measurement and key performance indicator

A number of performance indicators are employed by the company in order to measure and improve the company's performance. The company uses gross profit percentage and wages to sales percentage to measure the financial performance of each department.

### Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the directors.

Dated at Kogarah this 3rd day of February 2015

**Brian Stuart Johnston**  
Director

## **DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF ST GEORGE LEAGUES CLUB LIMITED AND ITS CONTROLLED ENTITY**

As lead auditor of St George Leagues Club Limited and its Controlled Entity for the year ended 31 October 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.

This declaration is in respect to St George Leagues Club Limited and its Controlled entity during the period.

**Paul Cheeseman**  
Partner

**BDO East Coast Partnership**  
Sydney, 3 February 2015

## INDEPENDENT AUDITOR'S REPORT

To the members of St George Leagues Club Limited and its Controlled Entity

### Report on the Financial Report

We have audited the accompanying financial report of St George Leagues Club Limited and its Controlled Entity, which comprises the statement of financial position as at 31 October 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal 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.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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



## INDEPENDENT AUDITOR'S REPORT (continued)

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of St George Leagues Club Limited and its Controlled Entity, would be in the same terms if given to the directors as at the time of this auditor's report.

### Opinion

In our opinion the financial report of St George Leagues Club Limited and its Controlled Entity is in accordance with the *Corporations Act 2001*, including:

- (a) Giving a true and fair view of the consolidated entity's financial position as at 31 October 2014 and of their performance for the year ended on that date; and
- (b) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### BDO East Coast Partnership

**Paul Cheeseman**  
Partner

Sydney, 3 February 2015

# St George Leagues Club Limited and its Controlled Entity

## Directors' Declaration

The directors of St George Leagues Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 8 to 39, are in accordance with the *Corporations Act 2001*, including:
  - (i) Giving a true and fair view of the consolidated entity's financial position as at 31 October 2014 and of its performance, for the financial year ended on that date; and
  - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001* and other professional reporting requirements;
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

Dated at Kogarah this 3<sup>rd</sup> day of February 2015.

**Brian Stuart Johnston**  
Director

St George Leagues Club Limited and its Controlled Entity  
Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 October 2014

	Note	2014 \$	2013 \$
<b>Revenue</b>			
Sale of goods		4,405,921	4,381,332
Rendering of services		33,352,307	32,525,793
Other revenue		353,048	283,321
Other Income		-	70,475
		<hr/>	<hr/>
Total revenue and other income	2	38,111,276	37,260,921
		<hr/>	<hr/>
<b>Expenses</b>			
Raw Materials and consumables used		(1,941,404)	(1,960,694)
Employee benefits expense		(9,648,692)	(9,242,701)
Poker machine duty and CMS expense		(8,555,703)	(8,349,732)
Occupancy expenses		(4,585,305)	(4,437,027)
Marketing and promotional expenses		(3,527,448)	(4,005,214)
Depreciation and amortisation expense	3	(2,675,359)	(2,735,678)
Finance costs	3	(207,836)	(276,334)
Share in loss from Narellan Properties	3	-	(38,208)
Football clubs and community development and support expenditure	4	(1,262,262)	(981,047)
Other expenses		(3,004,647)	(2,656,499)
		<hr/>	<hr/>
Total Expenses		(35,408,656)	(34,683,134)
		<hr/>	<hr/>
Profit before income tax		2,702,620	2,577,787
Income tax expense	5(a)	(31,953)	(227,037)
		<hr/>	<hr/>
<b>Net profit after income tax expense attributable to members</b>	18	2,670,667	2,350,750
		<hr/>	<hr/>
<b>Other comprehensive income</b>			
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive income for the year attributable to members of the entity		2,670,667	2,350,750
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 12 to 39.

St George Leagues Club Limited and its Controlled Entity  
Statement of Financial Position  
As at 31 October 2014

ASSETS	Note	2014 \$	2013 \$
<b>Current Assets</b>			
Cash and cash equivalents	6	9,633,906	6,821,644
Trade and other receivables	7	513,098	256,757
Inventories	8	215,548	303,061
Financial assets	9	-	800,000
Other current assets	10	377,993	413,033
Current tax assets	5(b)	280,765	-
<b>Total Current Assets</b>		<u>11,021,310</u>	<u>8,594,495</u>
<b>Non-Current Assets</b>			
Financial assets	9	100	100
Property, plant and equipment	11	41,717,354	41,501,448
Intangible assets	12	133,333	133,333
Deferred tax assets	5(c)	176,429	175,512
<b>Total Non-current Assets</b>		<u>42,027,216</u>	<u>41,810,393</u>
<b>Total Assets</b>		<u>53,048,526</u>	<u>50,404,888</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	13	3,224,149	2,997,312
Current tax liabilities	5(b)	-	160,450
Employee benefits	15	2,281,722	2,174,990
Financial liabilities	14	1,534,893	1,380,635
Other current liabilities	16	392,530	269,514
<b>Total Current Liabilities</b>		<u>7,433,294</u>	<u>6,982,901</u>
<b>Non-Current Liabilities</b>			
Employee benefits	15	112,461	98,496
Financial liabilities	14	2,738,807	3,358,796
Deferred tax liabilities	5(d)	314,527	173,572
Other non-current liabilities	16	105,427	117,780
<b>Total Non-Current Liabilities</b>		<u>3,271,222</u>	<u>3,748,644</u>
<b>Total Liabilities</b>		<u>10,704,516</u>	<u>10,731,545</u>
<b>Net Assets</b>		<u>42,344,010</u>	<u>39,673,343</u>
<b>Members' Funds</b>			
Reserves	17	-	-
Retained profits	18	42,344,010	39,673,343
<b>Total Members' Funds</b>		<u>42,344,010</u>	<u>39,673,343</u>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 12 to 39.

St George Leagues Club Limited and its Controlled Entity  
Statement of Changes in Equity  
For the Year Ended 31 October 2014

	Reserves \$	Retained Earnings \$	Total Equity \$
<b>Balance at 1 November 2012</b>	1,473,762	35,848,831	37,322,593
Net profit after income tax expense for the year	-	2,350,750	2,350,750
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,350,750	2,350,750
	<hr/>	<hr/>	<hr/>
Transfer to retained profits on disposal	(1,473,762)	1,473,762	-
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 October 2013</b>	-	<b>39,673,343</b>	<b>39,673,343</b>
	<hr/>	<hr/>	<hr/>
Net profit after income tax expense for the year	-	2,670,667	2,670,667
Other comprehensive income for the year, net of tax	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	2,670,667	2,670,667
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 October 2014</b>	-	<b>42,344,010</b>	<b>42,344,010</b>
	<hr/>	<hr/>	<hr/>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 12 to 39.

St George Leagues Club Limited and its Controlled Entity  
**Statement of Cash Flows**  
**For the Year Ended 31 October 2014**

	Note	2014 \$	2013 \$
<b>Cash Flow From Operating Activities</b>			
Receipts from customers		41,548,147	40,888,631
Payments to suppliers and employees		(34,532,216)	(33,697,248)
Grants to football clubs		(660,000)	(440,000)
Community development and support expenditure		(662,262)	(581,047)
Rent received		118,628	122,927
Interest paid		(234,219)	(276,863)
Interest received	2	124,404	50,735
Income taxes paid	5(b)	(333,130)	(213,415)
		<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>		5,369,352	5,853,720
		<hr/>	<hr/>
<b>Cash Flow from Investing Activities</b>			
Proceeds from sale of property, plant and equipment		19,020	-
Payment for property, plant and equipment		(1,891,030)	(1,725,393)
Capital contribution - Narellan Properties		-	(152,480)
Proceeds from sale of share in Narellan Properties		-	500,000
Repayment from / (Loan to) St George Illawarra Football Club		800,000	(800,000)
		<hr/>	<hr/>
<b>Net cash outflow from investing activities</b>		(1,072,010)	(2,177,873)
		<hr/>	<hr/>
<b>Cash Flow from Financing Activities</b>			
Finance lease payments		(485,080)	(478,488)
Repayment of borrowings		(1,000,000)	(750,296)
Hire purchase payments		-	(8,107)
		<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>		(1,485,080)	(1,236,891)
		<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>		2,812,262	2,438,956
<b>Cash and cash equivalents at the beginning of the financial year</b>		6,821,644	4,382,688
		<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	6	9,633,906	6,821,644
		<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 12 to 39.

# St George Leagues Club Limited and its Controlled Entity

## Notes to the Financial Statements

### For the Year Ended 31 October 2014

#### 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

##### **New, revised or amending Accounting Standards and Interpretations adopted**

The company and consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

##### *AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities*

The consolidated entity has applied AASB 2012-3 from 1 November 2013. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

##### *AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*

The consolidated entity has applied AASB 119 and its consequential amendments from 1 November 2013. The standard eliminates the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans. The standard also changed the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. Annual leave that is not expected to be wholly settled within 12 months is now discounted allowing for expected salary levels in the future period when the leave is expected to be taken.

# St George Leagues Club Limited and its Controlled Entity

## Notes to the Financial Statements

### For the Year Ended 31 October 2014 (continued)

#### 1 Summary of Significant Accounting Policies (continued)

##### **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. These financial statements do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB).

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

The financial report is presented in Australian dollars, which is the company's functional and presentation currency.

The company and consolidated entity is a not for profit entity for the purpose of preparing these financial statements, which means that in preparing the financial report, the company has applied the exemptions available for not for profit entities.

The financial report was authorised for issue on 3 February 2015, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

##### **Historical cost convention**

The financial statements have been prepared under the historical cost convention.

#### (a) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of St George Leagues Club Limited ('company' or 'parent entity') as at 31 October 2014 and the results of all subsidiaries for the year then ended. St George Leagues Club Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 25 to the financial statements.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

1 Summary of Significant Accounting Policies (continued)

(b) Revenue Recognition - Note 2

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

**Sale of Goods**

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

**Rendering of Services**

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

**Interest Revenue**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

**Rent Income**

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

(c) Other income

**Sale of Property, Plant and Equipment**

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other revenue at the date control of the asset passes to the buyer.

# St George Leagues Club Limited and its Controlled Entity

## Notes to the Financial Statements

### For the Year Ended 31 October 2014 (continued)

#### 1 Summary of Significant Accounting Policies (continued)

##### (d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

##### (e) Finance Costs

Finance costs include interest, premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Finance costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, finance costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of finance costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, finance costs are capitalised using a weighted average capitalisation rate.

##### (f) Income Tax - Note 5

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted, except for:

- When deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interest in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

# St George Leagues Club Limited and its Controlled Entity

## Notes to the Financial Statements

### For the Year Ended 31 October 2014 (continued)

#### 1 Summary of Significant Accounting Policies (continued)

##### (f) Income Tax - Note 5 (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

The parent entity adopts the principle of mutuality and is liable for income tax only on income derived from non-members and from investments.

The controlled entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

##### (g) Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

##### (h) Cash and Cash Equivalents - Note 6

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

##### (i) Trade and Other Receivables - Note 7

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

##### (j) Inventories - Note 8

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

# St George Leagues Club Limited and its Controlled Entity

## Notes to the Financial Statements

### For the Year Ended 31 October 2014 (continued)

#### 1 Summary of Significant Accounting Policies (continued)

##### (k) Leased Assets

Leases under which the consolidated entity assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

##### **Finance Leases - Note 14**

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

##### **Operating Leases**

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

##### (l) Financial Assets - Note 9

The company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available for sale financial assets. The classification depends on the purpose for which the investments were acquired and subsequent reclassification to other categories is restricted to limited circumstances. Management determines the classification of its investments at initial recognition.

All financial assets are recognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are derecognised when the right to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all the risks and rewards of ownership.

##### (i) Loans and receivables

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. They arise when the company provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Statement of Financial Position date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position (Note 7).

##### (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the consolidated entity has the positive intent and ability to hold to maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

# St George Leagues Club Limited and its Controlled Entity

## Notes to the Financial Statements

### For the Year Ended 31 October 2014 (continued)

#### 1 Summary of Significant Accounting Policies (continued)

##### (m) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available for sale securities is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price.

The carrying value of trade receivables and payables are assumed to approximate their fair value due to their short term nature.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar liabilities.

##### (n) Property, Plant and Equipment - Note 11

Freehold land and buildings are shown at historic cost less subsequent depreciation for buildings and accumulated impairment losses for land and buildings.

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Leasehold improvements	10 years
Plant and equipment	10 years
Poker machines	5 years
Motor vehicles	6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

1 Summary of Significant Accounting Policies (continued)

(o) Intangible Assets - Note 12

**Poker Machine Entitlements**

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

(p) Trade and Other Payables - Note 13

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Employee Benefits - Note 15

**Wages and Salaries, Annual Leave and Sick Leave**

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

**Long Service Leave**

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

**Superannuation Plans**

The consolidated entity contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The consolidated entity has no legal or constructive obligation to fund any deficit.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

1 Summary of Significant Accounting Policies (continued)

(r) Financial Liabilities - Note 14

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of borrowings using the effective interest method.

Borrowings are classified as non-current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(s) Customer Loyalty Program

The consolidated entity operates a loyalty program where customers accumulate points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

(t) Interest in Joint Ventures

The joint venture is jointly controlled by the consolidated entity and another entity. The consolidated entity's interest is accounted for by using the equity accounting principles in the consolidated financial statements.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

1 Summary of Significant Accounting Policies (continued)

(u) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

**Estimation of Useful Lives of Assets**

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

**Long Service Leave Provision**

As discussed in note 1(q), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

**Intangible Assets**

As discussed in note 1(o), impairment of poker machine entitlements is recognised based on a value in use calculations and is measured at the present value of the estimated future cash inflows available to the consolidated entity from the use of these licenses. In determining the present value of the cash inflows growth rate and appropriate discount factor have been considered. Refer to Note 12.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>2 Revenue and Other Income</b>		
<b>Sale of Goods Revenue</b>		
Bar sales	1,381,210	1,474,011
Catering sales	3,014,656	2,900,557
Merchandise sales	10,055	6,764
	<hr/>	<hr/>
	4,405,921	4,381,332
	<hr/>	<hr/>
<b>Rendering of Services Revenue</b>		
Poker machine - net clearances	31,819,609	31,037,261
Members' subscriptions	220,345	148,895
Commission received	423,140	450,392
Other revenue	889,213	889,245
	<hr/>	<hr/>
	33,352,307	32,525,793
	<hr/>	<hr/>
<b>Other Revenues</b>		
Interest received	124,404	50,735
Rent received	107,844	111,752
Sundry income	120,800	120,834
	<hr/>	<hr/>
Total other revenue	353,048	283,321
	<hr/>	<hr/>
<b>Total revenue</b>	38,111,276	37,190,446
	<hr/>	<hr/>
<b>Other Income</b>		
Gain on disposal of share in partnership	-	70,475
	<hr/>	<hr/>
<b>Total other income</b>	-	70,475
	<hr/>	<hr/>
<b>Total revenue and other income</b>	38,111,276	37,260,921
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>3 Expenses</b>		
<b>Profit before income tax expense includes the following specific items:</b>		
Cost of sales	1,941,404	1,960,694
Finance costs	207,836	276,334
Depreciation and amortisation		
Buildings depreciation	638,100	639,456
Plant and equipment depreciation	2,034,582	2,089,570
	2,672,682	2,729,026
Amortisation		
Leasehold improvements	2,677	6,652
	2,677	250,302
Total depreciation and amortisation	2,675,359	2,735,678
Net expense from movements in provision for impairment of receivables	-	(3,210)
Net loss on disposal / write off of non-current assets	94	138,886
Share in loss from Narellan Properties Partnership	-	38,208
Defined contribution superannuation expense	878,297	862,785
<b>4 Football Clubs and Community Development and Support Expenditure</b>		
Community development and support expenditure	662,262	581,047
Grant to St George Illawarra District Rugby League Football Club Pty Ltd	600,000	400,000
	1,262,262	981,047

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

5 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.

The controlled entity, St George District Rugby League Football Club Limited, is exempt from income tax under Section 50-45 of the Income Tax Assessment Act (1997).

a) Income Tax Expense

	2014 \$	2013 \$
The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been calculated as follows:		
Portion of income attributable to non-members	6,898,580	8,933,746
Less: Portion of expenses attributable to non-members	(7,004,409)	(7,064,633)
	<hr/>	<hr/>
Add: Other assessable income	(105,829)	1,869,113
Less: Other deductible expenses	967,339	870,024
Transfer to tax losses	(1,100,295)	(2,065,237)
	238,785	
	<hr/>	<hr/>
Net income subject to tax	-	673,900
	<hr/>	<hr/>
Current income tax applicable to above at 30%	-	202,170
Decrease in deferred tax liability	140,955	(46,820)
Decrease / (increase) in deferred tax asset	(917)	68,663
Under accrual in prior year	(108,085)	3,024
	<hr/>	<hr/>
Income tax expense	31,953	227,037
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>5 Income Tax (continued)</b>		
(b) Current Tax Liabilities / (Asset)		
Movements during the year:		
Balance at beginning of year	160,450	168,671
Income tax paid	(333,130)	(213,415)
Under/ (over) provision in prior year	(108,085)	3,024
Current year's income tax expense on profits	-	202,170
	(280,765)	160,450
	(280,765)	160,450
(c) Deferred Tax Assets		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	104,793	175,512
Tax losses	71,636	-
	176,429	175,512
Net deferred tax assets	176,429	175,512
<b>Movements</b>		
Opening balance	175,512	244,175
Credited / (debited) to profit or loss	917	(68,663)
	176,429	175,512
Closing balance	176,429	175,512
(d) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Depreciation	314,527	173,572
	314,527	173,572
Net deferred tax liabilities	314,527	173,572
<b>Movements</b>		
Opening balance	173,572	220,392
Credited / (debited) to profit or loss	140,955	(46,820)
	314,527	173,572
Closing balance	314,527	173,572

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

6 Cash and Cash Equivalents

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2014 \$	2013 \$
Cash at bank and on hand	4,133,906	4,321,644
Term deposits	5,500,000	2,500,000
	<hr/>	<hr/>
	9,633,906	6,821,644
	<hr/>	<hr/>

Non-Cash Financing and Investing Activities

During the financial year the consolidated entity acquired plant and equipment with an aggregate fair value of \$641,084 (2013: \$527,741) by means of finance leases. These acquisitions are not reflected in the Statement of Cash Flows.

7 Trade and Other Receivables

Current

Trade debtors	489,069	245,682
Provision for impairment of receivables	-	-
	<hr/>	<hr/>
	489,069	245,682
Other debtors	24,029	11,075
	<hr/>	<hr/>
	513,098	256,757
	<hr/>	<hr/>

8 Inventories

Current

Bar and catering stock	215,548	278,653
Memorabilia stock	-	24,408
	<hr/>	<hr/>
Finished goods at cost	215,548	303,061
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>9 Financial Assets</b>		
<b>Current</b>		
Short term loan to St George Illawarra Rugby League Football Club Ltd	-	800,000
	<hr/>	<hr/>
<b>Non-Current</b>		
Interest in Joint Venture	100	100
	<hr/>	<hr/>
	100	100
	<hr/> <hr/>	<hr/> <hr/>
<b>10 Other Assets</b>		
<b>Current</b>		
Prepayments	377,993	413,033
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>11 Property, Plant and Equipment</b>		
<b>Land and Buildings</b>		
At cost	35,122,766	34,795,020
Accumulated depreciation	(3,476,434)	(2,838,334)
	<hr/> 31,646,332	<hr/> 31,956,686
<b>Leasehold Improvements</b>		
At cost	2,164,930	2,158,246
Less: Accumulated amortisation	(2,157,261)	(2,154,585)
	<hr/> 7,669	<hr/> 3,661
Total Land, Buildings and Leasehold Improvements	<hr/> 31,654,001	<hr/> 31,960,347
<b>Poker Machines</b>		
At cost	11,955,728	12,318,386
Less: Accumulated depreciation	(7,798,041)	(8,734,852)
	<hr/> 4,157,687	<hr/> 3,583,534
<b>Plant and Equipment</b>		
At cost	21,712,708	21,128,689
Less: Accumulated depreciation	(15,894,391)	(15,273,286)
	<hr/> 5,818,317	<hr/> 5,855,403
<b>Motor Vehicles</b>		
At cost	239,103	241,793
Less: Accumulated depreciation	(151,754)	(176,605)
	<hr/> 87,349	<hr/> 65,188
Total Plant and Equipment	<hr/> 10,063,353	<hr/> 9,504,127
<b>Capital Work In Progress - at cost</b>	-	36,975
Total Property, Plant and Equipment	<hr/> <hr/> 41,717,354	<hr/> <hr/> 41,501,448

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

11 Property, Plant and Equipment (continued)

Valuation

An independent valuation by Hymans Asset Management Pty Limited of the company's land and buildings was carried out as at 30 June 2013 on the basis of open market value for existing use resulted in a valuation of \$32,620,000. The directors are of the opinion the amount reflects the value at 31 October 2014. As land and buildings are recorded at cost the valuation has not been brought to account.

	2014 \$	2013 \$
Reconciliations		
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Land and Buildings</b>		
Carrying amount at beginning of year	31,956,686	32,208,924
Additions	327,746	387,218
Depreciation expense	(638,100)	(639,456)
Transfer from Capital Work in Progress	-	-
	<hr/>	<hr/>
Carrying amount at end of year	31,646,332	31,956,686
	<hr/> <hr/>	<hr/> <hr/>
<b>Leasehold Improvements</b>		
Carrying amount at beginning of year	3,661	10,313
Additions	6,685	
Amortisation expense	(2,677)	(6,652)
	<hr/>	<hr/>
Carrying amount at end of year	7,669	3,661
	<hr/> <hr/>	<hr/> <hr/>
<b>Poker Machines</b>		
Carrying amount at beginning of year	3,583,534	3,457,905
Additions	1,770,717	1,467,874
Disposals	-	(125,285)
Depreciation expense	(1,196,564)	1,216,960
	<hr/>	<hr/>
Carrying amount at end of year	4,157,687	3,583,534
	<hr/> <hr/>	<hr/> <hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>11 Property, Plant and Equipment (continued)</b>		
<b>Reconciliations (continued)</b>		
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	5,892,378	6,361,623
Transfer from Capital Work In Progress	36,975	-
Additions	710,070	357,065
Disposals	-	(9,600)
Depreciation expense	(821,106)	(853,685)
	<hr/>	<hr/>
Carrying amount at end of year	5,818,317	5,855,403
	<hr/> <hr/>	<hr/> <hr/>
<b>Motor Vehicles</b>		
Carrying amount at beginning of year	65,188	84,113
Additions	58,187	-
Disposal	(19,114)	-
Depreciation expense	(16,912)	(18,925)
	<hr/>	<hr/>
Carrying amount at end of year	87,349	65,188
	<hr/> <hr/>	<hr/> <hr/>
<b>Capital Work In Progress</b>		
Carrying amount at beginning of year	36,975	-
Additions	-	36,975
Transfer to Plant and Equipment	(36,975)	-
	<hr/>	<hr/>
Carrying amount at end of year	-	36,975
	<hr/> <hr/>	<hr/> <hr/>

**Core property held by the Club:**

124 Princes Highway  
Kogarah NSW 2217

**Non-core property held by the Club:**

There is no non-core property held by the Club.

**Leased assets**

The net book value of leased assets included in the property, plant and equipment is \$1,094,930 (2013: \$727,994)

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>12 Intangible Assets</b>		
Poker machine entitlements - at cost	196,000	196,000
Accumulated Impairment	(62,667)	(62,667)
	<hr/>	<hr/>
Net book amount	133,333	133,333
	<hr/>	<hr/>
<b>Reconciliation</b>		
Opening net book amount	133,333	133,333
Additions	-	-
	<hr/>	<hr/>
Net book amount	133,333	133,333
	<hr/>	<hr/>

**Indefinite useful life**

Poker machine entitlements are administrated by the state government and restrict the number of poker machines that can be installed by licensed club holder. The entitlements which may be transferred or acquired or sold do not have an expiration date and are therefore deemed to have an indefinite useful life. Poker machine entitlements are internally generated and therefore are only recognised when acquired and are valued at cost.

**Entitlement**

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the poker machine entitlements

- a. 3.4% pre-tax discount rate;
- b. 3.0% per annum projected revenue growth rate;
- c. 3.0% per annum increase in operating costs and overheads.

**Sensitivity**

As disclosed in note 1, the directors have made judgements and estimates with respect to impairment testing of poker entitlements. Should these judgements and estimates not occur, the resulting poker entitlements may vary in the carrying amount. The sensitivities are as follows:

Revenue would need to decrease significantly before the gaming division poker entitlements would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of gaming division's poker entitlements is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	Note	2014 \$	2013 \$
<b>13 Trade and Other Payables</b>			
<b>Current</b>			
Trade creditors		1,083,843	1,018,985
Goods and Services Tax (GST) payable		292,243	252,178
Sundry creditors and accruals		1,848,063	1,726,149
		<hr/>	<hr/>
		3,224,149	2,997,312
		<hr/>	<hr/>
<b>14 Financial Liabilities</b>			
<b>Current</b>			
<b>Secured</b>			
Commercial bill		1,000,000	1,000,000
Finance lease liabilities	19	534,893	378,135
Hire purchase liabilities	19	-	2,500
		<hr/>	<hr/>
		1,534,893	1,380,635
		<hr/>	<hr/>
<b>Non-Current</b>			
<b>Secured</b>			
Commercial bill		2,243,000	3,243,000
Finance lease liabilities	19	495,807	115,796
		<hr/>	<hr/>
		2,738,807	3,358,796
		<hr/>	<hr/>
<b>Financing Arrangements</b>			
The company has access to the following lines of credit:			
Total facilities available:			
Commercial bill		3,243,000	4,243,000
Bank guarantee		50,000	50,000
		<hr/>	<hr/>
		3,293,000	4,293,000
		<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
14 Financial Liabilities (continued)		
Facilities utilised at reporting date		
Commercial bill	3,243,000	4,243,000
Bank guarantee	50,000	50,000
	<hr/>	<hr/>
	3,293,000	4,293,000
	<hr/>	<hr/>

**Bank Loans**

All bank loans are denominated in Australian dollars. The bank loans amount in current liabilities comprises the portion of the company's bank loan payable within one year (\$1,000,000). The bank loans non-current balance represents the portion of the company's bank loans not due within one year.

The company entered in a new facility agreement with St George Bank on 1<sup>st</sup> February 2013. The bill facility expires on 31 December 2017 and requires quarterly principle repayments of \$250,000. The bill facility rate at year end was 4.83%.

**Security**

The security for the commercial bill facility is:

1. First registered real property mortgage by St George Bank over the Commercial property located at 124 Princes Highway, Kogarah NSW 2217.
2. First registered fixed and floating charge over the assets and undertaking of St George Leagues Club Limited.
3. Charge over the liquor licence of the Club given by St George Leagues Club Limited.

The carrying amount of the pledged assets is as follows:

Land and buildings and plant & equipment	41,717,354	41,501,448
	<hr/>	<hr/>

15 Employee Benefits

Current	2,281,722	2,174,990
	<hr/>	<hr/>
Non-Current	112,461	98,496
	<hr/>	<hr/>

The present values of employee benefits not expected to settle within the next 12 months of reporting date has been calculated using the following weighted averages:

	2014	2013
Assumed rate of increase in wage and salary rates	2.00%	2.00%
Discount rate	4.25%	4.25%
Settlement term (years)	9 years	9 years

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

15 Employee Benefits (continued)

Superannuation Plans

Contributions

The company is under a legal obligation to contribute 9.50% (2013: 9.25%) of each employee's salary base salary to a superannuation fund.

16 Other Liabilities

	2014 \$	2013 \$
<b>Current</b>		
Income received in advance	392,530	269,514
	<hr/>	<hr/>
<b>Non-Current</b>		
Income received in advance	105,427	117,780
	<hr/>	<hr/>

17 Reserves

Asset Revaluation

Balance at beginning of year	-	1,473,762
Transfer to retained profits on disposal of share in partnership	-	(1,473,762)
	<hr/>	<hr/>
Balance at end of year	-	-
	<hr/>	<hr/>

18 Retained Profits

Retained profits at the beginning of the financial year	39,673,343	35,848,831
Profit attributable to members of the entity	2,670,667	2,350,750
Transfer from reserves due to disposal of share in partnership	-	1,473,762
	<hr/>	<hr/>
Retained profits at the end of the financial year	42,344,010	39,673,343
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>19 Commitments</b>		
<b>Operating Lease Payable Commitments</b>		
Future non-cancellable operating lease rentals of property, plant and equipment, not provided in the financial statements and payable:		
Within one year	87,500	87,500
One year or later and no later than five years	87,500	87,500
	<hr/>	<hr/>
	175,000	175,000
	<hr/> <hr/>	<hr/> <hr/>
<b>Hire Purchase Commitments</b>		
Hire purchase payments are payable as follows:		
Within one year	-	2,500
One year or later and no later than five years	-	-
	<hr/>	<hr/>
Minimum hire purchase payments	-	2,500
	<hr/> <hr/>	<hr/> <hr/>
<b>Finance Lease Commitments</b>		
Finance lease commitment are payable as follows:		
Within one year	534,893	378,135
One year or later and no later than five years	495,807	115,796
	<hr/>	<hr/>
Minimum lease payments	1,030,700	493,931
	<hr/> <hr/>	<hr/> <hr/>
<b>Capital Expenditure Commitments</b>		
Contracted payments are payable as follows:		
Within one year	-	460,200
	<hr/>	<hr/>
Minimum payments	-	460,200
	<hr/> <hr/>	<hr/> <hr/>

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

	2014 \$	2013 \$
<b>20 Contingent Liabilities</b>		
Estimates of the potential financial effect of contingent liabilities that may become payable:		
Contingent liabilities with respect to bank guarantees given to third parties	50,000	50,000
	<hr/>	<hr/>

**21 Mutuality Principle**

The company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, e.g. poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

22 Key Management Personnel

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Brian Stuart Johnston  
Ralph Gordon Piggott  
Harvey Warren Lockwood  
Peter Lawrence Doust  
Bruce William Spaul  
Peter Ernest Black  
Michelle Maree McClelland  
Craig Stephen Young  
Martin Newman

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Danny Robinson General Manager  
Michael Derrig Assistant General Manager  
Garry Carr Gaming Operations Manager

(c) Management Personnel Compensation

	2014 \$	2013 \$
Benefits and payments made to the Directors and other Key Management Personnel	1,164,472	1,059,184

Transaction with related parties

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

23 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 22.

	2014 \$	2013 \$
<b>Related Party Transactions</b>		
Grants paid to St George Illawarra Rugby League Football Club Pty Ltd	550,000	550,000
Ground rent received from St George Illawarra Rugby League Football Club Pty Ltd	220,000	350,000
<b>Balance with Entities Within the Group</b>		
The balances of St George Illawarra Rugby League Football Club Ltd with the parent company at reporting date:		
Payable - St George Illawarra Rugby League Football Club Pty Ltd	1,164	-
Sundry debtor - St George Illawarra Rugby League Football Club Pty Ltd	64,317	56,051
Repayment from / (Loan to) St George Illawarra Rugby League Football Club Pty Ltd	800,000	(800,000)
The balances of St George Illawarra Rugby League Football Club Ltd with the controlling entity apart from those disclosed with the parent entity above at reporting date:		
Sundry debtor - St George Illawarra Rugby League Football Club Pty Ltd	-	60,500
Payable - St George Illawarra Rugby League Football Club Pty Ltd	-	9,750

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

St George Leagues Club Limited and its Controlled Entity  
Notes to the Financial Statements  
For the Year Ended 31 October 2014 (continued)

24 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee.

The registered office of the company is:

St George Leagues Club Limited  
124 Princes Highway  
Kogarah NSW 2217

25 Controlled Entity

Subsidiary: St George District Rugby League Football Club Ltd  
Country of Incorporation: Australia

26 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

27 Parent Entity Financial Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts.

	2014 \$	2013 \$
<b>Statement of Financial Position</b>		
Current assets	10,569,903	8,393,394
Total assets	52,502,179	50,137,414
Current liabilities	6,915,474	6,728,098
Total liabilities	10,186,696	10,476,742
<b>Members' funds</b>		
Reserves	-	-
Retained earnings	42,315,483	39,660,672
Total members' funds	42,315,483	39,660,672
<b>Profit for the year</b>	2,647,336	2,341,799
<b>Total comprehensive income for the year</b>	2,647,336	2,341,799

(b) Contingent liabilities of the parent entity

Refer to Note 20 for details of the contingent liabilities of the parent entity.