

**Illawarra District Rugby League  
Football Club Limited**  
ABN 90 002 762 610

**Annual Financial Report  
31 October 2010**

## Illawarra District Rugby League Football Club Limited

### Directors' report

The Directors present their report together with the financial report of Illawarra District Rugby League Football Club Limited ("the Company") for the year ended 31 October 2010 and the auditor's report thereon.

### Directors

The Directors of the Company at any time during the financial year were:

<b>Name &amp; Qualification</b>	<b>Experience</b>	<b>Special Responsibilities</b>
P Newell OAM	Company Director	Chairman, Board of Directors. Finance Committee Member. Remuneration Committee Member. Director & Finance Committee Member St George Illawarra Rugby League Football Club Pty Limited. Chairman, Clubs Australia. Chairman, ClubsNSW. Chairman, ClubKeno Holdings. Director, NSW Institute of Sport.
S O'Connor	Company Director	Deputy Chairman, Board of Directors. Finance Committee Member. Director & Finance Committee Member St George Illawarra Rugby League Football Club Pty Limited.
J Borgo	Company Director	
G Gulloch <i>Bachelor of Commerce</i> <i>Master Business Administration</i>	Company Director	Finance Committee Member. Remuneration Committee Member. Director (Alternate) St George Illawarra Rugby League Football Club Pty Ltd

## Illawarra District Rugby League Football Club Limited

### Directors' report (cont'd)

#### Directors (cont'd)

<b>Name &amp; Qualification</b>	<b>Experience</b>	<b>Special Responsibilities</b>
S McKellar	Football Administrator	Chairman, Regional Committee, Groups 6, 7, 16 Illawarra Rugby League. Chairman, Illawarra Division Rugby League.
C Markham	Retired	
R Millward OAM  Limited.  and I Neill	Football Administrator	Director & Finance Committee. Member St George Illawarra Rugby League Football Club Pty  Director, New South Wales Rugby League, National Rugby League Australian Rugby League.
J Thirlwell <i>Bachelor of Commerce</i> Committee. <i>Industrial Relations</i>	Company Director	Finance Committee Member. Chairman Remuneration
R Hockey	NSW General Manager / Station Manager WIN Television	Ex Officio Director

## Illawarra District Rugby League Football Club Limited

### Directors' report (cont'd)

#### Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year are:

Director	Steelers Board and Directors Committee meetings		Joint venture meetings	
	Number of meetings attended	Meetings eligible to attend	Number of meetings attended	Meetings eligible to attend
P Newell	12	14	8	10
S O'Connor	14	14	9	10
J Borgo	12	14	-	-
G Gulloch	14	14	5	5
S McKellar	12	14	-	-
C Markham	8	14	-	-
R Millward	13	14	9	10
I Neill	13	14	-	-
J Thirlwell	13	14	-	-
R Hockey	12	14	-	-

#### Principal activities

The principal activities of the Company are the promotion of Rugby League in the Illawarra region which includes the operation, management and/or support of football teams in the National Rugby League and New South Wales Rugby League competitions, funded by sponsorship agreements, and the operation of a licensed club.

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

#### Objectives

The Company's objectives in both the short and long term is to manage a profitable licensed club that will allow us to:

- Foster, encourage, promote and control the development, playing and interests of Rugby League within both the Illawarra and as a Joint Venture Partner in the St George Illawarra Dragons;
- Provide services to our members; and
- Provide support to our community.

In order to meet these objectives the following strategies have been implemented:

- Focus on the Licensed club's operational performance;
- Focus on cash generation;
- To operate within our affordable means; and
- To work closely with our key stakeholders.

The performance of the Company is measured on a monthly basis through financial reporting to the Board of Directors. Key elements of the Company's performance are monitored and evaluated

by the Company's finance consultants, JRB Consulting, the Company's General Manager and the Company's Board of Directors.

## Illawarra District Rugby League Football Club Limited

### Directors' report (continued)

#### Review and results of operations

The Licensed Club operations show a net trading profit of \$101,344. Overall, after our ongoing commitment to football, the operating result of the Company for the year was a loss of \$245,833 compared with a profit of \$242,172 the prior year.

Please refer to the Chairman's Report and the General Manager's Report for a general overview of operations in 2010.

<b>Licensed Club Operations</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<i>Revenue</i>		
Revenue from operations	6,975,100	6,730,718
Other income	185,844	698,642
	<u>7,160,944</u>	<u>7,429,360</u>
<i>Expenditure</i>		
Salaries and wages	(1,685,126)	(1,577,444)
Cost of goods sold	(518,637)	(504,563)
Gaming machine taxes (including GST)	(1,411,925)	(1,305,416)
Depreciation and amortisation	(748,654)	(738,295)
Bank charges and interest	(20,506)	(64,887)
License fees	(192,532)	(266,962)
Promotions	(614,419)	(615,908)
Repairs, maintenance and cleaning	(294,284)	(281,270)
Security	(36,603)	(95,681)
Other administration expenses	(258,704)	(191,943)
Other expenses	(1,278,210)	(1,389,131)
	<u>(7,059,600)</u>	<u>(7,031,500)</u>
<i>Net profit – Licensed Club Operations</i>	<u>101,344</u>	<u>397,860</u>
<b>Football Operations</b>		
<i>Revenue</i>		
Revenue from operations	<u>287,260</u>	<u>252,748</u>
<i>Expenditure</i>		
Joint Venture contribution	(308,500)	(125,000)
Other football operations expenses	(325,937)	(283,436)
	<u>(634,437)</u>	<u>(408,436)</u>
<i>Net (loss) – Football Operations</i>	<u>(347,177)</u>	<u>(155,688)</u>

<b>Net (loss)/profit for the year – all operations</b>	<b>(245,833)</b>	<b>242,172</b>
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## **Illawarra District Rugby League Football Club Limited**

### **Directors' report (continued)**

#### **Results by operating activity**

Following is the detailed performance results for the Licensed Club Operations.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Licensed Club Operations</b>		
<b>Bar Trading</b>		
<i>Revenue</i>		
Revenue from operations	1,285,697	1,287,003
<i>Expenditure</i>		
Cost of goods sold	(515,653)	(503,289)
Depreciation	(16,367)	(18,537)
Repairs and maintenance	(4,329)	(4,814)
Salaries	(426,658)	(412,991)
Loss on disposal of fixed assets	-	(6,106)
Other expenses	(173,332)	(139,261)
	<u>(1,136,339)</u>	<u>(1,084,998)</u>
<i>Net profit – Bar Trading</i>	<u>149,358</u>	<u>202,005</u>
<b>Catering</b>		
<i>Revenue</i>		
Revenue from operations	178,475	284,599
<i>Expenditure</i>		
Cleaning	(2,888)	(12,879)
Cost of goods sold	(2,984)	(1,274)
Depreciation	(32,354)	(32,258)
General functions	(6,311)	(14,926)
Repairs and maintenance	(16,558)	(19,239)
Salaries and wages expense	(37,482)	(21,691)
Loss on disposal of fixed assets	-	(63,296)
Other expenses	(181,502)	(267,013)
	<u>(280,079)</u>	<u>(432,576)</u>

<i>Net(loss)– Catering</i>	<u>(101,604)</u>	<u>(147,977)</u>
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## **Illawarra District Rugby League Football Club Limited**

### **Directors' report (continued)**

#### **Review and results of operations (continued)**

<b>Licensed Club Operations (continued)</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Gaming</b>		
<i>Revenue</i>		
Gross clearances	19,085,096	17,437,908
Prizes and jackpots	(13,875,034)	(12,602,403)
	<u>5,210,062</u>	<u>4,835,505</u>
TAB and Keno	57,367	71,611
	<u>5,267,699</u>	<u>4,907,116</u>
<i>Expenditure</i>		
Depreciation	(313,184)	(299,706)
GST on gaming revenue, less rebates	(429,997)	(384,887)
Gaming tax	(836,025)	(848,621)
CDSE – contribution	(145,903)	(71,908)
License fees	(192,532)	(266,962)
Promotions	(273,819)	(228,856)
Repairs and maintenance	(75,151)	(79,331)
Salaries and wages expense	(622,995)	(629,554)
Bank charges and interest	-	(341)
Other expenses	(100,060)	(98,547)
	<u>(2,989,666)</u>	<u>(2,908,713)</u>
<i>Net profit - gaming</i>	<u>2,278,033</u>	<u>1,998,403</u>

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**Illawarra District Rugby League Football Club Limited**

**Directors' report (continued)**

**Review and results of operations (continued)**

<b>Licensed Club Operations (continued)</b>	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<b>Licensed Club - General</b>		
<i>Revenue</i>		
Revenue from operations	243,229	252,000
<i>Expenditure</i>		
Advertising	(173,188)	(111,119)
Cleaning	(99,673)	(88,164)
Depreciation	(368,771)	(369,671)
Electricity	(138,200)	(138,381)
Insurances	(42,644)	(54,036)
OH&S	(704)	(1,596)
Postage	(5,364)	(13,881)
Promotions	(340,600)	(387,052)
Raffle prizes	(102,729)	(94,277)
Rates	(47,204)	(43,135)
Repairs and maintenance	(91,389)	(75,475)
Salaries and wages	(332,364)	(274,318)
Security	(36,603)	(95,681)
Telephone	(11,790)	(12,872)

Bank charges and interest	(9,699)	(10,151)
Loss on disposal of fixed assets	-	(29,281)
Other expenses	(287,787)	(301,402)
	<u>(2,088,709)</u>	<u>(2,100,492)</u>
<i>Net (loss) – Licensed Club General</i>	<u>(1,845,480)</u>	<u>(1,848,492)</u>
<b>Administration</b>		
<i>Revenue</i>		
Revenue from operations	-	-
Interest income	2,742	2,027
Other income	183,102	696,615
Total revenue and income	<u>185,844</u>	<u>698,642</u>
<i>Expenditure</i>		
Interest expense	(10,807)	(54,395)
Depreciation	(17,978)	(18,123)
Insurance	(44,108)	(42,453)
Salaries and wages	(265,627)	(238,890)
Loss on disposal of fixed assets	-	(12,124)
Repairs, maintenance and cleaning	(4,296)	(1,368)
Other	(221,991)	(137,368)
	<u>(564,807)</u>	<u>(504,721)</u>
<i>Net (loss)/ gain – Administration</i>	<u>(378,963)</u>	<u>193,921</u>
<b>Net profit - Licensed Club Operations</b>	<u><b>101,344</b></u>	<u><b>397,860</b></u>

## **Illawarra District Rugby League Football Club Limited**

### **Directors' report (continued)**

#### **Dividends**

The Company is a company limited by guarantee and is prevented by its constitution from paying dividends.

#### **State of affairs**

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

#### **Events subsequent to reporting date**

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in the future financial years.

**Environmental regulations**

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, 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 these environmental requirements as they apply to the Company.

**Likely developments**

Information about likely developments in the operations of the Company, and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

## **Illawarra District Rugby League Football Club Limited**

### **Directors' report (continued)**

#### **Indemnification and insurance of officers and auditors**

##### *Indemnification*

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company, indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

##### *Insurance*

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

#### **Lead auditor's independence declaration**

The Lead auditor's independence declaration is set out on page 10 and forms part of the directors' report for the financial year ended 31 October 2010.

Signed in accordance with a resolution of the Directors:

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P Newell  
*Director*

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S O'Connor  
*Director*

Dated in Wollongong this 19<sup>th</sup> day of November 2010.

**Lead Auditor's Independence Declaration – insert signed page**

## Illawarra District Rugby League Football Club Limited

### Statement of comprehensive income for the year ended 31 October 2010

	Note	2010 \$	2009 \$
Revenue from licensed club operations		6,975,100	6,730,718
Revenue from football operations		287,260	252,748
<b>Total revenue</b>	4	<u>7,262,360</u>	<u>6,983,466</u>
Other income	5	183,102	696,615
Football operation expenses		(626,179)	(395,811)
Administration expenses		(546,604)	(450,325)
Licensed club expenses		(6,492,490)	(6,516,288)
<b>Results from operating activities</b>		<u>(219,811)</u>	<u>317,657</u>
Financial income		2,742	2,027
Financial expense		(28,764)	(77,512)
<b>Net financing costs</b>	6	<u>(26,022)</u>	<u>(75,485)</u>
<b>(Loss)/Profit before income tax</b>		(245,833)	242,172
<b>Income tax expense</b>	3(m)	-	-
<b>Net (loss)/profit for the year</b>		<u>(245,833)</u>	<u>242,172</u>
<b>Other comprehensive income</b>			
Revaluation of land and buildings		79,534	-
<b>Total comprehensive income for the year</b>		<u>(166,299)</u>	<u>242,172</u>

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

## Illawarra District Rugby League Football Club Limited

### Statement of changes in equity for the year ended 31 October 2010

	<b>Asset Revaluation Reserve</b>	<b>Accumulated Losses</b>	<b>Total</b>
Opening balance at 1 November 2008	7,637,878	(3,487,391)	4,150,487
<b>Total comprehensive income for the year</b>			
Profit for the year	-	242,172	242,172
Disposal of land and buildings at valuation	<u>(1,527,576)</u>	<u>1,527,576</u>	<u>-</u>
Total comprehensive income for the year	<u>(1,527,576)</u>	<u>1,769,748</u>	<u>242,172</u>
<b>Closing balance at 31 October 2009</b>	<u>6,110,302</u>	<u>(1,717,643)</u>	<u>4,392,659</u>
Opening balance at 1 November 2009	6,110,302	(1,717,643)	4,392,659
<b>Total comprehensive income for the year</b>			
Loss for the year	-	(245,833)	(245,833)
Revaluation of land and buildings	<u>79,534</u>	<u>-</u>	<u>79,534</u>
Total comprehensive income for the year	<u>79,534</u>	<u>(245,833)</u>	<u>(166,299)</u>
<b>Closing balance at 31 October 2010</b>	<u>6,189,836</u>	<u>(1,963,476)</u>	<u>4,226,360</u>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

## Illawarra District Rugby League Football Club Limited

### Balance sheet as at 31 October 2010

	Note	2010 \$	2009 \$
<b>Assets</b>			
Cash and cash equivalents	7	151,119	256,727
Trade and other receivables	8	70,974	56,609
Inventories	9	131,141	96,356
Other assets	10	<u>152,230</u>	<u>144,924</u>
<b>Total current assets</b>		<u>505,464</u>	<u>554,616</u>
Other assets	10	750	750
Investments accounted for using the equity method	11	100	100
Property, plant and equipment	12	<u>12,008,888</u>	<u>11,732,311</u>
<b>Total non current assets</b>		<u>12,009,738</u>	<u>11,733,161</u>
<b>Total assets</b>		<u>12,515,202</u>	<u>12,287,777</u>
<b>Liabilities</b>			
Trade and other payables	13	962,533	598,854
Interest bearing loans and borrowings	14	156,549	211,241
Employee benefits	16	<u>225,205</u>	<u>148,065</u>
<b>Total current liabilities</b>		<u>1,344,287</u>	<u>958,160</u>
Interest bearing loans and borrowings	14	65,700	52,431
Non-interest bearing loans and borrowings	15	6,850,000	6,850,000
Employee benefits	16	<u>28,855</u>	<u>34,527</u>
<b>Total non current liabilities</b>		<u>6,944,555</u>	<u>6,936,958</u>
<b>Total liabilities</b>		<u>8,288,842</u>	<u>7,895,118</u>
<b>Net assets</b>		<u>4,226,360</u>	<u>4,392,659</u>
<b>Members' funds</b>			
Reserves		6,189,836	6,110,302
Accumulated losses		<u>(1,963,476)</u>	<u>(1,717,643)</u>
<b>Total members' funds</b>		<u>4,226,360</u>	<u>4,392,659</u>

The balance sheet is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

## Illawarra District Rugby League Football Club Limited

### Statement of cash flows for the year ended 31 October 2010

	Note	2010 \$	2009 \$
<b>Cash flows from operating activities</b>			
Cash receipts in the course of operations		7,463,402	7,114,577
Cash payments in the course of operations		(6,757,462)	(7,073,512)
Interest received		2,742	2,027
Interest paid		(17,957)	(23,117)
<b>Net cash from operating activities</b>	22(b)	690,725	19,975
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(615,857)	(503,729)
Proceeds from sale of property, plant and equipment		52,934	2,656,014
Proceeds from sale of gaming entitlements		-	570,000
<b>Net cash from investing activities</b>		(562,923)	2,722,285
<b>Cash flows from financing activities</b>			
Repayment of non-interest bearing borrowings		-	(1,950,000)
Finance lease payments		(153,822)	(384,365)
<b>Net cash from provided by financing activities</b>		(153,822)	(2,334,365)
<b>Net (decrease)/ increase in cash held</b>		(26,020)	407,895
Cash and cash equivalents at 1 November		177,139	(230,756)
<b>Cash and cash equivalents at 31 October</b>	22(a)	151,119	177,139

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 15 to 37.

# **Illawarra District Rugby League Football Club Limited**

## **Notes to the financial statements for the year ended 31 October 2010**

### **1 Reporting entity**

Illawarra District Rugby League Football Club Limited (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is 1-3 Burelli Street, Wollongong. The company operates in the licensed club industry in Wollongong, NSW.

### **2 Basis of preparation**

#### ***(a) Statement of compliance***

The Company has early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements for the financial year beginning 1 November 2009 to prepare Tier 2 general purpose financial statements.

The financial report of the Company is a Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The financial statements were approved by the Board of Directors on 19 November 2010.

#### ***(b) Going concern basis***

During the year the Company recorded an operating loss of \$245,833 and as at balance date had current liabilities in excess of current assets of \$838,823.

Notwithstanding this the financial report has been prepared on the going concern basis which assumes that assets will be realised and liabilities settled, in the ordinary course of business.

After adjusting for non-cash items, the operating surplus for the year was \$502,821. The Company’s operating budget for the year ending 31 October 2011 indicates that the Company will continue to generate operating cash flows.

These projected cash flows together with negotiated trading terms and available financing facilities support the preparation of the financial statements on a going concern basis.

#### ***(c) Basis of measurement***

The financial statements have been prepared on the historical cost basis, except for land and buildings which are stated at their fair value.

#### ***(d) Functional and presentation currency***

These financial statements are presented in Australian dollars, which is the Company’s functional currency.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **2 Basis of preparation (continued)**

##### ***(d) Use of estimates and judgements***

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the followings notes:

- Note 12 – valuation of land and buildings

##### ***(e) Change in accounting policies***

Starting as of 1 November 2009, the Company has changed its accounting policies in the following areas:

- Accounting for borrowing costs
- Presentation of financial statements

#### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in notes 3(b), 3(f), and 3(p) which address changes in accounting policies

##### ***(b) Basis of consolidation***

###### ***Joint ventures***

Joint ventures are those entities over whose activities the Company has joint control, established by contractual agreement.

###### ***Jointly controlled entities***

In the financial statements, investments in jointly controlled entities are accounted for using equity accounting principles. Investments in joint venture entities are carried at the lower of the equity accounted amount and recoverable amount.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Significant accounting policies (continued)**

##### ***(b) Basis of consolidation (continued)***

The Company's share of the jointly controlled entity's net profit or loss is recognised in the statement of comprehensive income from the date joint control commenced until the date joint control ceases. Other movements in reserves are recognised directly in the reserves.

##### ***(c) Cash and cash equivalents***

Cash and cash equivalents comprises cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### ***(d) Trade and other receivables***

Trade and other receivables are generally settled within 14 days and are stated at their amortised cost less impairment losses (see accounting policy 3(g)).

##### ***(e) Inventories***

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

##### ***(f) Property, plant and equipment***

###### *Owned assets*

Land and buildings are stated at fair value. Other items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 3(g)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located, and capitalised borrowing costs (see below).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Significant accounting policies (continued)**

##### ***(f) Property, plant and equipment (continued)***

###### *Leased assets*

Leases in terms of which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. The assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy 3(g)). Lease payments are accounted for as described in accounting policy 3(l).

###### *Change in accounting policy*

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 November 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. Previously the Company immediately recognised all borrowing costs as an expense. This change in accounting policy was due to the adoption of AASB 123 Borrowing Costs (2007).

###### *Subsequent costs*

The company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

###### *Depreciation*

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The range of depreciation rates used for each class of asset in the current and comparative periods are as follows:

Buildings	3%
Plant and equipment	7% - 25%
Leased plant and equipment	25% - 33%
Furniture and fittings	7% - 20%
Motor vehicles	15%

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Significant accounting policies (continued)**

##### ***(f) Property, plant and equipment (continued)***

###### *Determination of fair values*

The fair value of land is recognised based on market values. The fair value of buildings is based on the summation of land value and the depreciated replacement cost of improvements. In accordance with Company policy, independent external valuations are obtained every two years.

##### ***(g) Impairment***

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

###### *(i) Calculation of recoverable amount*

The recoverable amount of receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

###### *(ii) Reversals of impairment*

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Statement of significant accounting policies (continued)**

##### ***(g) Impairment (continued)***

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

##### ***(iii) Derecognition of financial assets and liabilities***

A financial asset is derecognised when:

- the rights to receive cash flows have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all of the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of the existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit and loss.

##### ***(h) Trade and other payables***

Trade and other payables are stated at their amortised cost.

Trade payables are non-interest bearing and are normally settled on 30-day terms.

##### ***(i) Loans and borrowings***

###### ***Interest bearing***

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Statement of significant accounting policies (continued)**

##### **(i) Loans and borrowings (continued)**

###### *Non-interest bearing*

Non-interest bearing loans are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, the loan is measured at the present value of expected future cash flows, discounted using a market-related rate. When no repayment date is specified and the repayment date is not known into the foreseeable future, the loan is measured at its face value.

##### **(j) Employee benefits**

###### *Defined contribution superannuation funds*

A defined contribution superannuation fund is a plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss as employee benefit expense in the periods during which the services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available.

###### *Wages, salaries and annual leave*

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the company expects to pay as at reporting date including related on-costs, such as workers compensation, insurance and payroll tax.

###### *Long term service benefits*

The company's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating the terms of the Company's obligations.

##### **(k) Revenue**

###### *Goods sold and services rendered*

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in profit or loss when the underlying services have been provided. No revenue is recognised if there is significant uncertainty regarding recovery of consideration due.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Statement of significant accounting policies (continued)**

##### **(k) Revenue (continued)**

###### *Poker machine revenue*

Poker machine revenue is recognised in profit loss, net of prizes and jackpots, once the underlying games have been completed.

###### *Other gaming revenue*

Other gaming revenue is recognised in profit or loss when the underlying gaming event has been completed.

###### *Sponsorship*

Sponsorship revenue is recognised as revenue over the period the sponsorship relates to.

###### *Rental income*

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

##### **(l) Expenses**

###### *Operating lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

###### *Finance lease payments*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

###### *Net financing costs*

Interest income is recognised in profit or loss as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Statement of significant accounting policies (continued)**

##### ***(m) Taxation***

###### *Income tax*

Under a private ruling from the Australian Taxation Office (“ATO”) income derived by the Company from all sources and activities is considered exempt from the payment of income tax. This ruling applied to the years ended 30 June 1999 to June 2003 and was granted on the basis that the dominant objective of the Company is for the encouragement of a game or sport pursuant to Sections 50-1 and 50-45, Item 9.1 of the Income Tax Assessment Act, 1997.

It is the responsibility of the directors to self-assess the Company’s tax status. The directors have reviewed the objectives and activities of the Company for the year ended 31 October 2010 and have concluded, on the basis that the activities of the Company continue to be the same as those carried out at the time of issue of the private ruling in 1999, that the Company continues to be tax exempt pursuant to Sections 50-1 and 50-45, Item 9.1 of the Income Tax Assessment Act, 1997.

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

Revenue, 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 ATO. 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 are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

##### ***(o) Reserves***

The revaluation reserve relates to the revaluation of land and buildings which are stated at fair value.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **3 Statement of significant accounting policies (continued)**

##### ***(p) Presentation of financial statements and reduced disclosure***

The Company applies revised AASB 101 Presentation of Financial Statements (2007), which became effective as of 1 January 2009. As a result, the Company presents in the statement of changes in equity all owner changes in equity whereas all non-owner changes in equity are presented in the statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on comprehensive income.

The Company early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements. This has resulted in a reduction of disclosures for items such as financial instruments, equity accounted investments and business combinations. Comparative information has been re-presented or removed so that it also conforms to the new disclosure requirements. Since the change in accounting policy only impacts presentation aspects, there is no impact on comprehensive income.

## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

	2010 \$	2009 \$
<b>4 Revenue</b>		
Revenue from licensed club operations	6,975,100	6,730,718
Revenue from football operations	287,260	252,748
	<u>7,262,360</u>	<u>6,983,466</u>
<b>5 Profit/(loss) before tax has been arrived at after crediting/charging the following items:</b>		
<b>Other income</b>		
Gain on sale of fixed assets	51,968	32,320
Rental income	131,134	94,385
Sale of poker machine entitlements	-	570,000
	<u>183,102</u>	<u>696,615</u>
Loss on disposal of non-current assets	<u>-</u>	<u>(110,807)</u>
<b>6 Net financing expenses</b>		
Interest income – other parties	2,742	2,027
<i>Finance income</i>	<u>2,742</u>	<u>2,027</u>
Interest expense	(17,957)	(23,117)
Financing charges	(10,807)	(54,395)
<i>Finance expense</i>	<u>(28,764)</u>	<u>(77,512)</u>
Net financing expense	<u>(26,022)</u>	<u>(75,485)</u>
<b>7 Cash and cash equivalents</b>		
Cash at bank	13,645	115,511
Cash on hand	137,474	141,216
	<u>151,119</u>	<u>256,727</u>

## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

	2010 \$	2009 \$
<b>8 Trade and other receivables</b>		
Trade receivables	70,974	56,609
	<hr/>	<hr/>
<b>9 Inventories</b>		
Stock on hand – bar	67,432	54,597
Stock on hand – merchandise	63,709	41,759
	<hr/>	<hr/>
	131,141	96,356
	<hr/>	<hr/>
<b>10 Other assets</b>		
<i>Current</i>		
Prepayments	99,145	75,507
Deferred lease incentive	53,085	69,417
	<hr/>	<hr/>
	152,230	144,924
	<hr/>	<hr/>
<i>Non-current</i>		
Other	750	750
	<hr/>	<hr/>

### 11 Interest in joint venture

The Company has a 50% (2009: 50%) interest in a joint venture *St George Illawarra Rugby League Football Club Pty Limited*, whose principal activity is the propagation and promotion of rugby league. The joint venture partner is St George District Rugby League Football Club Limited. The joint venture entity was incorporated in Australia on 3 November 1998.

#### *Equity accounting*

Despite the trading loss, the results of the joint venture have not been equity accounted by the Company for the year ended 31 October 2010 or 31 October 2009. Whilst the Company has a 50% interest in the joint venture entity and the joint venture entity has surplus net assets, the Company is unlikely to receive any future economic benefit, in the form of contribution reductions or distributions of assets, from its share in the joint venture entity.

#### *Contributions to the joint venture*

Under the terms and conditions of the joint venture agreement, the Company may be required to contribute and pay its respective portion of the joint venture's funding requirements from time to time. This funding obligation is contingent upon the ongoing financial position of the joint venture, the unanimous agreement of that board that funding injections are required and the financial position of the Company.

Various agreements are in place whereby St George Leagues Club Limited has agreed to underwrite all losses and future commitments of the joint venture entity.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **11 Interest in joint venture (continued)**

##### *Voting rights*

The board of the joint venture entity has 8 directors at any one time. Under the terms of the joint venture agreement between the Company and St George District Rugby League Football Club Limited, each party is able to nominate 4 directors to the joint venture board.

St George District Rugby League Football Club Limited also has the right to nominate the Chairman of the joint venture board. The Chairman of the joint venture board has the casting vote for certain joint venture board decisions. An agreement is in place between the Company and St George District Rugby League Football Club where the Chairman does not have the casting vote for certain specified decisions.

	<b>2010</b>	<b>2009</b>
	<b>\$</b>	<b>\$</b>
<i>Movement in carrying value</i>		
Carrying amount at beginning of year	100	100
Share of joint venture net profit/(loss)	205,868	(525,626)
Recoverable amount adjustment of share of joint venture entity	<u>(205,868)</u>	<u>525,626</u>
Carrying amount at end of year	<u>100</u>	<u>100</u>

## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

	2010 \$	2009 \$
<b>12 Property, plant and equipment</b>		
<i>Land and buildings</i>		
At fair value	10,312,098	10,313,764
	<hr/>	<hr/>
<i>Furniture and fittings</i>		
At cost	810,776	673,534
Accumulated depreciation	(532,675)	(463,473)
	<hr/>	<hr/>
	278,101	210,061
	<hr/>	<hr/>
<i>Plant and equipment</i>		
At cost	3,580,030	3,255,923
Accumulated depreciation	(2,537,129)	(2,394,998)
	<hr/>	<hr/>
	1,042,901	860,925
	<hr/>	<hr/>
<i>Plant and equipment under finance lease</i>		
At cost	644,398	463,218
Accumulated depreciation	(285,330)	(143,065)
	<hr/>	<hr/>
	359,068	320,153
	<hr/>	<hr/>
<i>Motor vehicles</i>		
At cost	67,258	67,258
Accumulated amortisation	(50,538)	(39,850)
	<hr/>	<hr/>
	16,720	27,408
	<hr/>	<hr/>
<b>Total property, plant and equipment</b>	<hr/> <b>12,008,888</b>	<hr/> <b>11,732,311</b>

## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

	2010 \$	2009 \$
<b>12 Property, plant and equipment (continued)</b>		
<b>Reconciliations</b>		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
<b>Land and buildings</b>		
Carrying amount at beginning of year	10,313,764	13,000,000
Revaluations	79,534	-
Additions	129,982	126,609
Disposals	-	(2,600,000)
Depreciation	(211,182)	(212,845)
Carrying amount at end of year	<u>10,312,098</u>	<u>10,313,764</u>
<b>Furniture and fittings</b>		
Carrying amount at beginning of year	210,061	287,029
Additions	137,234	15,093
Disposals	-	(33,581)
Depreciation	(69,194)	(58,480)
Carrying amount at end of year	<u>278,101</u>	<u>210,061</u>
<b>Plant and equipment</b>		
Carrying amount at beginning of year	860,925	991,618
Additions	498,267	362,027
Disposals	(966)	(101,011)
Depreciation	(315,325)	(391,709)
Carrying amount at end of year	<u>1,042,901</u>	<u>860,925</u>
<b>Leased plant and equipment</b>		
Carrying amount at beginning of year	320,153	384,697
Additions	181,180	-
Depreciation	(142,265)	(64,544)
Carrying amount at end of year	<u>359,068</u>	<u>320,153</u>
<b>Motor vehicles</b>		
Carrying amount at beginning of year	27,408	38,125
Additions	-	-
Disposals	-	-
Depreciation	(10,688)	(10,717)
Carrying amount at end of year	<u>16,720</u>	<u>27,408</u>

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## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

#### 12 Property, plant and equipment (continued)

##### Reconciliations (continued)

###### *Land and buildings - revaluation*

Land and buildings measured at fair value have been valued by an independent valuer, with the effective date of the valuation being 16 April 2010 (2009: 31 October 2008).

The fair value of land is recognised based on market values. The fair value of buildings is based on the summation of land value and depreciated replacement cost of improvements.

###### *Security*

Land and buildings measured at fair value, with a carrying amount of \$10,312,098 (2009: \$10,313,764) are subject to a registered mortgage to secure non-interest bearing loans provided by WIN Corporation Pty Limited. Refer to Note 15.

	2010 \$	2009 \$
<b>13 Trade and other payables</b>		
Trade payables	464,884	308,135
Other payables and accrued expenses	298,206	271,776
	<u>763,090</u>	<u>579,911</u>
Amounts payable to joint venture	<u>115,170</u>	<u>18,943</u>
Income in advance	84,273	-
	<u>962,533</u>	<u>598,854</u>
<b>14 Interest bearing liabilities</b>		
<b>Current</b>		
Lease liabilities	156,549	131,653
Bank overdraft	-	79,588
	<u>156,549</u>	<u>211,241</u>
<b>Non-current</b>		
Lease liabilities	<u>65,700</u>	<u>52,431</u>

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65,700

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52,431

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## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

	2010 \$	2009 \$
<b>14 Interest bearing liabilities (continued)</b>		
<b><i>Financing arrangements</i></b>		
The company has access to the following lines of credit:		
Total facilities available:		
■ bank overdraft	200,000	200,000
■ loans from WIN Corporation	6,850,000	6,850,000
■ lease facility	350,000	350,000
■ other	30,000	30,000
	<u>7,430,000</u>	<u>7,430,000</u>
Facilities utilised at balance date:		
■ bank overdraft	-	79,588
■ loans from WIN Corporation	6,850,000	6,850,000
■ lease facility	222,249	184,084
■ other	-	-
	<u>7,072,249</u>	<u>7,113,672</u>
Facilities not utilised at balance date:		
■ bank overdraft	200,000	120,412
■ loans from WIN Corporation	-	-
■ lease facility	127,751	165,916
■ other	30,000	30,000
	<u>357,751</u>	<u>316,328</u>

#### *Bank overdraft*

The bank overdraft is secured by a guarantee from the Company. Interest on bank overdrafts is charged at prevailing market rates.

## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

#### 14 Interest bearing liabilities (continued)

##### *Financing arrangements (continued)*

###### *Loans from WIN Corporation Pty Limited - secured*

Loans from WIN Corporation Pty Limited are non-interest bearing and have no pre-determined repayment date. The loan is repayable to WIN Corporation only if certain specified events occur. During the year the Company has complied with all requirements of the loan funding agreement which has resulted in the loan continuing on an interest free basis with no set repayment date.

###### *Lease facility – secured*

The lease facility is secured by the underlying assets subject to lease.

	2010	2009
	\$	\$
<b>15 Non-interest bearing liabilities</b>		
<b>Non-current</b>		
Loans – WIN Corporation Pty Limited – secured	6,850,000	6,850,000
	<u>6,850,000</u>	<u>6,850,000</u>

Refer to Note 12 for disclosure surrounding security attached to the loan provided by WIN Corporation Pty Limited.

## Illawarra District Rugby League Football Club Limited

Notes to the financial statements

	2010	2009
	\$	\$
for the year ended 31 October 2010		
<b>16 Employee benefits</b>		
Aggregate liability for employee benefits, including on-costs		
■ Current	225,205	148,065
■ Non-current	28,855	34,527
	<u>254,060</u>	<u>182,592</u>

### *Defined contribution superannuation funds*

The Company makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was \$124,726 for the financial year ended 31 October 2010 (2009: \$106,385).

## 17 Commitments

### Finance lease payment commitments

Finance lease rentals are payable as follows:

■ Not later than one year	158,036	142,460
■ One year or later but no later than five years	65,700	53,918
	<u>223,736</u>	<u>196,378</u>
	<u>222,249</u>	<u>184,084</u>
Less: future lease finance charges	(1,487)	(12,294)
	<u>222,249</u>	<u>184,084</u>
Lease liabilities provided for in the financial statements:		
Current	156,549	131,653
Non-current	65,700	52,431
Total lease liability	<u>222,249</u>	<u>184,084</u>

The Company leases office equipment and gaming machines under finance leases expiring from one to four years. At the end of the lease term ownership passes to the Company.

The lease facility is secured against the assets purchased under this facility. Refer to Note 12 for the carrying amounts of assets held as security against finance lease liabilities.

## Illawarra District Rugby League Football Club Limited

Notes to the financial statements

	2010	2009
	\$	\$

for the year ended 31 October 2010

### 18 Operating leases as Lessor

The company leases out buildings held under operating leases.

The future minimum lease payments receivable under non-cancellable leases are as follows:

■ Not later than one year	140,000	140,000
■ One year or later but no later than five years	<u>315,000</u>	<u>455,000</u>
	<u>455,000</u>	<u>595,000</u>

### 19 Key management personnel disclosures

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the Company, directly or indirectly, including any director (executive or otherwise) of the Company. Total remuneration paid to key management personnel for the current and comparative periods was:

Key management personnel compensation	<u>229,739</u>	<u>179,429</u>
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#### *Other key management personnel transactions with the Company*

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

#### *WIN Corporation Pty Limited*

During 2006, WIN Corporation Pty Limited provided non-interest bearing loans to the value of \$6,500,000 to the Company. An additional amount of \$350,000 was provided in 2007 under the same terms and conditions as the original loan agreement. The loan does not have a specified repayment date. As a condition of providing the loan, WIN Corporation obtained the right to appoint an ex-officio director to the Board of the Company, and the right to appoint a director to the board of the joint venture entity (refer to note 11). No other transactions occurred between representatives of WIN Corporation Pty Limited and the Company.

## **Illawarra District Rugby League Football Club Limited**

### **Notes to the financial statements for the year ended 31 October 2010**

#### **19 Key management personnel disclosures (continued)**

##### *Waples Marketing Group Pty Limited*

Mr G Gulloch is a director of Waples Marketing Group Pty Limited (“Waples”). During the current and comparative periods the Company engaged the services of Waples Marketing Group Pty Limited in relation to various promotional activities. The value of these transactions during the period ended 31 October 2010 was \$182,406 (2009: \$58,594) and balances owing as at 31 October 2010 was \$59,702 (2009: \$14,141).

The nature of these transactions relates to Waples acting as a media agency for the Company in the purchasing of advertising with local media outlets. Under these arrangements, Waples bills the Company for the value of the advertisements placed in addition to their fee on the transaction.

During the year, of the \$182,406 billed by Waples, \$173,180 was paid onto the media outlets, with the balance of \$9,226 retained by Waples as the fee for this accredited service.

This fee is based on normal commercial terms and conditions.

Other than outlined above, from time to time Directors of the Company may purchase goods from the company or participate in other club activities. These purchases and participations are on the same terms and conditions as those entered into by any other member of the club.

#### **20 Other related party transactions**

##### *Joint venture entity*

The Company is required to make contributions to the joint venture entity as determined by the board of the joint venture entity. Refer to note 11 for further details regarding contributions made to the joint venture entity by the Company.

#### **21 Company limited by guarantee**

The Company is incorporated as a company limited by guarantee. In accordance with the constitution of the Company, every member of the company undertakes to contribute an amount limited to \$4 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. At 31 October 2010 there were 6,840 members (2009: 8,270 members).

## Illawarra District Rugby League Football Club Limited

### Notes to the financial statements for the year ended 31 October 2010

#### 22 Notes to the statement of cash flows

##### (a) Reconciliation of cash

For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the balance sheet as

		2010	2009
		\$	\$
follows:			
Cash and cash equivalents	7	151,119	256,727
Bank overdraft	14	-	(79,588)
		<u>151,119</u>	<u>177,139</u>

##### (b) Reconciliation of loss from operating activities after income tax to net cash provided by operating activities

(Loss)/Profit from ordinary activities after income tax	(245,833)	242,172
Add/(less) items classified as investing/financing activities		
• Finance charges on capitalised leases	10,807	54,395
• Loss/(gain) on disposal of non-current assets	(51,968)	78,577
• Sale of gaming entitlements	-	(570,000)
Add non cash items:		
• Depreciation and amortisation	748,654	738,295
	<u>461,660</u>	<u>543,439</u>
Net cash from operating activities before change in assets and liabilities	461,660	543,439
Changes in assets and liabilities during the financial year		
■ (Increase)/decrease in receivables	(14,365)	73,912
■ (Increase)/decrease in inventories	(34,785)	3,676

■ (Increase)/decrease in other assets	(7,306)	(38,819)
■ (Decrease)/increase in payables	214,053	(587,518)
■ (Decrease)/ increase in employee entitlements	71,468	25,285
Net cash from operating activities	<u>690,725</u>	<u>19,975</u>

***(c) Non-cash financing and investing activities***

During the year, the Company acquired items of plant and equipment with a fair value of \$181,180 (2009: \$nil) by means of finance lease arrangements.

**Illawarra District Rugby League Football Club Limited**

**Notes to the financial statements  
for the year ended 31 October 2010**

**23 Subsequent Events**

There have been no events subsequent to balance date which would have a material effect on the Company's financial statements as at 31 October 2010.

**24 Economic dependency**

The Company is dependent on WIN Corporation Pty Limited for providing ongoing financial support to the Company in the form of non-interest bearing loans.

**Illawarra District Rugby League Football Club Limited**  
**Directors' declaration**

In the opinion of the Directors of Illawarra District Rugby League Football Club Limited:

- the financial statements and notes, set out on pages 11 to 37, are in accordance with the Corporations Act 2001, including:
  - giving a true and fair view of the Company's financial position as at 31 October 2010 and of its performance, for the financial year ended on that date; and
  - complying with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated in Wollongong this 19<sup>th</sup> day of November 2010.

Signed in accordance with a resolution of the Directors:

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P Newell  
*Director*

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S O'Connor  
*Director*