St George Leagues Club Limited

ABN 77 000 151 020

and its Controlled Entity

Annual Financial Report
31 October 2019

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 2019.

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 (resigned 4th December 2018)
Ralph Gordon Piggott
Peter Lawrence Doust
Bruce William Spaul
Peter Ernest Black
Michelle Maree McClelland
Craig Stephen Young
Matthew David A'Court Horton (appointed 4th December 2018)

Information on directors

The information on directors is as follows:

Ralph Gordon Piggott	• Chairman • Company Director • Director, St George District Rugby League Football Club Limited
Peter Lawrence Doust	• Deputy Chairman • Executive Director and Chief Executive Officer, St George Illawarra Rugby League Football Club Pty Limited • Director, St George District Rugby League Football Club Limited
Brian Stuart Johnston	• Company Director • Director, St George District Rugby League Football Club Limited • Director, St George Illawarra Rugby League Football Club Pty Limited
Bruce William Spaul	• Chartered Accountant • Director, St George District Rugby League Football Club Limited
Peter Ernest Black	• Sales Manager • Director, St George District Rugby League Football Club Limited • Director, St George Illawarra Rugby League Football Club Pty Limited
Michelle Maree McClelland	• School Teacher • Director, St George District Rugby League Football Club Limited
Craig Stephen Young	• Coaching and Development Officer • Director, St George District Rugby League Football Club Limited
Martin Newman	• Company Director • Director, St George District Rugby League Football Club Limited
Matthew David A'Court Horton	• Company Director • Director, St George District Rugby League Football Club Limited
Harvey Warren Lockwood	• Consultant • Director, St George District Rugby League Football Club Limited • Director, St George Illawarra Rugby League Football Club Pty Limited

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 2019 and the number of meetings held during the financial year were:

Director	Number of meetings attended	Number of meetings held *
Brian Stuart Johnston	9	11
Ralph Gordon Piggott	11	11
Peter Lawrence Doust	11	11
Bruce William Spaul	11	11
Peter Ernest Black	11	11
Craig Stephen Young	11	11
Martin Newman	9	11
Michelle Maree McClelland	11	11
Matthew Horton	8	11
Harvey Warren Lockwood	1	1

* 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 2019 was 26,832 (2018: 27,029).

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 $53,664 (2018: $54,058).

Operating Result

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

	2019 $	2018 $
Net profit after income tax benefit attributable to members	3,619,634	3,183,375
Add/(less) back:		
Depreciation and amortisation expense	2,734,495	2,964,481
Finance costs	38,317	76,810
Income tax benefit	-	-
Gain on sale of poker machine entitlements	(1,700,000)	(1,566,667)
Grants to football clubs and community development and support expenditure	956,676	1,970,218
EBITDAG	5,649,122	6,628,217

Directors' Report (continued)

Short and long term objectives

The principal 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 29th day of January 2020.

Ralph Gordon Piggott
Director

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Sydney NSW 2000
Australia

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 2019, 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 year.

Paul Cheeseman
Partner

BDO East Coast Partnership

Kogarah, 29th January 2020

BDO East Coast Partnership ABN 83 236 985 726 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO East Coast Partnership and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

BDO

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of St George Leagues Club Limited (the Company) and its Controlled Entity (the consolidated entity), which comprises the consolidated statement of financial position as at 31 October 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in members' funds and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of St George Leagues Club Limited and its Controlled Entity, is 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 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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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 on the other information obtained prior to the date of this auditor's report, 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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_files/ar3.pdf. This description forms part of our auditor's report.

BDO

BDO East Coast Partnership

Paul Cheeseman
Partner

Kogarah, 29th January 2020

St George Leagues Club Limited and its Controlled Entity
Directors' Declaration

The directors of St George Leagues Club Limited and its Controlled Entity declare that:

(a) In the Directors' opinion the financial statements and notes set out on pages 8 to 32, 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 2019 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 29th day of January 2020

Ralph Gordon Piggott
Director

St George Leagues Club Limited and its Controlled Entity

Consolidated Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 October 2019

	Note	2019 $	2018 $
Revenue			
Sale of goods		3,867,136	4,158,056
Rendering of services		31,162,814	30,833,932
Other revenue		558,359	425,735
Total revenue	1	35,588,309	35,417,723
Other income	1	-	1,721,466
Expenses			
Raw materials and consumables used		(1,695,208)	(1,803,244)
Employee benefits expense		(9,400,860)	(9,162,616)
Poker machine duty and CMS expense		(7,601,036)	(8,043,928)
Occupancy expenses		(4,322,060)	(4,571,134)
Marketing and promotional expenses		(3,882,746)	(4,277,860)
Depreciation and amortisation expense		(2,734,495)	(2,964,481)
Finance costs		(38,317)	(76,810)
Football clubs and community development and support expenditure	3	(956,676)	(1,970,218)
Loss on disposal		(104,929)	-
Other expenses		(1,232,349)	(1,085,523)
Total expenses		(31,968,676)	(33,955,814)
Profit before income tax benefit		3,619,634	3,183,375
Income tax benefit	4(a)	-	-
Net profit after income tax benefit attributable to members		3,619,634	3,183,375
Other comprehensive income			
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to members		3,619,634	3,183,375

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 12 to 32.

St George Leagues Club Limited and its Controlled Entity

Consolidated Statement of Financial Position
As at 31 October 2019

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and cash equivalents	5	19,366,128	15,296,518
Trade and other receivables		112,455	121,709
Inventories		158,686	156,460
Prepayments		485,696	434,562
Total Current Assets		20,122,965	16,009,249
Non-Current Assets			
Interest in Joint Venture	18(h)	100	100
Property, plant and equipment	6	41,050,536	42,477,705
Deferred tax assets	4(b)	461,100	461,100
Total Non-current Assets		41,511,736	42,938,905
Total Assets		61,634,701	58,948,154
LIABILTIES			
Current Liabilities			
Trade and other payables	7	2,955,673	2,587,321
Financial liabilities	8	62,040	1,624,080
Employee benefits	9	2,671,229	2,326,031
Deferred revenue		255,237	252,014
Total Current Liabilities		5,944,179	6,789,446
Non-Current Liabilities			
Financial liabilities	8	-	62,040
Employee benefits	9	78,396	105,284
Deferred tax liabilities	4(c)	177,431	177,431
Deferred revenue		125,573	124,463
Total Non-Current Liabilities		381,400	469,218
Total Liabilities		6,325,579	7,258,664
Net Assets		55,309,122	51,689,490
Members' Funds			
Retained profits		55,309,122	51,689,490
Total Members' Funds		55,309,122	51,689,490

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 12 to 32.

St George Leagues Club Limited and its Controlled Entity

Consolidated Statement of Changes in Members' Funds For the Year Ended 31 October 2019

	Retained Profits $	Total Member Funds $
Balance at 1 November 2017	48,506,115	48,506,115
Net profit after income tax benefit for the year	3,183,375	3,183,375
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	3,183,375	3,183,375
Balance at 31 October 2018	51,689,490	51,689,490
Net profit after income tax benefit for the year	3,619,634	3,619,634
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	3,619,634	3,619,634
Balance at 31 October 2019	55,309,122	55,309,122

The Consolidated Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 12 to 32.

St George Leagues Club Limited and its Controlled Entity
Consolidated Statement of Cash Flows
For the Year Ended 31 October 2019

	Note	2019 $	2018 $
Cash Flow From Operating Activities			
Receipts from customers (inclusive of GST)		38,677,015	38,658,548
Payments to suppliers and employees (inclusive of GST)		(31,159,882)	(33,006,698)
Grants to football clubs	3	(500,000)	(1,700,000)
Community development and support expenditure	3	(456,676)	(270,218)
Rent received (inclusive of GST)		233,957	226,085
Finance costs		(38,317)	(76,810)
Interest received	1	244,920	220,203
Net cash inflow from operating activities		7,001,017	4,051,110
Cash Flow from Investing Activities			
Proceeds from sale of property, plant and equipment		445,320	389,506
Proceeds from sale of poker machine entitlements		-	1,700,000
Payment for property, plant and equipment		(1,752,647)	(3,589,783)
Net cash outflow from investing activities		(1,307,327)	(1,500,277)
Cash Flow from Financing Activities			
Finance lease payments		(124,080)	(245,482)
Repayment of borrowings		(1,500,000)	-
Net cash outflow from financing activities		(1,624,080)	(245,482)
Net increase in cash and cash equivalents		4,069,610	2,305,351
Cash and cash equivalents at the beginning of the financial year		15,296,518	12,991,167
Cash and cash equivalents at the end of the financial year	5	19,366,128	15,296,518

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 12 to 32.

About this report

St George Leagues Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for St George Leagues Club Limited and its Controlled Entity. The financial statements were authorised for issue on 29th January 2019, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

The financial statements are general purpose financial statements which:

- 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*, as appropriate for not-for-profit orientated entities;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year;
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the operations of the Company and effective for reporting periods beginning on or after 1 November 2018; and
- Have been prepared on a going concern basis.

The Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

New, revised or amending accounting standards and interpretations adopted (continued)

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

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 November 2018. The Company has receivables at year end and under the standard there are new impairment requirements which use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial asset has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

The adoption of new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company as at 31 October 2018 or on opening retained earnings as at 1 November 2018.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Recoverability of deferred tax assets	Note 4
Estimated useful lives of assets	Note 6
Long service leave provision	Note 9

1 Revenue and other income

	2019 $	2018 $
Sale of goods		
Bar sales	1,179,895	1,214,638
Catering sales	2,678,841	2,937,227
Merchandise sales	8,400	6,191
	3,867,136	4,158,056
Rendering of services		
Poker machine - net clearances	27,917,003	29,626,918
Members' subscriptions	189,702	214,385
Commission received	410,608	454,011
Other rendering of services revenue	945,501	538,618
Sale of poker machine	1,700,000	-
	31,162,814	30,833,932
Other revenue		
Interest received	244,920	220,203
Rent received	212,689	205,532
St George JRL Grant	100,750	-
	558,359	425,735
Total revenue	35,588,309	35,417,723
Other income		
Gain on disposal of property, plant & equipment	-	154,799
Gain on sale of poker machine entitlements	-	1,566,667
Total other income	-	1,721,466

Recognition and Measurement

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.

1 Revenue and other income (continued)

Recognition and measurement (continued)

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 of 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.

Rental Revenue

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

Other income

Sale of Property, Plant and Equipment and Poker Machine Entitlements

The gain or loss on disposal of property, plant and equipment and poker machine entitlements 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 income at the date control of the asset passes to the buyer.

2 Expenses

	2019 $	2018 $
Profit before income tax benefit includes the following specific items:		
Defined contribution superannuation expense	797,008	804,826

Recognition and measurement

Superannuation Plans

The company 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. The company's contribution is a rate of 9.5% of ordinary earnings.

3 Football Clubs and Community Development and Support Expenditure

Community development and support expenditure	456,676	270,218
Grant to St George Illawarra Rugby League Football Club Pty Ltd	500,000	1,700,000
	956,676	1,970,218

Recognition and measurement

Football club grants and community development and support expenditure is recognised at the fair value of consideration paid or payable net of the amount of goods and services tax (GST) payable to the taxation authority.

4 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 Benefit

	2019 $	2018 $
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	5,963,398	4,725,344
Less: Portion of expenses attributable to non-members	5,450,242	5,363,770
	513,156	(638,426)
Add: Other assessable income	1,415,833	1,218,410
Less: Other deductible expenses	(1,032,070)	(826,966)
Transfer to tax losses	(989,095)	246,982
Net income subject to tax	-	-
Current income tax applicable to above at 27.5%		
Increase in deferred tax liability	-	-
Decrease in deferred tax asset	-	-
Income tax benefit	-	-

Recognition and measurement

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.

4 Income Tax (continued)

		2019 $	2018 $
(b)	Deferred Tax Assets		
	Amounts recognised in profit or loss		
	Employee benefits	66,627	66,627
	Tax losses	394,473	394,473
	Net deferred tax assets	461,100	461,100
	Movements		
	Opening balance	461,100	461,100
	Credited to profit or loss	-	-
	Closing balance	461,100	461,100
(c)	Deferred Tax Liabilities		
	The balance comprises temporary differences attributable to:		
	Depreciation	177,431	177,431
	Net deferred tax liabilities	177,431	177,431
	Movements		
	Opening balance	177,431	177,431
	Credited to profit or loss	-	-
	Closing balance	177,431	177,431

4 Income Tax (continued)

Recognition and measurement

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. Deferred tax assets are recognised for deductible temporary differences if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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.

Key Estimate and Judgement: Recoverability of Deferred Tax Assets

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.

Unrecognised deferred tax assets in relation to temporary differences associated with tax losses total of $388,210 at the end of the financial year (2018: 246,982). Deferred tax assets have not been recognised in the current year due to the likelihood of utilising the recognised income tax benefits in the short term.

These benefits will only be obtained if:

i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised,
ii) the company continues to comply with the conditions for deductibility imposed by law, and
iii) no changes in tax legislation adversely affect the company in realising the benefit.

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.

5 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:

	2019 $	2018 $
Cash at bank and on hand	3,116,128	2,546,518
Term deposits	16,250,000	12,750,000
	19,366,128	15,296,518

Recognition and measurement

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions 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.

Non-Cash Financing and Investing Activities

During the financial year the consolidated entity acquired plant and equipment with an aggregate fair value of $Nil (2018: $Nil) by means of finance leases. These acquisitions are not reflected in the Consolidated Statement of Cash Flows.

6 Property, Plant and Equipment

	2019 $	2018 $
Land and Buildings		
At cost	37,566,586	37,443,357
Less: Accumulated depreciation	(6,662,134)	(7,022,534)
	30,904,452	30,420,823
Leasehold Improvements		
At cost	-	2,046,162
Less: Accumulated amortisation	-	(2,046,162)
	-	-
Total Land, Buildings and Leasehold Improvements	30,904,452	30,420,823
Poker Machines		
At cost	12,017,034	12,474,126
Less: Accumulated depreciation	(7,660,560)	(7,410,367)
	4,356,474	5,063,759
Plant and Equipment		
At cost	20,642,621	22,151,307
Less: Accumulated depreciation	(14,902,782)	(16,222,288)
	5,739,839	5,929,019
Motor Vehicles		
At cost	171,672	171,672
Less: Accumulated depreciation	(121,901)	(107,568)
	49,771	64,104
Total Plant and Equipment	10,146,084	11,056,882
Work-in-progress	-	1,000,000
Total Property, Plant and Equipment	41,050,536	42,477,705

6 Property, Plant and Equipment (continued)

Valuation

An independent valuation of the company's land and buildings was carried out by Andrew Nock Pty Limited at 21 June 2016 on the basis of open market value for existing use. This resulted in a valuation of land and buildings at $38,500,000 and $8,583,000 respectively. The directors are of the opinion that there has been no decline in the market value of the company's land and buildings at 31 October 2019. As land and buildings are recorded at cost the valuation has not been brought to account.

Properties

The following are core properties:	The following are non-core properties:
124 Princes Highway, Kogarah NSW 2217	There is no non-core property held by the Club.

Reconciliations

Movements in Carrying Amounts

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:

	2019 $	2018 $
Land and Buildings		
Carrying amount at beginning of year	30,420,823	31,009,173
Additions	123,229	51,250
Depreciation expense	(639,600)	(639,600)
Transfer from WIP	1,000,000	-
Carrying amount at end of year	30,904,451	30,420,823
Poker Machines		
Carrying amount at beginning of year	5,063,759	4,836,535
Additions	843,566	1,786,439
Disposals	(280,243)	(126,381)
Depreciation expense	(1,270,608)	(1,432,834)
Carrying amount at end of year	4,356,474	5,063,759

6 Property, Plant and Equipment (continued)

	2019 $	2018 $
Reconciliations (continued)		
Plant and Equipment		
Carrying amount at beginning of year	5,929,019	6,128,187
Additions	785,852	752,093
Disposals	(165,078)	(80,467)
Depreciation expense	(809,954)	(870,794)
Carrying amount at end of year	5,739,839	5,929,019
Motor Vehicles		
Carrying amount at beginning of year	64,104	113,215
Disposals	-	(27,858)
Depreciation expense	(14,333)	(21,253)
Carrying amount at end of year	49,771	64,104
Work-in-progress		
Carrying amount at beginning of year	1,000,000	-
Additions	-	1,000,000
Transfer from WIP to Land & Buildings	(1,000,000)	-
Carrying amount at end of year	-	1,000,000

Leased assets

The net book value of leased assets included in the property, plant and equipment is $520,786 (2018: $723,314).

Recognition and measurement

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.

6 Property, Plant and Equipment (continued)

Recognition and measurement (continued)

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:

	2019	2018
Buildings	40 years	40 years
Leasehold improvements	10 years	10 years
Plant and equipment	10 years	10 years
Poker machines	5 years	5 years
Motor vehicles	6 years	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.

Key Estimate and Judgement: Estimated Useful Lives of Assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. 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.

7 Trade and Other Payables

	2019 $	2018 $
Current		
Trade creditors	821,087	346,564
Goods and Services Tax (GST) payable	-	224,664
Sundry creditors and accruals	2,134,586	2,016,093
	2,955,673	2,587,321

Recognition and measurement

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. Liabilities for wages and salaries, including non-monetary benefits are recognised in accruals.

8 Financial Liabilities

Current		
Secured		
Commercial Bill	-	1,500,000
Finance lease liabilities	62,040	124,080
	62,040	1,624,080
Non-Current		
Secured		
Finance lease liabilities	-	62,040
	-	62,040

Financing Arrangements

The company has access to the following lines of credit:

Total facilities available:		
Commercial bill	-	1,500,000
Finance lease liabilities	62,040	186,120
	62,040	1,686,120

8 Financial Liabilities (continued)

	2019 $	2018 $
Facilities utilised at reporting date		
Commercial bill	-	1,500,000
Finance lease liabilities	62,040	186,120
	62,040	1,686,120

Recognition and measurement

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 current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Commercial bill

Commercial bills are denominated in Australian dollars.

The facility repayments are interest-only with the principal amount due on 30 June 2019 and has therefore been repaid during the year. The interest rate of the facility at year end was 4.57%. No new commercial bills were entered into during the current financial period.

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	41,050,536	42,477,705

9 Employee Benefits

	2019 $	2018 $
Current	2,671,229	2,326,031
Non-Current	78,396	105,284

Recognition and measurement

Annual Leave and Sick Leave

Annual leave expected to be settled within 12 months of the reporting date is recognised in employee benefits 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. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Key Estimate and Judgement: Long Service Leave Provision

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.

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

	2019	2018
Assumed rate of increase in wage and salary rates	1.90%	2.10%
Discount rate	1.13%	2.63%

10 Commitments

	2019 $	2018 $
Finance Lease Commitments		
Finance lease commitment are payable as follows:		
Within one year	62,040	124,080
One year or later and no later than five years	-	62,040
Minimum lease payments	62,040	186,120

Capital Commitments

At 31 October 2019, St George Leagues Club and its Controlled Entity had not entered into any contractual commitments for the acquisition of property, plant and equipment (2018: Nil).

Recognition and measurement

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.

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.

11 Contingent Liabilities

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

12 Key Management Personnel

(a) Directors

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

Brian Stuart Johnston
Harvey Warren Lockwood (resigned 4th December 2018)
Ralph Gordon Piggott
Peter Lawrence Doust
Bruce William Spaul
Peter Ernest Black
Michelle Maree McClelland
Craig Stephen Young
Martin Newman
Matthew David A'Court Horton (appointed 4th December 2018)

(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
Jarrad Schwarze	Operations Manager
Laura Skinner (Appointed March 2019)	Gaming Operations Manager

(c) Management Personnel Compensation

	2019 $	2018 $
Benefits and payments made to other Key Management Personnel	1,073,316	1,105,485

13 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 12.

	2019 $	2018 $
Related Party Transactions		
Grants paid to St George Illawarra Rugby League Football Club Pty Ltd	500,000	1,700,000

Balance with Entities Within the Group

The balances of St George Illawarra Rugby League Football Club Pty Ltd with the parent company at reporting date:

Sundry debtors	12,811	63,120
Trade payables	48,453	62,698

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchase re 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.

14 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

15 Controlled Entity

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

16 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.

17 Parent Entity Financial Information

(a) Summary financial information

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

	2019 $	2018 $
Statement of Financial Position		
Current assets	20,003,813	15,927,051
Total assets	61,156,301	58,817,821
Current liabilities	5,793,549	6,724,482
Total liabilities	6,342,792	7,193,700
Members' funds		
Total members' funds	54,813,509	51,624,121
Profit for the year	3,189,388	3,172,545
Total comprehensive income for the year	3,189,388	3,172,545

(b) Contingent liabilities of the parent entity

Refer to Note 11 for details of the contingent liabilities of the parent entity.

18 Summary of Other Significant Accounting Policies

(a) 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.

(b) Poker Machine Entitlements

Poker machine entitlements are not amortised as they are deemed to have an indefinite useful life. They have an indefinite useful life as they do not expire and under current government legislation there is no plan to remove such entitlements. As a result, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Poker machine entitlements are carried at cost less accumulated impairment losses.

(c) 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.

(d) Finance Costs

Finance costs relate to interest charges incurred on the commercial bill held with St George Bank.

(e) Trade and Other Receivables

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.

(f) Inventories

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

18 Summary of Other Significant Accounting Policies (continued)

(g) 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.

(h) Interest in Joint Venture

The joint venture is jointly controlled by the controlled entity and another entity. The controlled entity's interest is accounted for by using the equity accounting principles in the consolidated financial statements. Under the constitution of the joint venture, the liability of the controlled entity is limited. As such the share of the net deficiency and loss has not been brought to account.