

# 2009

## Parramatta Leagues Club Annual Report



Including Concise Financial Report  
Year Ended 31 December 2009

# Our Mission

*To ensure Parramatta Leagues Club is the most professional and progressive multi-purpose hospitality venue in Greater Western Sydney, by providing excellence in service and amenities for all Members.*

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# Board of Directors



*Standing from left:*  
Mario Libertini; John Chidiac; Sid Kelly OAM (Deputy Chairman); Roy Spagnolo OAM (President/Chairman); Geoff Gerard; Lyn Wallace; Ron Hilditch.

# Management

<b>Tullio Cofrancesco</b>	Chief Executive	<b>Richard Croker</b>	Vikings Sports Club Manager
<b>Bob Bentley</b>	Human Resources Manager	<b>Ina Anetone</b>	Duty Manager
<b>Hugh Perrottet</b>	Gaming Manager	<b>Mandy Blume</b>	Duty Manager
<b>Garry Weir</b>	Acting Chief Operating Officer	<b>Peter Lytwyn</b>	Duty Manager
<b>Bryen Willems</b>	Finance Manager	<b>Greg Raue</b>	Duty Manager
<b>Adam Nofal</b>	Food & Beverage Manager	<b>Greg Williams</b>	Duty Manager
<b>Daniel Ram</b>	Group Accountant		
<b>Shane Richards</b>	Information Technology Manager		
<b>Paul White</b>	Payroll Manager		
<b>Sharon Wilson</b>	Corporate Business Manager		
<b>Craig Bird</b>	Security Manager		
<b>Greg Crouch</b>	Purchasing & Cellar Manager		
<b>Jose Fernandez</b>	Executive Chef		
<b>John Flower</b>	Maintenance Manager		
<b>Chris Planer</b>	Assistant Operations Manager		
<b>Lance Rudd</b>	Promotions & Entertainment Manager		
<b>Amanda Woodward</b>	Media & Production Manager		

# Notice of Annual General Meeting

Notice is given that the 52nd Annual General Meeting of Parramatta Leagues Club Limited ("Leagues Club") will be held on **TUESDAY, 4 MAY 2010** in the Wentworth Room located on the 1st Floor of the Leagues Club, 13-15 O'Connell Street, Parramatta at 7.00 pm.

## BUSINESS TO BE CONDUCTED ORDINARY BUSINESS

### 1 Minutes of previous Annual General Meeting

To receive and consider the Minutes of the previous Annual General Meeting.

### 2 Annual Report & Financial Statements

To receive and consider the Annual Report, including the Annual Financial Report for the 12 months ended 31 December 2009 with the Reports of the Directors and the Auditors for the 12 months ended 31 December 2009.

### 3 Registered Clubs Act Requirements

Members are asked to consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:

#### 3.1 First Ordinary Resolution

"That pursuant to section 10(6)(b) of the *Registered Clubs Act 1976*:

- (A) The Members agree to the payment of honorariums to the Directors of \$10,000 each in respect each of the Directors' services as a Member of the Board of the Leagues Club for the 12 month period to 31 March 2011, plus applicable statutory obligations.
- (B) The Members acknowledge that the benefits referred to in (A) above are not available to Members generally, but only for those who are Directors of the Leagues Club."

#### 3.2 Second Ordinary Resolution

"That pursuant to section 10(6A) of the *Registered Clubs Act 1976*:

- (A) The Members agree to the reasonable expenditure by the Directors with regard to the following matters in the 12 month period to 31 March 2011:
  - (i) a club suit, tie, shirts and other official clothing to be worn by a Director while representing the Leagues Club;
  - (ii) meals, drinks, accommodation, entertainment, transport, admission and other reasonable expenditure with regard to:
    - (a) attending meetings of the Board and sub-committees;
    - (b) entertaining corporate partners, business associates, patrons, councillors, Members of State and Federal Parliament, and other dignitaries and guests in the Board Room of the Leagues Club and in Corporate Hospitality areas at playing venues of the Parramatta National Rugby League team;
    - (c) attending meetings and functions, including community, charity, rugby league and other sporting or worthwhile functions at the Leagues Club or elsewhere, as an official delegate or representative of the Leagues Club, including the attendance of spouses where required, or appropriate;



- (d) attending rugby league matches of Parramatta National Rugby League team in the National Rugby League premiership competition, and any representative match conducted by the NRL, ARL or NSWRL, in Australia or overseas; and
- (e) attending, as an official representative of the Leagues Club, any official pre-season, end of season, or other tour, with Parramatta National Rugby League team.

(B) The Members acknowledge that the benefits referred to in (A) above are not available to Members generally, but only for those who are Directors of the Leagues Club."

#### 3.3 Third Ordinary Resolution

"That pursuant to section 10(6A) of the *Registered Clubs Act 1976*:

- (A) The Members agree to the expenditure by the Board of Directors of an additional sum not exceeding \$100,000 with regard to the 12 month period to 31 March 2011, on account of reasonable expenditure on meals, drinks, accommodation, entertainment, transport, admission charges and other reasonable expenditure in attending Leagues Club conferences (two per year), gaming conferences, conventions, seminars, lectures, trade displays, educational, fact finding, study and information tours at venues anywhere in Australia or overseas in order to obtain knowledge of the gaming, hospitality, sporting and entertainment facilities or to plan future club extensions and to improve the quality of amenities and services to the Members of the Leagues Club, including the attendance of spouses where required or appropriate.
- (B) The Members acknowledge that the benefits referred to in (A) above are not available to Members generally, but only for those who are Directors of the Leagues Club."

#### 3.4 Fourth Ordinary Resolution

"That pursuant to section 10(6A) of the *Registered Clubs Act 1976*:

- (A) The Members agree to the reasonable expenditure by the Board of Directors with regard to the 12-month period to 31 March 2011 of funds not exceeding \$70,000 to sponsor and support the sub-clubs, which operate within the club.
- (B) The Members agree to the reasonable expenditure by the Board of Directors with regard to the 12-month period to 31 March 2011 of funds not exceeding \$400,000 to make grants to individuals deemed worthy of support in terms of sporting or arts sponsorship, or hardship, or any other reason deemed appropriate by the Board of Directors.
- (C) The Members agree to the reasonable acceptance and costs of attendance by Directors or Senior Management, as appropriate, of invitations from commercial partners or others to functions, or conventions or other activities where attendance is considered beneficial to the Leagues Club in the normal conduct of its commercial business and benefits pertaining thereto.
- (D) The Members acknowledge that the benefits referred to in (A), (B), and (C) above are not available to Members generally, but only for those who are Directors and Members of the Leagues Club referred to in the resolution."

# Notice of Annual General Meeting (cont)

## 3.5 Fifth Ordinary Resolution

"That pursuant to section 10(6A) of the *Registered Clubs Act 1976*:

- (A) The Members agree to the expenditure by the Board of Directors with regard to the 12 month period to 31 March 2011, of all other reasonable out-of-pocket expenses including meals, drinks, accommodation, entertainment, transport and other types of expenditure not specified in the aforementioned resolutions which are incurred by any Directors in the course of carrying out his or her duties in relation to the Leagues Club subject to a resolution of the Board of Directors in accordance with section 10(6)(d) of the *Registered Clubs Act 1976*.
- (B) The Members agree that Patron(s) of the Leagues Club will receive a badge, a Christmas hamper and corporate level entertainment at all Parramatta National Rugby League home football matches, including car parking facilities, where possible.
- (C) The Members acknowledge that the benefits referred to in (A) and (B) above are not available to Members generally, but only for those who are Directors or Patron(s) of the Leagues Club."

## 4 General Business

To Consider Appointment of Patron(s).

**An Explanatory Memorandum (following) containing important information in relation to the Annual General Meeting and each of the Ordinary Resolutions accompanies and forms part of this Notice of Annual General Meeting.**

### Notes to Members

Please direct any questions or concerns about the business to be conducted at the Annual General Meeting (including the Ordinary Resolutions) to the Chief Executive, if possible before the meeting.

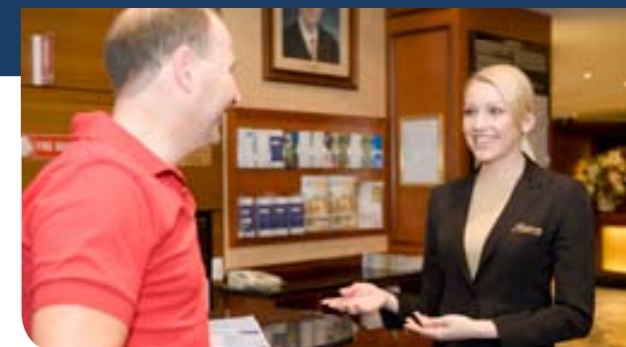
The Ordinary Resolutions will be voted on separately.

To be passed each Ordinary Resolution must receive votes in its favour from not less than 50% plus one of those Members who being eligible to do so, vote in person at the meeting.

Proxy voting is not permitted under the *Registered Clubs Act*.

Dated 30 March 2010  
BY ORDER OF THE BOARD

Tullio Cofrancesco  
Chief Executive



## EXPLANATORY MEMORANDUM

This Explanatory Memorandum has been prepared to assist Members in understanding the details and effect of the Ordinary Resolutions to be considered at the Annual General Meeting of Parramatta Leagues Club Limited ("Leagues Club") to be held at 7.00pm in the Wentworth Room on the 1st Floor of the Leagues Club, 13-15 O'Connell Street, Parramatta on Tuesday, 4 May 2010.

This Explanatory Resolution is to be read in conjunction with the proposed Ordinary Resolutions set out in the Notice of Annual General Meeting.

The *Registered Clubs Act 1976* prohibits a profit, benefit or advantage being offered to a Member of the Club, whether or not he or she is a Member of the Board of Directors, or of any committee of the Club unless the profit, benefit or advantage is offered equally to every full Member of the Club unless, the profit, benefit or advantage is approved by the Members in general meeting.

All Members will be entitled to vote on each of the Ordinary Resolutions.

Details of each of the Ordinary Resolutions proposed for consideration at the Annual General Meeting are as follows:

1. The First Ordinary Resolution seeks to have the Members approve in a general meeting the honorariums of Directors in respect of their services to the Leagues Club as a Member of the Board in the amounts set out in the Second Ordinary Resolution. The Second Ordinary Resolution is proposed in accordance with the requirements of section 10(6)(b) of the *Registered Clubs Act 1976*.

If passed the benefits provided in the First Ordinary Resolution are not available to all Members generally but only for those Members who are Directors of the Leagues Club.

2. The Second Ordinary Resolution seeks to have the Members approve in a general meeting of reasonable expenditure by the Directors for a club suit, tie, shirts and other official clothing to be worn whilst the Directors are representing the Leagues Club, meals, drinks, accommodation, entertainment, transport, admission and other reasonable expenditure with regard to attending meetings of the Board and sub-committees, entertaining sponsors, business associates, patrons, councillors, Members of State and Federal parliament, other dignitaries and guests in the Board Room of the Leagues Club and in Corporate Hospitality areas at playing venues of the Parramatta National Rugby League team, attending various functions including community, charity, rugby league, or other sporting and worthwhile functions, attending rugby league matches in the NRL competition and any representative match conducted by the NRL, ARL or NSWRL in Australia or overseas and attending as an official representative of the Leagues Club any official pre-season, end of season or other tour with the Parramatta Rugby League team in accordance with section 10(6A) of the *Registered Clubs Act 1976*.

If passed the benefits provided in the Second Ordinary Resolution are not available to all Members generally but only for those Members who are Directors of the Leagues Club.

# Notice of Annual General Meeting (cont)



3. The Third Ordinary Resolution seeks to have the Members approve in general meeting of the reasonable expenditure by the Members of the Board of Directors to a maximum of \$100,000 in the 12 month period to 31 March 2011 on Directors' and where required or appropriate Directors' spouses, for travel, accommodation and incidentals including meals, drinks and entertainment in attending Leagues Club conferences (two per year), gaming conferences, conventions, seminars, lectures, trade displays, educational and fact finding, study and information tours within Australia and overseas in order to obtain knowledge of the gaming and entertainment facilities or to plan future club extensions and to improve the quality of amenities and services to the Members of the Leagues Club in accordance with section 10(6A) of the Registered Clubs Act 1976.

If passed the benefits provided in the Third Ordinary Resolution are not available to all Members generally but only for those Members who are Directors of the Leagues Club.

4. The Fourth Ordinary Resolution seeks to have the Members approve in general meeting of the reasonable expenditure in the 12 month period to 31 March 2011 by:

- the Board of Directors of up to \$70,000 to sponsor and support the sub-clubs which operate within the Leagues Club;
- the Board of Directors of up to \$400,000 to make grants to individuals deemed worthy of support in terms of sporting or arts sponsorship, or hardship, or any other reason deemed appropriate by the Board of Directors;
- the Board of Directors and Senior Management on reasonable acceptance of invitations from commercial partners or others to functions or conventions or other activities where attendance is considered to be a benefit to the Leagues Club in the normal conduct of its commercial business, and benefits pertaining thereto; and

The Fourth Ordinary Resolution is proposed in accordance with section 10(6A) of the Registered Clubs Act 1976.

If passed the benefits provided in the Fourth Ordinary Resolution are not available to all Members generally but only for those who are Directors and Members of the Leagues Club referred to in the Fourth Ordinary Resolution.

5. The Fifth Ordinary Resolution seeks to have the Members approve in the general meeting:

- the reasonable expenditure by the Members of the Board of Directors during the 12 months period to 31 March 2011 of all reasonable out-of-pocket expenses including meals, drinks, accommodation, entertainment, transport and other types of expenditure not specifically mentioned or covered in the other resolutions which are incurred by any Directors in the course of carrying out his or her duties in relation to the Leagues Club subject to a resolution of the Board of Directors in accordance with section 10(6)(d) of the Registered Clubs Act 1976; and
- The Members agree that Patron(s) of the Leagues Club will receive a badge, a Christmas hamper and corporate level entertainment at all Parramatta Rugby League home football matches, including car parking facilities, where possible. The Fifth Ordinary Resolution is proposed in accordance with section 10(6A) of the Registered Clubs Act 1976.

The Fifth Ordinary Resolution is proposed in accordance with section 10(6A) of the Registered Clubs Act 1976.

If passed the benefits provided in the Fifth Ordinary Resolution are not available to all Members generally but only for those who are Directors and Patrons of the Leagues Club referred to in the Fifth Ordinary Resolution.

# President's Report

Roy Spagnolo OAM



Fellow Members,  
I am proud to have been entrusted with the stewardship of your Club, the Parramatta Leagues Club Limited, over the last 12 months.

In seeking election to the Board it was our promise that the Board would deliver fresh and fearless leadership in order to arrest the decline in the Club's fortunes.

I am extremely proud to report that in the past 12 months the Club's financial results have been turned around from a \$9.1 million loss into a \$1.1 million profit.

You, the Members, unanimously voted for change due to the uncertainties of survival, which was not being guaranteed by the previous Board and Management.

I would like to share with Members some of the steps your Board has undertaken to address the Club's previous decline and those steps now in prospect to continue to improve the Club's performance, both as a

business and a place to belong. There is unprecedented positive interest in the Club and the Parramatta Eels, demonstrated by Football Club Members now numbering over 10,000; and pre-sale of season tickets exceeding 6,500.

On appointment to the Board in April 2009 I said to you that our first and most important task was to fix the Club as a business. To this end your Board has undertaken a detailed analysis of all aspects of the business, on both the revenue side and, as equally important, in containing costs.

The detailed analysis of the Club's affairs ascertained wastage and the lack of cost control generally in many areas as two priorities for improvement. Adjustments to the business consequent upon changes to gambling taxes have now been undertaken and more particular attention has been given to the way in which the Football Clubs can better support themselves. Most particularly the value of the "Parramatta Eels" brand is now recognised as the valuable asset that it is. In the period leading up to the Grand Final it was very apparent to your new Board that the value of our football team as a brand was, and is, a very valuable asset indeed; and is now leveraged accordingly. There is a renewed focus on sponsorship/partnerships as the major source of the Football Club's revenue rather than subsidy from the Leagues Club. To this end we have revamped the Senior Executive Management for the Club and the Football Club in order to allow the Football Club to be more self-supporting and thereby reduce its financial dependence upon your Leagues Club. As a result of the increase in the

value or sponsorship by \$1.5 million we are budgeting for a saving to the cost of the Leagues Club of around \$2.5 million. I am very confident that the Football Club through sponsorship and merchandising is now more self-sufficient to the benefit of both Clubs.

The work in reducing costs of the Club has been considerable. We have made our Senior Executives more accountable to the business and have set KPIs as a further monitoring tool. These reforms are continuing. We have reviewed, and we continue to review all aspects of expenditure. Members will note the very significant turnaround, without reduction in service or quality, for example of the food catering within the Club.

I mentioned that wastage had been identified in a number of areas and, as promised, we conducted a full audit of the Club, with the reforms from this audit to continue for some time.

Yet, there is much still to be done. I lead a team which promised the membership that it would review sponsorship arrangements, implement improvements with respect to entertainment, food and functions. We promised a review and have since re-introduced TAB facilities. We seek to make the Club more family friendly. Whilst disappointed that we have not yet progressed these improvements to the extent we had hoped, we are well under way and ask that you please bear with us.

The first priority was to remedy the Club as a viable business model and the turnaround has been incredible. It is now our task to leverage off that turnaround

to deliver to the membership the balance of our promises. Even so we are not to be carried away. A million dollars profit sounds substantial and the turnaround from the previous year is over \$10 million. However, constant vigilance is still required both on the revenue side and with respect to costs in order to fund the improvements on which we are now focused. The building issues involved in improving the Club's amenities are substantial. Long term planning is crucial in order to optimise value for money. That planning has commenced. It involves not only an analysis of the opportunities on the present site but an analysis of opportunities to expand and/or improve the site.

In addition, we want to also address the following areas in our forward planning:

- Furthering our alliances with businesses within the catchment area for the benefit of Members – including discounts and loyalty programs.
- Implementing changes to attract all age groups to the Club.
- Develop family friendly programs.
- Refurbishment of Sterlo's with additional food offerings.
- Further integration of the players into the activities (entertainment and social) at the Club.
- Further improve player education and welfare.
- Innovative uses of technology, both for communication purposes and to explore new income streams.
- Evaluations to make the Board and the Executive accountable to the membership.
- Improvements on probity for all Club dealings.

I would like to thank the Lord Mayor of Parramatta, Paul Garrard and Parramatta City Council for its continuing support of Parramatta Leagues Club and Parramatta Eels. I would also like to thank the State Member for Parramatta – Tanya Gadiel and Federal Member for Parramatta – Julie Owens for their continuing support.

I am extremely proud of what we have achieved and the foundation that we have laid towards further improvement. There is always more work to do. I am extremely grateful to the selfless contribution rendered by your Board and to the continuing loyalty and dedication of Staff. Together we can make your Club the place to play.

Roy Spagnolo OAM  
**President**

# Chief Executive's Report

Tullio Cofrancesco



Fellow Members,

On behalf of the Board of Directors, I am pleased to present the 52nd Annual Financial Report of the Parramatta Leagues Club Limited and its controlled entities for the year ended 31 December 2009.

It is with great pleasure that I present my first annual Chief Executive's Report to Members, since officially being appointed in September last year. I am honoured to be given the opportunity to lead an organisation such as Parramatta Leagues Club, through what has been a difficult period. While we faced tough times in the economy, the Club experienced an exciting 2009, where we saw significant changes in the Club's administration, both at Board and Management levels, celebrated the Club's 50th Birthday with a range of festivities through the month of August and then joined the exhilarating ride of the Parramatta Eels' amazing run to the 2009 NRL Grand Final. Throughout 2010 we hope to see our Members continue to support

the Eels and follow the team's progress, particularly in Sterlo's Sports Bar, the "Home of the Eels".

The Club's financial performance in the last twelve months, particularly in the second half of the year, was welcome. Taking into account the tumultuous events of 2009, the effects of the global financial crisis and the legislative pressures affecting the Club Industry, our Club's financial turnaround is remarkable: following a headline loss of \$9.1M in 2008, we are pleased to report a profit of \$1.13M for the year ended 31 December 2009. In fact, the Group's effective "trading profit" for 2009 amounted to \$11.97M compared to \$6.73M in 2008, before finance costs, depreciation, football funding and impairment losses.

In particular, measures introduced in the second half of 2009 had significant positive effects on the Club's trading. For example, the implementation of various efficiency measures improved the control of our operational costs and following significant management changes, our Food operations traded profitably for consecutive months at the back-end of 2009, for the first time in more than a decade. Such results are critical to the Club's future and viability, as we strive to broaden our income base, reduce our reliance on Gaming revenues and reduce the Club's debts.

Restrictions on our Gaming operations and the introduction of unprecedented increased gaming taxes from 2004 means we need to constantly monitor our operations to ensure the Club can maintain and improve facilities for

Members, while continuing to sustain the support we provide to many community groups and charities. Parramatta Leagues Club is an integral part of the economy surrounding the Parramatta Local Government Area, employing hundreds of local residents both directly and indirectly, contributing to local tourism and donating more than \$1.1million dollars annually to charities, hospitals and amateur sports. Such contributions to the local economy occurred in spite of the Club paying more than \$19million in State and Federal Government taxes and duties in 2009.

Our ability to maintain our community contribution is under extreme pressure, particularly in light of new threats to the Club Industry in the form of the Productivity Commission's recent recommendations from its Draft Report into gambling industries, now submitted to the Federal Government. If accepted, the recommendations will reduce our Club's income by 40-45%! This means, at the very least, our Club would be forced to dramatically cut support for Rugby League (both at NRL and District levels) and our community support activities. The changes are so dramatic, that Parramatta Leagues Club would become a much smaller operation and face difficulty remaining open. The Board and Management of your Club submitted a response to the Productivity Commission, outlining the effects of its proposals and suggesting alternative measures to address problem gambling.

Your Board and Management have exciting plans to renew and revive the Club's facilities and services to Members, having recently reviewed a five-year Strategic Plan to align with our changing business environment. Board and Management identified the need

to redefine our business model to ensure our primary goal is to ensure we continue to operate a profitable and successful club that provides high levels of service to its Members. In particular, we will strive to ensure Members are provided with quality food offers, quality gaming and entertainment and a family-friendly environment, while continuing to foster strong partnerships with the local community. Such objectives will take time to achieve while we reduce our debt and restructure our financial commitments. A key objective is to rectify design issues inside the Club building to improve the comfort levels and amenities available to Members, particularly access to upper floors and their facilities. We hope to commence some of these changes in the near future, as soon as our financial position permits.

I wish to thank the Board of Directors for the opportunity afforded me to be part of the revived and exciting future of the Club and acknowledge the guidance and assistance each provides the new Management Team, particularly each Director's input from their professional backgrounds and experience. I also acknowledge our wonderful employees, without whom the Club could not function. In addition, I wish to congratulate the new Executive Management Team who enthusiastically embraced the changes and opportunities provided over the last 12 months, professionally contributing to facilitating change and doing an exceptional job in meeting the many challenges we are presented with: Garry Weir (Acting Chief Operating Officer), Hugh Perrottet (Gaming Manager), Bryen Willems (Finance Manager) and Bob Bentley (Human Resource Manager).

I would also, on behalf of the Club, like to thank Parramatta City Council for its enthusiastic and continuing support of Parramatta Leagues Club, particularly the Lord Mayor of Parramatta, Paul Garrard and his staff. We would also like to thank the State Member for Parramatta – Tanya Gadiel and Federal Member for Parramatta – Julie Owens for their advice and assistance.

Finally, thank you to our 44,000 Members for your continued support of the Club. We look forward to better times and are confident of succeeding in the challenges ahead.

Tullio Cofrancesco  
Chief Executive

**Parramatta Leagues Club Limited  
and its Controlled Entities**

**ABN 52 000 218 655**

**Concise Report  
31 December 2009**

The financial statements and other specific disclosures have been derived from Parramatta Leagues Club Limited and its Controlled Entities' (consolidated entity) full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report.

The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

A copy of the consolidated entity's 2009 Annual Financial Report, including the independent audit report, is available to all Members and will be sent to Members without charge upon request.

# Directors' Report

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

Your Directors present their report together with the financial report of Parramatta Leagues Club Limited (the Company) and its controlled entities (consolidated entity) for the year ended 31 December 2009 and the auditor's report thereon.

## Directors

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

### **Roy Patrick Spagnolo OAM**

Chairman of the Board of Directors of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited elected 5 May 2009. A qualified accountant by profession, Mr Spagnolo has managed his own accountancy practice, Roy Spagnolo & Associates, since 1985. Mr Spagnolo is also involved in property development and is a Director of Brenex Pty Limited.

### **Saidley Peter Kelly OAM**

Deputy Chairman of the Board of Directors of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited elected 5 May 2009. Managing Director of Peter Kelly Flooring NSW Pty Ltd, Peter Kelly Flooring Queensland Pty Ltd and Peter Kelly Flooring Victoria Pty Ltd. Mr Kelly is the current Chairman of Friends of Australiana Pioneer Village Wilberforce, Celebrate the West and Starball and a current Director of Hawkesbury Race Club.

### **John Joseph Chidiac**

Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited elected 5 May 2009. Mr Chidiac is the current Deputy Chairman of the Board of Directors of Parramatta District Rugby League Club Limited appointed 18 May 2009. Mr Chidiac is an Occupational Health & Safety Manager with a large property development organisation.

### **Geoffrey Maurice Gerard**

Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited, Parramatta Power Soccer Club and Parramatta District Rugby League Club Limited since April 2008. Mr Gerard has over 20 years experience at senior management level in the waste management industry. He is a Life Member of Parramatta District Rugby League Club Limited.

### **Ronald Hilditch**

Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited since 1999. Mr Hilditch is the current Chairman of the Board of Directors of Parramatta District Rugby League Club Limited appointed 14 December 2008 and is an Executive Manager with a large corporate organisation in the building industry. He is a Life Member of Parramatta District Rugby League Club Limited and Parramatta Leagues Club Limited.

### **Mario Libertini**

Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited elected 5 May 2009. Mr Libertini owns and operates the La Piazza restaurant based at Bankstown Sports Club.

### **Lynette Frances Wallace**

Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited elected 5 May 2009. Ms Wallace works for a global organisation as a Human Resources Executive and has more than 25 years business experience.

### **Alan Clifford Overton AM**

Former Chairman of the Board of Directors of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited. Mr Overton relinquished his position as a Director and Chairman of the Board of Directors of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited on 5 May 2009. Former Chairman of the Board of Directors of Parramatta District Rugby League Club Limited.

### **Donald Victor Ritchie**

Former Deputy Chairman of the Board of Directors of Parramatta Leagues Club Limited, Parramatta Power Soccer Club Limited and Parramatta National Rugby League Club Limited. Mr Ritchie resigned from his position of Director and Deputy Chairman of the Board of Directors of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited on 26 February 2009.

### **Dr Jennifer Foong**

Former Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited. Dr Foong was appointed as a Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited on 26 February 2009 and relinquished her position as a Director on 5 May 2009.

# Directors' Report (cont)

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

## Directors' (continued)

### Dr Michael Johnson

Former Director of Parramatta Leagues Club Limited, Parramatta Power Soccer Club Limited and Parramatta National Rugby League Club Limited. Dr Johnson relinquished his position as a Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited on 5 May 2009. Current Director of Parramatta District Rugby League Club Limited.

### Christopher Ernest Jurd

Former Director of Parramatta Leagues Club Limited, Parramatta Power Soccer Club Limited and Parramatta National Rugby League Club Limited. Mr Jurd relinquished his position as a Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited on 5 May 2009.

### Gary Morris

Former Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited. Mr Morris relinquished his position as a Director of Parramatta National Rugby League Club Limited, Parramatta Leagues Club Limited and Parramatta Power Soccer Club Limited on 5 May 2009.

## Directors' Meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

Director	BOARD MEETINGS	
	Number of meetings attended	Number of meetings held *
R P Spagnolo	12	14
J J Chidiac	14	14
G Gerard	19	21
R Hilditch	21	21
S P Kelly	14	14
M Libertini	13	14
L F Wallace	14	14
A Overton	7	7
J Foong	5	5
M Johnson	7	7
C Jurd	6	7
G Morris	6	7
D Ritchie	1	2

\*Number of meetings held during the time the Director held office during the year

## Company Secretary

The following person held the position of Company Secretary at the end of the financial year:

### Tullio Cofrancesco

Mr Cofrancesco is the Company Secretary of Parramatta Power Soccer Club Limited, Parramatta District Rugby League Club Limited, Parramatta National Rugby League Club Limited and Parramatta Leagues Club Limited appointed in May 2009. Appointed Chief Executive of Parramatta Leagues Club Limited in August 2009. Mr Cofrancesco is a Chartered Accountant, being admitted to membership of The Institute of Chartered Accountants of Australia in 1991. Commenced employment with the Parramatta Leagues Club Group in January 1991 and has been a Member of the Group's Management Team since.

## Membership

The company is a company limited by guarantee and is without share capital. The number of Members as at 31 December 2009 was 44,037 (2008: 43,166).

## Operating Result

The net profit from ordinary activities before tax of the consolidated entity for the year amounted to \$1,126,071 compared with \$9,125,227 loss for the prior year. This resulted after charging \$3,979,340 (2008: \$3,012,708) for depreciation/amortisation, \$Nil (2008: \$4,733,810) for impairment losses and before charging \$Nil (2008: \$Nil) for income tax.

## Review of Operations

For the consolidated entity the net result before income tax and before charging grants of \$1,248,953 (2008: \$1,908,000) finance costs of \$1,519,735 (2008: \$1,718,848) depreciation and amortisation of \$3,979,340 (2008: \$3,012,708) and an impairment loss of \$Nil (2008: \$4,733,810) was a profit of \$7,874,099 (2008: \$2,248,139).

## Significant Changes in the State of Affairs

There were no significant changes in the consolidated entity's state of affairs that occurred during the financial year.

## Principal Activities

The principal activities of the consolidated entity during the course of the financial year consisted of the conduct and promotion of licensed social clubs for Members of the company and promotion of football within the Parramatta district. There have been no significant changes in the nature of these activities during the year.

## 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

## Likely and Future Developments and Expected Results

The Directors do not anticipate any particular developments in the operations of the company, which will affect the results in subsequent years apart from the following:

- Government legislation regarding poker machine duty rates continues to significantly affect the Club's future profitability.
- Productivity Commission's proposed changes that will result in the reduction of the Club's turnover by at least 40%.

## Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

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

## Dividends

In accordance with the Constitution, no dividends can be paid and accordingly no dividends were paid or declared since the start of the financial year (2008: \$Nil).

## Indemnification of Officers

The consolidated entity has provided for and paid premiums during the year for directors' and officers' liability and legal expenses insurance contracts.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome;
- Other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid with respect to the directors' and officers' liability and legal expenses insurance contract, as such disclosure is prohibited under the terms of the contract.

## Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity or intervene in any proceedings to which the company is party for the purposes of taking responsibility on behalf of the company for all or any part of those proceedings.

The consolidated entity was not a party to any such proceedings during the year.

## Auditor's Independence Declaration

The Directors have received the Independence Declaration from the Auditors. The Declaration is attached as page 18.

Signed in accordance with a resolution of the Directors.

Dated at Parramatta this 30th day of March 2010.

Roy Spagnolo OAM  
President

# Auditor's Independence Declaration

## Lead Auditor's Independence Declaration

### Under Section 307C of the Corporations Act 2001

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

To the Directors of Parramatta Leagues Club Limited and its Controlled Entities:

I declare that, to the best of my knowledge and belief, in relation to the audit for the year ended 31 December 2009, there have been:

- i. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- ii. No contraventions of any applicable code of professional conduct in relation to the audit.

PKF

Paul Cheeseman  
Partner

1 Margaret Street  
SYDNEY NSW 2000

30 March 2010

# Statements of Comprehensive Income

## For the Year Ended 31 December 2009

Parramatta Leagues Club and its Controlled Entities  
Concise Financial Report for the Year Ended 31 December 2009

Note	CONSOLIDATED		THE COMPANY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Revenue from continuing operations				
Revenue from sale of goods	5,402,184	5,338,596	5,402,184	5,338,596
Revenue from rendering of services	51,426,787	50,111,694	49,371,819	48,183,750
Other revenue from ordinary activities	10,416,091	8,783,987	2,421,934	1,037,197
<b>Total revenue from continuing operations</b>	<b>67,245,062</b>	<b>64,234,277</b>	<b>57,195,937</b>	<b>54,559,543</b>
Cost of goods sold	(2,085,924)	(2,142,998)	(2,085,924)	(2,142,998)
Poker machine duty	(14,409,166)	(14,045,650)	(14,409,166)	(14,045,650)
Employment expenses	(19,761,345)	(19,598,866)	(10,549,064)	(10,962,062)
Occupancy expenses	(8,248,902)	(10,351,834)	(8,248,902)	(10,351,834)
Repairs and maintenance	(1,361,040)	(1,796,889)	(1,361,040)	(1,796,889)
Licences and fees	(543,835)	(427,018)	(543,835)	(427,018)
Entertainment, marketing and promotional costs	(4,655,835)	(5,209,977)	(4,423,385)	(4,836,182)
Printing and stationery	(72,761)	(76,751)	(72,761)	(76,751)
Donations	(1,100,665)	(1,139,508)	(1,100,665)	(1,139,508)
Match and sponsorship expenses	(4,165,741)	(3,684,120)	-	-
Other expenses from ordinary activities	(2,965,749)	(3,512,527)	(2,426,788)	(2,046,340)
	(59,370,963)	(61,986,138)	(45,221,530)	(47,825,232)
<b>Earnings before finance costs, depreciation, amortisation, provision for doubtful debts, grants paid and impairment losses</b>	<b>7,874,099</b>	<b>2,248,139</b>	<b>11,974,407</b>	<b>6,734,311</b>
Provision for doubtful debts	-	-	(3,499,192)	(4,036,590)
Depreciation and amortisation	(3,979,340)	(3,012,708)	(3,946,120)	(2,984,977)
Finance costs	(1,519,735)	(1,718,848)	(1,519,735)	(1,718,848)
Grants paid	(1,248,953)	(1,908,000)	(1,248,953)	(1,908,000)
Impairment losses	-	(4,733,810)	-	(4,733,810)
<b>Profit/(loss) before income tax expense</b>	<b>1,126,071</b>	<b>(9,125,227)</b>	<b>1,760,407</b>	<b>(8,647,914)</b>
Income tax expense	-	-	(278,895)	(53,402)
<b>Net Profit/(loss) from continuing operations after income tax expense attributable to Members</b>	<b>1,126,071</b>	<b>(9,125,227)</b>	<b>1,481,512</b>	<b>(8,701,316)</b>
Other comprehensive income for the year, net of tax	-	-	-	-
<b>Total comprehensive income for the year, net of tax</b>	<b>1,126,071</b>	<b>(9,125,227)</b>	<b>1,481,512</b>	<b>(8,701,316)</b>

The Statements of Comprehensive Income are to be read in conjunction with the discussion and analysis on page 23 and the notes to the financial statements set out on pages 24 to 28.

# Statements of Changes in Equity

## For the Year Ended 31 December 2009

Parramatta Leagues Club and its Controlled Entities  
Concise Financial Report for the Year Ended 31 December 2009

	Retained Earnings \$	Total Equity \$
<b>Company</b>		
<b>Balance at 1 January 2008</b>	31,718,934	31,718,934
<b>Changes in equity for 2008</b>		
Total comprehensive income/(loss) for the year	(8,701,316)	(8,701,316)
<b>Balance at 31 December 2008</b>	23,017,618	23,017,618
<b>Change in equity for 2009</b>		
Total comprehensive income/(loss) for the year	1,481,512	1,481,512
<b>Balance at 31 December 2009</b>	24,499,130	24,499,130
<b>Consolidated</b>		
<b>Balance at 1 January 2008</b>	31,072,762	31,072,762
<b>Changes in equity for 2008</b>		
Total comprehensive income/(loss) for the year	(9,125,227)	(9,125,227)
<b>Balance at 31 December 2008</b>	21,947,535	21,947,535
<b>Change in equity for 2009</b>		
Total comprehensive income/(loss) for the year	1,126,071	1,126,071
<b>Balance at 31 December 2009</b>	23,073,606	23,073,606

# Statements of Financial Position

## As at 31 December 2009

Parramatta Leagues Club and its Controlled Entities  
Concise Financial Report for the Year Ended 31 December 2009

Note	CONSOLIDATED		THE COMPANY	
	2009 \$	2008 \$	2009 \$	2008 \$
<b>Current Assets</b>				
Cash and cash equivalents	2,857,819	1,474,510	2,857,019	1,472,660
Trade and other receivables	959,287	879,559	1,172,741	203,384
Current tax assets	-	135,891	-	135,891
Inventories	217,164	370,113	217,164	370,113
Other current assets	835,178	751,251	688,799	400,265
<b>Total Current Assets</b>	<b>4,869,448</b>	<b>3,611,324</b>	<b>4,935,723</b>	<b>2,582,313</b>
<b>Non-Current Assets</b>				
Trade and other receivables	-	-	-	1,000,000
Property, plant and equipment	29,119,195	31,232,823	28,950,525	31,155,913
Investment properties	19,394,406	21,849,050	19,394,406	21,849,050
Other financial assets	-	-	200	200
Other non-current assets	-	305,510	-	305,510
<b>Total Non-Current Assets</b>	<b>48,513,601</b>	<b>53,387,383</b>	<b>48,345,131</b>	<b>54,310,673</b>
<b>Total Assets</b>	<b>53,383,049</b>	<b>56,998,707</b>	<b>53,280,854</b>	<b>56,892,986</b>
<b>Current Liabilities</b>				
Trade and other payables	3,253,024	4,188,690	2,967,841	3,923,436
Financial liabilities	9,596,735	25,035,625	9,383,319	24,883,244
Employee benefits	1,768,916	1,758,370	1,613,523	1,563,558
Other current liabilities	962,827	621,102	113,021	122,777
<b>Total Current Liabilities</b>	<b>15,581,502</b>	<b>31,603,787</b>	<b>14,077,704</b>	<b>30,493,015</b>
<b>Non-Current Liabilities</b>				
Financial liabilities	13,995,114	2,416,482	13,995,114	2,416,482
Employee benefits	318,536	309,357	294,615	244,323
Provisions	-	305,510	-	305,510
Other non-current liabilities	414,291	416,038	414,291	416,038
<b>Total Non-Current Liabilities</b>	<b>14,727,941</b>	<b>3,447,387</b>	<b>14,704,020</b>	<b>3,382,353</b>
<b>Total Liabilities</b>	<b>30,309,443</b>	<b>35,051,174</b>	<b>28,781,724</b>	<b>33,875,368</b>
<b>Net Assets</b>	<b>23,073,606</b>	<b>21,947,533</b>	<b>24,499,130</b>	<b>23,017,618</b>
<b>Members' Funds</b>				
Retained profits	2	23,073,606	24,499,130	23,017,618

The Statements of Financial Position are to be read in conjunction with the discussion and analysis on page 23 and the notes to the financial statements set out on pages 24 to 28.

# Cash Flow Statements

## For the Year Ended 31 December 2009

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

	CONSOLIDATED		THE COMPANY	
	2009	2008	2009	2008
	\$	\$	\$	\$
<b>Cash Flows From Operating Activities</b>				
Receipts from customers	72,345,248	68,892,922	61,296,289	64,895,883
Payments to suppliers and employees	(67,667,012)	(67,792,516)	(53,173,971)	(59,361,293)
Interest received	31,943	66,662	27,326	56,481
<b>Net cash inflows from operating activities</b>	<b>4,710,179</b>	<b>1,167,068</b>	<b>8,149,644</b>	<b>5,591,071</b>
<b>Cash Flows From Investing Activities</b>				
Loans to controlled entities	-	-	(3,499,192)	(4,036,590)
Proceeds from sale of property, plant and equipment	5,813,254	406,383	5,813,254	403,519
Acquisition of property, plant and equipment	(2,891,623)	(7,634,830)	(2,769,811)	(7,622,855)
<b>Net cash inflows/(outflows) from investing activities</b>	<b>2,921,631</b>	<b>(7,228,447)</b>	<b>(455,749)</b>	<b>(11,255,926)</b>
<b>Cash Flows From Financing Activities</b>				
Repayment of borrowings	(9,999,465)	-	(9,999,465)	-
Proceeds from borrowings	5,820,764	7,160,336	5,820,764	7,160,336
Hire purchase payments	(602,547)	(433,511)	(602,547)	(433,511)
Finance charges on borrowings paid	(1,519,735)	(1,718,848)	(1,519,735)	(1,718,848)
Purchase of unsecured notes	(8,553)	-	(8,553)	-
<b>Net cash (outflows)/inflows from financing activities</b>	<b>(6,309,536)</b>	<b>5,007,977</b>	<b>(6,309,536)</b>	<b>5,007,977</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>1,322,274</b>	<b>(1,053,402)</b>	<b>1,384,359</b>	<b>(656,878)</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>1,322,129</b>	<b>2,375,531</b>	<b>1,472,660</b>	<b>2,129,538</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2,644,403</b>	<b>1,322,129</b>	<b>2,857,019</b>	<b>1,472,660</b>

The Cash Flow Statements are to be read in conjunction with the discussion and analysis on page 23 and the notes to the financial statements set out on pages 24 to 28.

# Discussion and Analysis

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

## Statements of Comprehensive Income

The total consolidated revenue has increased by \$3,010,785 (4.69%) since the prior year whilst consolidated expenses including depreciation and amortisation, finance costs, grants paid and impairment losses have decreased by \$7,240,513 (9.87%) resulting in a consolidated net profit before tax of \$1,126,071 compared to a \$9,125,227 net loss for the previous year, an increase of \$10,251,298.

Individual items that impacted the 2009 consolidated result were:

- Gain on property revaluation of \$407,334 due to valuation of investment properties at fair value.
- An increase in poker machine duty of \$363,516 (2.59%), decrease in repairs and maintenance of \$435,849 (24.26%) and a decrease in occupancy expenses of \$2,102,932 (20.31%).
- Revenue from the sale of goods increased by \$63,588 (1.19%) mainly due to increases in merchandise sales by \$283,621 and bar sales by \$77,633 since prior year, whilst catering sales decreased by \$297,666.
- Revenue from rendering of services increased by \$1,315,093 (2.62%) mainly due to increase in net poker machine revenue of \$1,127,720 (2.35%) and increased gate and season ticket sales of \$127,024 (6.59%).
- Other revenues increased by \$1,632,104 (18.58%) mainly due to an increase in the distribution received from the NRL of \$362,500 (11.74%) and increased gains from sale of non-current assets of \$871,447 (470.02%).
- A decrease in entertainment, advertising and marketing promotions of \$554,142 (10.64%).
- Increases in depreciation/amortisation expenses of \$966,632 (32.09%) offset by a decrease in grants paid of \$659,047 (34.54%) and a decrease in impairment losses of \$4,733,810.

## Statements of Financial Position

The consolidated entity's net assets has increased by \$1,126,071 or 5.13% since the previous year consisting of a decrease in total assets of \$3,615,658 and a \$4,741,731 decrease in total liabilities.

The decrease in total assets for the year is mainly attributed to a decrease in property, plant and equipment by \$2,113,628 and a decrease in investment property of \$2,454,644. The decrease in total liabilities is mainly due to a decrease in borrowings by \$3,908,890 and a decrease in trade and other payables by \$935,666.

## Statement of Cash Flows

Cash inflows from operating activities were \$4,710,179, an increase of \$3,543,111 compared to the previous year. Cash inflows from investing activities of \$2,921,631 is related to net proceeds from the disposal of property, plant and equipment offset by acquisition of new assets.

Cash used in financing activities were \$6,309,536 mainly due to repayment of borrowings and payment of finance charges on borrowings and hire purchases, net of proceeds.

The above factors resulted in an overall increase of \$1,322,274 in cash held compared with last year's decrease of \$1,053,402. Cash at bank at year end was \$2,644,403 compared to \$1,322,129 for the prior year.

# Notes to the Financial Statements

## Concise Financial Report

### For the Year Ended 31 December 2009

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

#### 1 Basis of Preparation of the Concise Financial Report

The concise financial report is an extract for the full financial report for the year ended 31 December 2009. The concise financial report has been prepared in accordance with Accounting Standard AASB 1039: Concise Financial Reports and the *Corporations Act 2001*.

The financial statements, specific disclosures and other information included in the concise financial report are derived from and are consistent with the full financial report of the consolidated entity. The concise financial report cannot be expected to provide as detailed an understanding of the financial performance, financial position and financing and investing activities of consolidated entity as the full financial report.

##### Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIRFS ensures that the company financial statements and notes comply with International Financial Reporting Standards (IFRS).

In preparing the financial report the company has taken the exemptions available to non-profit entities. The presentation currency used in this concise financial report is Australian dollars.

#### 2 Retained Profits

	CONSOLIDATED		THE COMPANY	
	2009	2008	2009	2008
	\$	\$	\$	\$
Retained profits at the beginning of the year	21,947,535	31,072,762	23,017,618	31,718,934
Net profit/(loss) attributable to the Members of the entity	1,126,071	(9,125,227)	1,481,512	(8,701,316)
Retained profits at the end of the year	23,073,606	21,947,535	24,499,130	23,017,618

#### 3 Segment Reporting

Segment results assets and liabilities include directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise income earning assets and revenue.

Segment capital expenditure is the total cost during the period to acquire segment assets that are expected to be used for more than one period.

##### Business Segments

The consolidated entity comprises the following main business segments, based on the consolidated entity's management reporting system:

Licensed Clubs	The consolidated entity provides gaming facilities and leisure activities for its Members.
Rugby League	Parramatta National Rugby League Club Limited, which supports a rugby league club in the National Rugby League competition.
Soccer	Parramatta Power Soccer Club Limited, which supported a soccer club in the former National Soccer League competition.

##### Geographical Segments

The consolidated entity's operations and customers are located predominantly in Sydney, NSW.

## Notes to the Financial Statements

### For the Year Ended 31 December 2009 (cont)

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

#### 3 Segment Reporting (cont)

	PRIMARY REPORTING / BUSINESS SEGMENTS									
	Licensed Clubs		Soccer		Rugby League		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue										
External segment revenue	57,195,937	54,559,543	-	78	10,049,125	7,140,171	-	-	67,245,062	61,699,792
Total segment revenue									67,245,062	61,699,792
Total Revenue	57,195,937	54,559,543	-	78	10,049,125	7,140,171	-	-	67,245,062	61,699,792
Result										
Segment result	1,760,407	(8,647,914)	(9,715)	(18,007)	(4,123,813)	(4,495,896)	3,499,192	4,036,590	1,126,071	(9,125,227)
Profit/(loss) from ordinary activities before income tax									1,126,071	(9,125,227)
Income tax expense									-	-
Net Loss									1,126,071	(9,125,227)

# Notes to the Financial Statements

## For the Year Ended 31 December 2009 (cont)

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

### 3 Segment Reporting (cont)

	PRIMARY REPORTING / BUSINESS SEGMENTS									
	Licensed Clubs		Soccer		Rugby League		Eliminations		Consolidated	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
Depreciation and amortisation	\$ 3,946,120	\$ 2,984,977	\$ -	\$ 3,263	\$ 33,220	\$ 24,468	\$ -	\$ -	\$ 3,979,340	\$ 3,012,708
Non-cash expenses other than depreciation and amortisation	3,499,192	8,770,400	-	-	-	-	(3,499,192)	(4,036,590)	-	4,733,810
Assets										
Segment assets	53,380,854	56,892,986	-	-	1,134,147	1,210,989	(1,131,952)	(1,105,268)	53,383,049	56,998,707
Liabilities										
Segment liabilities	28,781,671	33,875,368	13,084,061	13,353,188	26,725,192	22,678,221	(38,281,481)	(34,855,603)	30,309,443	35,051,174
Acquisition of non-current assets	2,769,811	7,622,855	-	-	121,812	11,975	-	-	2,891,623	7,634,830
Net cash inflow/(outflow) from operating activities	8,149,644	5,591,071	-	-	(3,440,160)	(4,424,003)	-	-	4,709,484	1,167,068
Net cash inflow/(outflow) from investing activities	(455,749)	(11,255,926)	-	-	(121,812)	(9,111)	3,499,192	4,036,590	2,921,631	(7,228,447)
Net cash (outflow)/inflow from financing activities	(6,309,536)	5,007,977	-	-	3,499,192	4,036,590	(3,499,192)	(4,036,590)	(6,309,536)	5,007,977

# Notes to the Financial Statements

## Concise Financial Report

### For the Year Ended 31 December 2009 (cont)

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

#### 4 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 consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.

#### 5 Mutuality Principle

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

Following the Full Federal Court decision in *Coleambally Irrigation Mutual Co-operative Limited v FCT* [2004] FCAFC 250, the *Tax Laws Amendment (2005 Measures No.6) Bill 2005* was tabled in Parliament on 7 December 2005 to amend the Income Tax Assessment Act 1997 to restore the long standing benefits of the mutuality principle to those non-profit organisations affected by the Coleambally decision.

These amendments will ensure social clubs continue not to be taxed on receipts from contributions and payments received from Members.

#### 6 Going Concern

The Group recorded a profit for the period of \$1,126,071 but has current liabilities which are in excess of current assets by \$10,712,054, including a bank bill of \$8,428,950 due for repayment in July 2010.

The Directors have prepared the financial report on a going concern basis for the following reasons:

1. The fair value of investment properties, classed as non-current assets, as at 31 December 2009 is \$19,379,500, these properties are available for sale if required.
2. Cash inflow from operating activities of \$4,710,179 in current financial year compared to \$1,167,068 in the prior period and cash inflows are expected to continue to improve in future years.
3. Ongoing cost reductions being undertaken across the Group.
4. The Club is currently renegotiating with the Bank to renew the current loan of \$8,428,950, which matures July 2010, and the Directors are confident of its success.

The Directors are satisfied that the going concern basis of preparation is appropriate. The financial report has therefore been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

#### 7 Related Parties

##### Directors' Transactions with the Company

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.

Dr M Johnson, a former Director of the company, is the principal of Parramatta Orthopaedic and Sports Medicine Centre which provided services to the company during the year. These services were provided in the ordinary course of business and on normal commercial terms and conditions totalling \$40,473 (2008: \$56,843).

C Jurd, a former Director of the company, represents the players at the National Rugby League judiciary. Apart from his honorarium, there are no further payments for the services rendered.

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.

# Notes to the Financial Statements

## Concise Financial Report

### For the Year Ended 31 December 2009 (cont)

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

#### Non-Directors' Transactions with the Company

Denis Fitzgerald former CEO of Parramatta Leagues Club Limited owes \$45,416 in regard to legal costs to be reimbursed which is included in the trade and other receivables.

#### Non-Director Related Parties

The classes of non-Director related parties are:

- Wholly controlled entities
- Director of related parties and their Director related entities

#### Balances with Controlled Entities within the Group

Aggregate amount receivable from non-Director related parties:

	COMPANY	
	2009	2008
<b>Receivables</b>	\$	\$
<b>Current</b>		
Wholly owned controlled entities	31,752	45,068
<b>Non-Current</b>		
Wholly owned controlled entities		
Parramatta Power	13,095,061	13,350,173
Parramatta National Rugby League Club Limited	25,168,721	21,400,364
Less: Provision for doubtful debts	38,263,782	34,750,537
	37,263,782	(33,750,537)
	1,000,000	1,000,000

	COMPANY	
	2009	2008
<b>Payables</b>	\$	\$
<b>Current</b>		
Parramatta National Rugby League Club Limited	-	60,000

# Directors' Declaration

Parramatta Leagues Club Limited and its Controlled Entities  
Concise Financial Report For the Year Ended 31 December 2009

The Directors of Parramatta Leagues Club Limited (the company) and its controlled entities declare that the concise financial report of the company for the financial year ended 31 December 2009, as set out on pages 19 to 28:

- complies with Accounting Standard AASB 1039: Concise Financial Reports; and
- is an extract from the full financial report for the year ended 31 December 2009 and has been derived from and is consistent with the full financial report of the company.

This declaration is made in accordance with a resolution of the Board of Directors.

Signed in accordance with a resolution of the Directors.

Dated at Parramatta this 30th day of March 2010.

Roy Spagnolo OAM  
President

# Independent Audit Report on the Concise Financial Report

## To the Members of Parramatta Leagues Club Limited

### Report on the concise financial report

The accompanying concise financial report of Parramatta Leagues Club Limited (the company and its consolidated entities) comprises the Statements of Financial Position as at 31 December 2009, the Statements of Comprehensive Income, Statements of Changes in Equity and Cash Flow Statements for the year then ended and related notes, derived from the audited financial report of the company and its controlled entities for the year ended 31 December 2009, and the discussion and analysis set out on pages 19 to 28. The concise financial report does not contain all the disclosures required by the Australian Accounting Standards.

### Directors' responsibility for the concise financial report

The Directors are responsible for the preparation and presentation of the concise financial report in accordance with Accounting Standard AASB 1039: *Concise Financial Reports* (including the Australian Accounting Interpretations), statutory and other requirements. This responsibility includes establishing and maintaining internal controls relevant to the preparation of the concise financial report; selecting and applying the appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures. We have conducted an independent audit, in accordance with Australian Auditing Standards, of the financial report of the company and its controlled entities for the year ended 31 December 2009. Our audit report on the financial report for the year was signed on 30 March 2010 and was not subject to any modification. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free from material misstatement.

Our procedures with respect to the concise financial report included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Accounting Standard AASB 1039: *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in AASB 1039: *Concise Financial Reports*.

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

### Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, was provided to the Directors of the company on 30 March 2010.

### Auditor's opinion

In our opinion, the concise financial report including the discussion and analysis of the company and its controlled entities for the year ended 31 December 2009 complies with Accounting Standard AASB 1039: *Concise Financial Reports*.

PKF

Paul Cheeseman  
**Partner**

30 March 2010

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Parramatta Leagues Club Administration

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