



2019

ANNUAL REPORT

Eastern Suburbs Leagues Club Ltd
ABN 63 000 249 490



GRAND FINAL 2019 STATS

SUN

06

OCT



112

EASTS STAFF

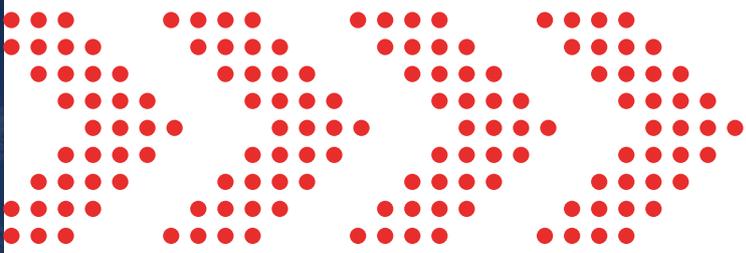
16,853 DRINKS SOLD

802 BEVERAGES PER HOUR

2,264 LITRES OF TAP BEER | 1,681 PATRONS

1,039+ STAFF HOURS

37 SECURITY 20 CLEANERS



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EXECUTIVE REPORT

It is our pleasure to present the 60th Annual Report of the Eastern Suburbs Leagues Club Ltd for the Financial Year Ending 31 October 2019

The Financial Year in Review

Group trading for the year ended 31 October 2019 produced a net profit of \$11,239,196, before a football grant of \$2,100,000. This delivered a profit of \$9,139,196 for the Group.

Being a not-for-profit organisation, these funds are re-invested back into future developments to improve existing sites or building new developments.

Governments at all levels have received \$11,794,906 in various taxation payments from the Leagues Clubs while ClubGRANTS and donations to the communities of Bondi Junction, Kingswood, Berkeley, Waverley and Woy Woy amounted to \$1,813,092.

Community

Eastern Suburbs Leagues Club has a long and proud tradition of providing support to multiple programs and charities throughout our communities and 2019 was no exception. In our efforts to continue to support our local communities, as in the previous financial year, we again proudly exceeded our regulatory obligations and charitable donation targets.

The Group will continue to have a widely-respected focus on supporting the endeavours of so many worthy local causes within our local communities.

The Organisations and Charities that Eastern Suburbs Leagues Club has assisted in 2019 financial year included:

Charitable & Community Causes

- Ted Noffs Foundation
- Cancer Council
- DanceAbility Australia Ltd
- COA Sydney
- Steggles Roosters Charity Nest
- Learning Links
- Berkeley Neighbour Centre
- CareSouth
- Berkeley Public School
- Supported Accommodation and Homelessness Services Shoalhaven Illawarra Inc
- Lifeline South Coast – Community Suicide Prevention Training
- Cancer Council NSW
- Brisbane Water Secondary College – Umina Campus
- Umina Men's Shed
- Woy Woy Peninsula Village
- Cancercare Australia Ltd
- Ocean Beach Surf Life Saving Club
- (Dinka) Jieng Community Association NSW
- Foster Care Angels Inc
- Delta Society Australia Ltd
- Wentworth Community Housing Ltd
- Ross Hutchinson Foundation
- Emu Plains District Hockey Association

Sub-Clubs & Sporting Groups

- Berkeley Darts Club
- Berkeley Fishing Club
- Berkeley Junior Rugby League Club
- Berkeley Men's Bowling Club
- Berkeley Rugby League Football Club
- Berkeley Soccer Club
- Berkeley Tennis Club
- Bondi Junction Ladies Hockey Club
- Bondi Junction Men's Hockey Club
- Bondi Junction Mixed Indoor Bowls
- Bondi Junction Photographic Club
- Bondi Junction Rostrum Club
- Eastern Suburbs Bridge Club
- Eastern Suburbs Cricket Club
- Eastern Suburbs Women's Cricket Club
- Emu Plains District Hockey Association
- Emu Plains Hockey Club
- Kingswood Euchre Club
- Kingswood Junior Darts Club
- Kingswood Ladies' Bowling Club
- Kingswood Men's Bowling Club
- Kingswood Travelling Bowlers Club
- St Mary's Convent Soccer Club
- Kingswood Junior Bowlers Development Grant
- North Penrith Knights Junior Cricket Club
- Sydney Roosters Junior Rugby League Clubs
- Waverley Ladies' Bowling Club
- Waverley Men's Bowling Club
- Western Sydney Bream and Bass Club
- Woy Woy Circle Golf Club
- Woy Woy Junior Rugby League Club
- Woy Woy Senior Rugby League Club
- Woy Woy Social Club





There are many more organisations and worthy causes that the Group has assisted during the 2019 financial year with both the business and staff making valuable and positive contributions.

The Easts Group continues to support staff volunteering to a number of charitable causes in the community with our “Make A Difference” volunteering program.

Our staff are pro-active in supporting a number of charities and worthwhile causes over the years. Easts Group have recently commenced the “Choose Your Charity” initiative where the staff elect various causes to which they direct their fundraising efforts.

Our Sydney Roosters / Leagues Club Staff on Grand Final Day

Another Grand Final – Sydney Roosters back to back Premiers, certainly a well-earned triumph for our Team, the Coach and all those at the Sydney Roosters dedicated to the job at hand. It doesn’t just happen, it takes much planning, hard work and tenacity to achieve such heights.

Huge recognition is also due to the Leagues Club staff, both front and back of house, for their almighty efforts on Grand Final Day here at Bondi Junction. To give you some understanding on their achievements on the day, the following statistics say it all.

Staff served:

- 16,853 = 802 drinks per hour
- Tap beer = 4,736 = 2,264 litres = 436 kegs
- Spirits = 4,464
- Soft drinks = 4,689

The amount of catering our fantastic kitchen brigade churned out hour after hour in hot and hectic conditions is amazing – and they all kept smiling.

Then there is the co-ordination of:

- 112 Easts staff = 1,039 hours (not factoring in the Management Team at full strength)
- 37 Security personnel
- 16 Police Officers
- 20 Cleaners

To run this event from 7.00am on the big day to the last bar closure at 8.00am the following day is no mean feat with 1,681 patrons present during the Roosters Presentation.

**Easts
To Win**

HUGE RECOGNITION IS ALSO DUE TO THE LEAGUES CLUB STAFF, BOTH FRONT AND BACK OF HOUSE, FOR THEIR ALMIGHTY EFFORTS ON GRAND FINAL DAY HERE AT BONDI JUNCTION



AROUND OUR CLUBS

East's Leagues Club:

- 2020 will herald the 20th year of our relationship with the Ted Noffs Foundation.

Waverley Bowlo:

- Waverley Bowling Club had a change of management to accommodate the pending retirement of Lee Mackay. Lee was the driving force behind the Club from the first day of the Amalgamation, in building the team, processes and procedures to bring the Club into the East's family. Steve Price has taken over as Manager and hopes to continue Lee's legacy of hard work, staff development and provide the best standards of service for the Members and visitors to the Club.
- Grand Final was a highlight of the year, especially the result. Over 250 supporters of all ages descended on the Club to watch the game on the big screen.
- The Club has become a venue for more than bowls, with many people enjoying the big screen for sports - most notably the Rugby World Cup where income exceeded the NRL Grand Final on two separate occasions.

Berkeley:

- One of the highlights of the year for the Soccer was winning the over 35 Premiership - this was a great result and well deserved.
- Soccer numbers continue to grow and pleasing to see 70 junior players this year.
- The Berkeley Eagles Senior teams had a mixed year but were unlucky with injuries which hampered their results. A positive for the year was the Reserve Grade making the semi-final.
- This year marked the 50th anniversary of our Berkeley Rugby League Grade teams.
- Very strong year for the League Juniors with over 200 players registered.
- The Men's Bowlers continue to grow in numbers and we were able to have three pennant competitions this year.
- Darts, Tennis and Fishing Clubs had a great year with the Tennis Club Ladies just missing out in the finals.

Kingswood:

- The Club received a Grant from government of \$38,000 to complete the new greens in 2020.



Kingswood Men's Bowlers:

- Played grades 4, 5, 6, 7 through the pennant season. Teams contested well but did not win any flags.
- Have continued with the Nepean Hospital Cancer Care donations.
- Men's Bowling Club have donated \$1000 towards the supply and cartage of water to drought affected areas.
- Contributed \$3300 towards LED Lighting.
- Contributed \$1000 towards the water sprinkler system.
- Contributed \$1100 towards sunshade repairs.
- Have sponsored Junior Bowlers attending combined High Schools, State and Zone competitions throughout the year.

Kingswood Women's Bowlers:

- Elizabeth Miller made it to the semis in the District Singles and Lyn Hickey to the finals but unfortunately was runner-up - but a great achievement.
- Our Grade 3 Pennant team won Section 1 and played off for the flag against Austral but unfortunately lost that game.
- We have had ladies chosen in all 4 Inter-district games this year.
- Our Shirley McCarthy Tournament held in October was a great success again this year with 28 teams participating. There were teams outside our District that entered with Shirley's granddaughter entering a team from Mudgee.
- Held 3 charity days and raised over \$1200.

Combined Men's and Women's Bowlers

- Kingswood Women's and Men's Bowling Clubs, along with Glenbrook Bowling Club have donated to the drought appeal. We have been liaising directly with a water carter in Tamworth and Kootingal Bowling Club and to-date have delivered 6 families with 13,000 litres each of drinking water. We have now taken on Gunnedah Services Bowling Club and are looking at supplying another 5 families with water.

Kingswood Junior Bowlers:

- Zone 5 Championship - Kingswood Juniors played against the best Zone 13 and retained their Zone Title.

Woy Woy:

- Woy Woy Junior Rugby League teams 10/3, 10/1, 11/1 and 18/2 all qualified for the Central Coast Rugby League Grand Finals in 2019.
- Woy Woy Junior Rugby League under 10/1's were Minor Premiers and also won their Grand Final.
- Woy Woy Junior Rugby League under 10/1's won Central Coast District Rugby League Best Defensive Team of the Year.
- Woy Woy Junior Player, Bradman Best, made his NRL first grade debut for the Newcastle Knights at the age of 18.
- Woy Woy Rugby League Football Club celebrated their 90th year in 2019.
- Woy Woy Leagues Club Social Club donated over \$5000 to local charities around the Peninsular in 2019.

Awards

Congratulations to our high-performing staff for their valuable contributions throughout the year and in particular, those that achieved awards, being:

EASTS LEAGUES TEAM MEMBER OF THE YEAR:
Mysa Le

GROUP SUPPORT TEAM MEMBER OF THE YEAR:
Jimmy O'Regan

BERKELEY SPORTS TEAM MEMBER OF THE YEAR:
Paula Oliveira

KINGSWOOD SPORTS TEAM MEMBER OF THE YEAR:
Jaiden Taylor

WAVERLEY BOWLO TEAM MEMBER OF THE YEAR:
Tori King

WOY WOY LEAGUES TEAM MEMBER OF THE YEAR:
Maxwell Murray

Thanks

Thanks to the Team (on and off the field) at the Sydney Roosters. The Easts Group is very proud to be the home of the Sydney Roosters. Congratulations to our NRL team who took out the NRL Premiership in 2019. Again this year, this honour has been well earned and each contributor to this success should be very proud.

Sincerest thanks to our Board of Directors for giving so much of your valuable time and resources, with unwavering dedication and passion. It's been said before, but warrants

being said again, all without recompense. Again, this is virtually unheard of in our industry and highlights the generosity and commitment you have for Easts Group.

Much appreciation and recognition goes to Brien Samphier for the ongoing contribution of his personal time and efforts with our Clubs' Sporting Bodies and Chairing our Membership Committee. Brien's commitment, efforts and expertise in steering and guiding these affiliated Clubs is second to none.

We would like to thank the Management Team who never cease on giving their best, day in and day out to ensure the best possible outcomes for our Organisation.

Of course, all the positive results and successes don't happen without great staff giving their best, both frontline and behind the scenes. Thank you to all staff of Easts Group. Your commitment and valuable efforts are much appreciated.

Many thanks to our members, fans and supporters for your ongoing support and loyalty. You make the efforts of all Easts Group staff worthwhile and we will all continue to strive to deliver the most positive outcomes we are able to achieve to be an Organisation of which you can be proud to belong.

Nick Politis AM
Chairman

Scott Bennetts
Group CEO



MANY THANKS TO OUR MEMBERS, FANS
AND SUPPORTERS FOR YOUR ONGOING
SUPPORT AND LOYALTY

NOTICE OF ANNUAL GENERAL MEETING

Eastern Suburbs Leagues Club Ltd ABN 63 000 249 490

NOTICE is hereby given that the Annual General Meeting of Eastern Suburbs Leagues Club Ltd (“the Club”) will be held on **Thursday, 27 February 2020** at **6:00pm** at the Club’s premises at 93-97 Spring Street, Bondi Junction, NSW.

BUSINESS TO BE CONDUCTED

ORDINARY BUSINESS

1. Apologies.
2. To confirm the Minutes of the previous Annual General Meeting held on Tuesday, 26 March 2019.
3. To receive and consider the financial report, directors’ report and auditors’ report for the year ended 31 October 2019.*
4. To declare the results of the Board election.
5. To consider the nominations of Lee Mackay and Scott Bennetts for Life Membership of the Club as endorsed by the Board of Directors.
6. To consider and if thought fit, pass the Special Resolutions appearing under the heading “Special Resolutions” to amend the Constitution of the Club.
7. General business.

***NOTE:** Members who wish to raise any queries or seek information at the meeting about the financial report, directors’ report and auditors’ report, are asked to give the Chief Executive Officer notice in writing of their queries or requests by **at least 7 days before the Annual General Meeting**. This will enable properly researched replies to be prepared for the benefit of Members.

LIFE MEMBERSHIP RESOLUTIONS

- “1. That Lee Mackay #200752 is elected to Life Membership of the Club under rule 28(a) of the Constitution of Eastern Suburbs Leagues Club Ltd.”
- “2. That Scott Bennetts #35291 is elected to Life Membership of the Club under rule 28(a) of the Constitution of Eastern Suburbs Leagues Club Ltd.”

Explanatory message regarding the Life Membership Resolutions

1. The Life Membership resolutions are proposed pursuant to rule 28(a) of the Club’s Constitution.
2. To be passed, a majority of two thirds of those Members present and voting at the Annual General Meeting is required. In accordance with rules 22 and 27(b) only Life Members, financial Foundation Members and financial Executive Members are eligible to vote on the Life Membership resolutions.
3. Proxy voting is not permitted under the Registered Clubs Act.
4. The Board recommends that Members vote in favour of the Life Membership resolutions.
5. Members who are employees of the Club are not entitled to vote as this is prohibited by the Registered Clubs Act.

SPECIAL RESOLUTIONS

SPECIAL RESOLUTION 1

“That the Constitution of Eastern Suburbs Leagues Club Ltd is amended by deleting rules 29 and 30 and inserting instead the following new rules 29 and 30:

29. “PATRONS, HONORARY PRESIDENT AND HONORARY MEMBERS

(a) Patrons

- (i) The Members in a General Meeting may appoint a Patron or Patrons from time to time upon a recommendation being made by the Board to the Meeting.*
- (ii) If such Patron or Patrons are not Members of the Club they shall thereupon be deemed to be Honorary Members of the Club, and subject to this Constitution, shall remain Honorary Members while they remain Patron.*

(a) Honorary President

- (i) The Board may from time to time appoint an Honorary President. The Board may at any time revoke or terminate an appointment made under this Rule.*
- (ii) A person appointed as Honorary President must be a person who:
 - (A) is a Life Member of the Club and/or a Life Member of the Football Club; or*
 - (B) is a Full Member and who in the opinion of the Board:
 - (1) is or has been a highly respected prominent person in his or her particular field of endeavour in Australia and who is ordinarily resident in the State of New South Wales; or*
 - (2) has given exceptional or distinguished service to the Club.***
- (iii) The Honorary President may not be appointed as a Director or officer of the Club for as long as that person remains Honorary President.*
- (iv) The Honorary President may upon invitation of the Board attend a Board meeting but may not vote on any resolution.*
- (v) Subject to this Rule 29(b), the Board shall be responsible for determining the functions of the Honorary President which may include representing the Club at functions and events and acting as an ambassador for the Club.*

30. Honorary Members

- (a) The following persons may be admitted as Honorary Members of the Club in accordance with procedures established by the Board from time to time:
 - (i) the Patron or Patrons for the time being of the Club; or*
 - (ii) any prominent citizen or local dignitary visiting the Club.**
- (b) Honorary Members may be relieved by the Board of any obligation or liability with respect to the payment of entrance fees and subscriptions.*
- (c) Honorary Members shall be entitled only to those facilities and amenities of the Club as determined by the Board from time to time, and shall not be entitled to vote at any General Meeting, nominate for or be elected to the Board or any office of the Club or participate in the management, business and affairs of the Club in any way.*
- (d) The Board shall have power to cancel the Membership of any Honorary Member without notice and without being required to give reason.*
- (e) When Honorary Membership is conferred on any person, the following particulars shall be entered in the Club’s Register of Honorary Members:
 - (i) the name in full, or the surname and initials, of the Honorary Member;*
 - (ii) the residential address of the Honorary Member;*
 - (iii) the date on which Honorary Membership is conferred;*
 - (iv) the date on which Honorary Membership is to cease.**

Explanatory notes regarding the Special Resolution 1

1. If Special Resolution 1 is passed, then existing rules 29 and 30 will be replaced by proposed new rules 29 and 30 contained in the Special Resolution.
2. Existing rule 29 refers to a patron only as being eligible for Honorary Membership of the Club. It does not say how a Patron might be appointed. Proposed new rule 29(a) will provide that the Members may in a General Meeting appoint a Patron on the recommendation of the Board. If the person appointed as Patron is not a Member of the Club, then under new rule 29(a) they will be deemed to be an Honorary Member while they remain Patron.
3. Proposed new rule 29(b) will allow the Board to appoint as Honorary President:
 - (a) a Life Member of the Club and/or Life Member of the Eastern Suburbs District Rugby League Football Club Limited (**Football Club**); or
 - (b) someone who is a Full Member and who in the opinion of the Board:
 - (i) *is or has been a highly respected prominent person in his or her particular field of endeavour in Australia and who is ordinarily resident in the State of New South Wales; or*
 - (ii) *has given exceptional or distinguished service to the Club.*
4. The Honorary President will not be an officer of the Club and may not vote at Board meetings, but may upon the invitation of the Board attend Board meetings. The Honorary President's functions will be determined by the Board, which may include representing the Club at functions and events and acting as an ambassador of the Club.
5. The role of Honorary President will differ to that of a Patron. Whilst a Patron may be a local or other dignitary and may not necessarily be a Member of the Club or Football Club, or is not likely to have ever been a Board Member, the Honorary President will be:
 - (a) a Member who has a long standing association with the Club and/or Football Club (through Life Membership of either or both), or
 - (b) is a Full Member who has prominence within Australia in his or her standing in the community and resident in New South Wales, or who has given exceptional or distinguished service to the Club.
6. The Honorary President is intended to have shared values of the Club, is well informed of the Club's activities and objects and may have a public profile.
7. As a result of the proposed new rule 29, consequential changes are to be made to rule 30 regarding Honorary Membership. The Honorary Membership provisions in proposed new rules 29 and 30 are largely the same as those contained in the existing rules.

SPECIAL RESOLUTION 2

"That the Constitution of Eastern Suburbs Leagues Club Ltd is amended by:

- In rules 10(d) and 10(g), replacing the word "poker" before the word "machines" with the word "gaming";
- In rule 10(g), replacing "2002" with "2019" after the words "Gaming Machine Regulation",

so that rules 10(d) and 10(g) will read as follows:

"(d) To purchase, hire, make or provide and maintain all kinds of furniture, utensils, plates, linen, glasses, books, papers, periodicals, stationery, billiard tables, cards, games, implements, tools, machinery, gaming machines, television sets, video machines, stage and lighting equipment, cinema equipment, entertainment equipment and machinery generally and other things required or which may be conveniently used in connection with the Club House, Club Rooms and other premises of the Club by Members of the Club and their guests."

"(g) To apply for and hold a club licence under the Liquor Act or any other law for the time being operative and for such purposes of the sale of alcohol to Members and their guests and further the operation, management and control of gaming machines and any gaming device and any equipment as approved under the Gaming Machines Act 2001 and Gaming Machines Regulation 2019 and further for such purposes to appoint the Secretary to hold the club licence on behalf of the Club."

- Adding new rule 53(g)(xv) after rule 53(g)(xiv) as follows:

“(xv) Immediately following the conclusion of the Annual General Meeting at which the results of the Board election are declared, the Board shall meet and elect from its own number the Chairman of the Board of Directors, who must at all times be a Football Club Member.”

- In rule 72:
 - » deleting the word “or” at the end of rule 72(i);
 - » replacing the full stop at the end of rule 72(j) with a semi colon and adding the word “or” after the semi colon; and
 - » adding new rule 72(k) after rule 72(j) as follows:
 - » “(k) ceases to hold a qualification required by this Constitution to hold a position on the Board.”

Explanatory notes regarding Special Resolution 2

1. Special resolution 2 seeks to make relatively minor updates to the Constitution.
2. Replacing the term “poker machines” with “gaming machines” in rules 10(d) and 10(g) is consistent with the same change made to rule 9(c) at the 2019 Annual General Meeting and is the modern terminology used when referring to these devices.
3. The current regulation under the Gaming Machines Act 2001 (NSW) is the Gaming Machines Regulation 2019 (NSW). The change to rule 10(g) means it will refer to the current regulation.
4. The Chairman of Directors of the Club has always been elected by the Board following the declaration of results of the Board election. Rather than have this matter contained in a By-Law, it is preferable for it to be dealt with in the Constitution. New rule 53(g)(xv) will confirm the Board will elect from among its number the Chairman of Directors, who must at all times be a Football Club Member, following the conclusion of the relevant Annual General Meeting at which the Board is elected.
5. Proposed new rule 72(k) will ensure that if a Director ceases to hold a qualification required under the Constitution for a position on the Board, they will cease to hold office as a Director.

GENERAL NOTES REGARDING THE SPECIAL RESOLUTIONS

1. To be passed, the Special Resolutions must receive votes in their favour from not less than three-quarters of those Members who being eligible to do so, vote in person at the meeting. As a result of the Special Resolution provisions of the Corporations Act 2001 (Cth), each Special Resolution must be considered as a whole and cannot be altered in substance by motions from the floor of the meeting.
2. In accordance with rules 22 and 27(b) and 104 of the Club’s Constitution, only Life Members, Foundation Members and Executive Members who are present at the Annual General Meeting are entitled to vote on the Special Resolutions.
3. Under the Registered Clubs Act and the Club’s Constitution:
 - (a) Members who are employees of the Club are not entitled to vote; and
 - (b) proxy voting is prohibited.
4. The Board recommends that Members vote in favour of the Special Resolutions.

By Order of the Board of Directors.



Scott Bennetts
Company Secretary

Dated: 31 January 2020

DIRECTORS' REPORT

For the year ended 31 October 2019

The directors' present their report together with the financial report of Eastern Suburbs Leagues Club Ltd (the Company), for the financial year ended 31 October 2019 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Name, qualifications	Experience, special responsibilities and other directorships
N G Politis, AM, B. Comm. & Eco. Chairman	Twenty seventh year of Directorship. Executive Chairman of WFM Motors Pty Ltd
P J Newton Director	Nineteenth year of Directorship Director of All States Finance Pty Ltd
B A Samphier Director	Eighteenth year of Directorship Managing Director of B&B Electrical and Consulting Services Pty Ltd East's Group Sports Director & Chair of Membership Committee
M L Bouris, AM Director	Sixteenth year of Director Executive Chairman of Yellow Brick Road
M Fennessy, AM Director	Thirteenth year of Directorship CEO of Endemol Shine Australia
L A Ricketson Director	Tenth year of Directorship Sports and Leisure Executive GSA Insurance Brokers Pty Limited
A C Crawford Director	Third year of Directorship Founder and CEO of Trackmaster Apparel

2. Company Secretary

Mr Scott A Bennetts was appointed to the position of Company Secretary on 26 October 2011.

3. Directors' meetings

Director	Board Meetings		Special Meetings	
	A	B	A	B
N G Politis AM	11	12	1	1
P J Newton	11	12	1	1
B A Samphier	10	12	1	1
M L Bouris AM	10	12	1	1
M Fennessy AM	9	12	1	1
L A Ricketson	12	12	1	1
A C Crawford	12	12	1	1

A - Number of meetings attended

B - Number of meetings held during the time the director held office during the year

4. Company strategy, objectives and principal activities

Objectives

Short term

The Company's objectives emanate from its stated purpose which is to assist generally in the promotion, conduct and propagation of rugby league football in the district of the Eastern Suburbs of Sydney or elsewhere.

Further short term objectives, in conjunction with the above, are to provide for the use of members and their guests a great community club to which members wish to passionately belong with a commitment to ensuring each club is community focused with service orientated employees continuously seeking to improve our clubs for all to enjoy.

Long term

To consciously seek to improve our club's social and sporting facilities for all to enjoy ensuring that the pursuit of its mission/vision can be achieved via existing and future business segments maintaining sustained growth and financial strength such as good cash flow, creditworthiness, earnings growth and an acceptable return on investment in an ever changing environment.

The club values are; Club First, Respect and Team Work.

Strategy for achieving the objectives

The Company conducts a Strategic Review of its operations annually and undertakes a number of strategic pillars to achieve these objectives such as:

- Football Operations
- Leadership and Finance
- Community Engagement
- Commercial Operations
- People and Culture

Principal activities

The principal activity of the Company during the course of the financial year was to provide members and their guests with the amenities and facilities usually associated with social clubs. Further, the Company assists generally in the promotion, conduct and propagation of rugby league football in the Eastern Suburbs.

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

5. Operating and financial review and performance measurement

Overview of the Company

The profit before tax of the Company for the year ended 31 October 2019 was \$2,760,228 (2018 profit: \$2,451,285).

The net operating result was impacted by:

- Increase in gain on disposal of property, plant and equipment and investment property of \$1,810,606.
- Decrease in fair value gain on investment property by \$875,000
- Decrease in gaming revenue by \$1,127,501
- Increase in catering revenue by \$9,279
- Decrease in beverages revenue by \$157,250
- Decrease in grants paid of \$1,180,000
- Decrease in depreciation and amortisation expenses of \$858,764

Performance measurement and key performance indicators

The Company's strategic plans are reviewed on a regular basis to ensure relevance.

A number of KPIs are employed by the club in order to measure, monitor and hence improve the club's performance and to achieve the club's objectives through sound financial management. Business activities are managed in a proactive manner to ensure that the goals, objectives and business strategies are achieved.

Our KPI's are:

- Adapt to an ever changing and challenging environment
- Business trends analysis
- Market Analysis
- Competitive analysis
- SWOT analysis

6. Membership

The Company is a company limited by guarantee and without share capital. The numbers of members as at 31 October 2019 and the comparison with last year is as follows:

	2019	2018
Life	11	10
Ordinary	42,094	40,912
	<u>42,105</u>	<u>40,922</u>

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 he or she is a member or within one year thereafter. Total amount that members are liable as at 31 October 2019 is \$168,476 (2018: \$163,688).

7. Events subsequent to reporting date

There has not arisen in the interval between the end of the financial period and the date of this report any other 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.

8. Lead auditor's independence declaration

The Lead auditor's independence declaration under s307C is set out on page 15 and forms part of the directors' report for financial year ended 31 October 2019.

This report is made in accordance with a resolution of the directors:



N G Politis AM
Chairman

Dated at Sydney this 19th day of December 2019

LEAD AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001

To the Directors of Eastern Suburbs Leagues Club Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Eastern Suburbs Leagues Club Ltd for the financial year ended 31 October 2019 there have been:

- (i) no contraventions of the auditor independent 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.



KPMG



Cameron Roan

Partner

Sydney

19 December 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 October 2019

<i>In AUD</i>	<i>Note</i>	2019	2018
Revenue	4	48,418,813	49,571,976
Gain on disposal of property, plant and equipment and investment property		2,430,827	620,221
Fair value gain on investment property		-	875,000
Changes in inventories		(85,896)	99,604
Materials and consumables used		(3,640,417)	(4,263,413)
Poker machine licences and taxes		(8,230,518)	(8,358,565)
Employee benefits expense	5	(15,374,171)	(14,154,786)
Occupancy expenses		(5,475,620)	(5,636,615)
Entertainment, marketing and promotional costs		(4,488,541)	(4,658,868)
Other expenses		(4,673,642)	(3,435,763)
Earnings before financing income/costs, depreciation, impairment, grants paid and income tax		8,880,835	10,658,791
Depreciation expense		(4,011,026)	(4,869,790)
Grants expense	6	(2,100,000)	(3,280,000)
Results from operating activities		2,769,809	2,509,001
Finance income	7	21,413	22,429
Finance costs	7	(30,994)	(80,145)
Net finance costs	7	(9,581)	(57,716)
Profit before income tax		2,760,228	2,451,285
Income tax benefit/(expense)	8	6,378,968	(703,326)
Profit for the year		9,139,196	1,747,959
Other comprehensive income			
Revaluation of property, plant and equipment, net of income tax		48,298,860	-
Other comprehensive income for the period, net of income tax		48,298,860	-
Total comprehensive income for the year		57,438,056	1,747,959

The notes on pages 20 to 35 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 31 October 2019

<i>In AUD</i>	<i>Note</i>	2019	2018
Assets			
Cash and cash equivalents	9	13,264,023	5,065,989
Trade and other receivables	10	717,254	877,987
Inventories	11	262,607	348,503
Other current assets	12	623,973	552,927
Assets held for sale	21	-	4,884,874
Total current assets		14,867,857	11,730,280
Investment property	13	13,150,000	13,150,000
Property, plant and equipment	15	125,023,645	56,855,355
Intangible assets	17	940,000	940,000
Total non-current assets		139,113,645	70,945,355
Total assets		153,981,502	82,675,635
Liabilities			
Trade and other payables	18	6,570,207	7,324,308
Other current liabilities		187,730	45,050
Current tax payable		645,130	209,655
Employee benefits	19	2,212,756	1,645,583
Loans and borrowings	20	-	1,000,000
Total current liabilities		9,615,823	10,224,596
Employee benefits	19	231,350	173,493
Deferred tax liabilities	14	15,185,257	766,531
Total non-current liabilities		15,416,607	940,024
Total liabilities		25,032,430	11,164,620
Net assets		128,949,072	71,511,015
Members' funds			
Amalgamation reserve		4,390,953	4,390,953
Asset revaluation reserve		48,298,860	-
Retained surplus		76,259,259	67,120,062
Total members' funds		128,949,072	71,511,015

The notes on pages 20 to 35 are an integral part of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' FUNDS

For the year ended 31 October 2019

<i>In AUD</i>	Amalgamation reserve	Asset revaluation reserve	Retained surplus	Total
Balance at 1 November 2017	4,390,953	-	65,372,103	69,763,056
Profit for the year	-	-	1,747,959	1,747,959
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	1,747,959	1,747,959
Balance at 31 October 2018	4,390,953	-	67,120,062	71,511,015
Balance at 1 November 2018	4,390,953	-	67,120,062	71,511,015
Profit for the year	-	-	9,139,196	9,139,196
Other comprehensive income	-	48,298,860	-	48,298,860
Total comprehensive income for the year	-	48,298,860	9,139,196	57,438,056
Balance at 31 October 2019	4,390,953	48,298,860	76,259,259	128,949,072

The notes on pages 20 to 35 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the year ended 31 October 2019

<i>In AUD</i>	<i>Note</i>	2019	2018
Cash flows from operating activities			
Cash receipts from customers		49,876,607	54,383,384
Cash paid to suppliers and employees		(45,746,613)	(45,379,553)
Grants paid to Eastern Suburbs District Rugby League Football Club Limited		(2,100,000)	(3,280,000)
Cash generated from operations		2,029,994	5,723,831
Interest paid		(30,994)	(80,143)
Income tax paid		(97,716)	-
Interest received		21,413	22,428
Net cash from operating activities		1,922,697	5,666,116
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		7,322,228	738,722
Acquisition of property, plant and equipment		(3,204,868)	(4,818,902)
Net cash from/(used in) investing activities		4,117,360	(4,080,180)
Cash flows from financing activities			
Repayment of borrowings		(1,000,000)	(4,000,000)
Net cash (used in) financing activities		(1,000,000)	(4,000,000)
Net increase/(decrease) in cash and cash equivalents		5,040,057	(2,414,064)
Cash and cash equivalents at beginning of year		5,065,989	7,480,053
Cash and cash equivalents at end of year	9	10,106,046	5,065,989

The notes on pages 20 to 35 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2019

1. Reporting entity

Eastern Suburbs Leagues Club Ltd (the Company) is a company incorporated and domiciled in Australia. The financial statements of the Company are as at and for the year ended 31 October 2019.

The Company is a company limited by guarantee and without share capital. 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 he or she is a member or within one year thereafter.

The Company is a not-for-profit entity and is primarily involved in the operation of registered clubs and the promotion of rugby league.

2. Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the Company is not publicly accountable. The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were approved by the Board of Directors and authorised for issue on the same date as the signing of the Director's Declaration.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for Investment Properties and Land and Building asset classes within Property, plant and equipment which are on a revaluation ('fair value') basis.

(c) Functional and presentation currency

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

(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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 13 Investment property
- Note 15 Property, plant and equipment
- Note 17 Intangible assets
- Note 24 Contingencies

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Financial instruments

(i) Non-derivative financial assets

Financial assets are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company has the following categories of non-derivative financial assets: cash and cash equivalents and trade and other receivables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses (see note 3(h)).

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Company in the management of its short-term commitments.

(i) Non-derivative financial liabilities

Financial liabilities are recognised initially on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following categories of non-derivative financial liabilities: loans and borrowings and trade and other payables.

Loans and borrowings and trade and other payables are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(b) Property, plant and equipment

(i) Recognition and measurement

Land and building assets are measured at fair value, which reflects market conditions at the statement of financial position date. All other classes of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) *Subsequent costs*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Company. Ongoing repairs and maintenance are expensed as incurred.

(iii) *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 over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Land is not depreciated.

The depreciation methods and estimated depreciation rates for the current and comparative periods are as follows:

	<i>Depreciation rates</i>
• Buildings	2.50%
• Plant and equipment	20 - 30%
• Poker machines	20 - 40%
• Leasehold improvements	20 - 40%
• Motor Vehicles	20 - 40%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(c) Intangible assets

Poker machine entitlements

Poker machine entitlements have infinite useful lives given they have no expiry date. They are measured at cost less accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Poker machine entitlements have indefinite useful lives as they have no expiry date. Accordingly, such intangible assets are not amortised but are systematically tested for impairment at each reporting date.

(d) Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at fair value, which reflects market conditions at the statement of financial position date. Gains or losses arising from changes in fair values of investment properties are recognised in the statement of profit or loss comprehensive income in the year in which they arise including the corresponding tax effect.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

(e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(f) Leased assets

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases and the leased assets are not recognised in the Company's statement of financial position.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Impairment

(i) Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the consolidated entity on terms that the consolidated entity would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, economic conditions that correlate with defaults.

The Company considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(i) Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Indefinite life intangible assets are tested annually for impairment.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use, being the depreciated replacement cost of the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (a "cash-generating unit" or "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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.

(i) Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit 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 plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Company's obligations.

(iii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(j) Revenue

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods, and is recognised when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered comprises revenue from gaming facilities together with other services provided to members and patrons of the Company, and is recognised through profit or loss when the services are provided. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or the reliable measurement of costs incurred or to be incurred, there is risk of return of goods or there is continuing management involvement with the goods.

(k) Grant payments

Grant payments are recognised through profit or loss at the time the grants are awarded by the Company, thereby crystallising an obligation to make payment to the other parties.

(l) 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 as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense 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.

(m) Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

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

(n) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

(ii) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that could follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) Tax exposure

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, clubs are only liable for income tax on income derived from non-members and from outside entities.

(o) 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 taxation authority. 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 Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. 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.

(p) Amalgamation reserve

An amalgamation reserve in members' funds is utilised for amalgamations with other registered clubs. The amount presented is equal to the accumulated fair values of the net assets of the clubs acquired. The individual assets and liabilities acquired are presented in the statement of financial position. This policy is effective for amalgamations occurring after 1 November 2012.

(q) Non-current assets held for sale

Non-current assets, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Club's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Property, plant and equipment once classified as held for sale are not depreciated.

(r) New standards and interpretations adopted during the year

AASB 9 Financial Instruments

On 1 November 2018 the Company adopted AASB 9 Financial Instruments. AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. As a result of the adoption of AASB 9, the Company has adopted consequential amendments to AASB 101 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss.

No impact was noted on the classification and measurement of the Company's financial assets and liabilities, accordingly, the comparative information presented for 2018 has not been restated.

(s) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 November 2018, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The Company does not plan to adopt these standards early.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes.

AASB 15 is effective for annual reporting periods beginning on or after 1 January 2019. Given the nature of the significant revenue streams and related agreements, the Company does not expect a material impact on its financial statements. However at the date of signing these financial statements, the Company is in the process of assessing the potential impact on its financial statements resulting from the application of AASB 15.

AASB 16 Leases

AASB 16 Leases is effective for annual reporting periods beginning on or after 1 January 2019. The Company is not required to adopt this new standard until the annual reporting period ending 31 October 2020 and currently has no intention of adopting this standard earlier. The impact of adopting this standard is not considered to be significant given that there are no major changes to lessor accounting and the Company does not have any significant lease arrangements as a lessee.

4. Revenue

<i>In AUD</i>	2019	2018
Revenue from catering	3,106,620	3,097,341
Revenue from beverages	4,629,459	4,786,709
Revenue from gaming	35,391,964	36,519,465
Property rental income	3,157,978	3,173,066
Subscriptions and joining fees	166,577	169,594
Commision revenue	374,134	383,494
Other revenue	1,592,081	1,442,307
	<u>48,418,813</u>	<u>49,571,976</u>

5. Employee benefits expense

<i>In AUD</i>	2019	2018
Wages and salaries	11,134,773	10,999,171
Other associated personnel expenses	2,511,323	1,799,476
Contributions to defined contribution plans	1,103,045	1,033,035
Change in liability for annual leave	596,227	379,983
Change in liability for long service leave	28,803	(56,880)
	<u>15,374,171</u>	<u>14,154,786</u>

6. Grants expense

<i>In AUD</i>	2019	2018
Grants to Eastern Suburbs District Rugby League Football Club Limited (Refer note 24)	<u>2,100,000</u>	<u>3,280,000</u>
	<u>2,100,000</u>	<u>3,280,000</u>

7. Finance income and finance costs

<i>In AUD</i>	2019	2018
Interest income	<u>21,413</u>	<u>22,429</u>
Finance income	<u>21,413</u>	<u>22,429</u>
Interest expense – bank loans	<u>(30,994)</u>	<u>(80,145)</u>
Finance costs	<u>(30,994)</u>	<u>(80,145)</u>
Net finance (costs) recognised in profit or loss	<u>(9,581)</u>	<u>(57,716)</u>

8. Tax (benefit) / expense

<i>In AUD</i>	2019	2018
Current tax (benefit) / expense		
Current year	204,709	380,942
Utilisation of tax losses	(31,071)	(171,287)
(Over) / under provision for prior periods	(271,820)	42,613
	<u>(98,182)</u>	<u>252,268</u>
Deferred tax (benefit) / expense		
Origination and reversal of temporary differences	(1,448)	279,771
Utilisation of tax losses	31,071	171,287
Recognition of previously unrecognised temporary differences to offset deferred tax liabilities recognised on revaluation of property, plant and equipment	(6,310,409)	-
	<u>(6,280,786)</u>	<u>451,058</u>
Total tax (benefit) / expense	<u>(6,378,968)</u>	<u>703,326</u>

Numerical reconciliation between tax (benefit) / expense and pre-tax accounting profit

The Income Tax Assessment Act 1997 (amended) provides that under the concept of mutuality, registered clubs are only liable for income tax on income derived from non-members and from outside entities.

The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been calculated as follows:

<i>In AUD</i>	2019	2018
Apportionable net taxable income	7,188,699	9,122,464
Add: Other taxable income / (expense)	(381,006)	203,459
	<u>6,807,693</u>	<u>9,325,923</u>
Less: Member portion of net taxable income	(6,125,330)	(8,056,116)
Net income subject to tax	<u>682,363</u>	<u>1,269,807</u>
Income tax using the Company's statutory income tax rate of 30% (2018: 30%)	204,709	380,942
Movement in deferred tax liabilities in respect of temporary differences	(1,448)	279,771
Recognition of previously unrecognised temporary differences to offset deferred tax liabilities recognised on revaluation of property, plant and equipment	(6,310,409)	-
(Over) / under provision for prior periods	(271,820)	42,613
	<u>(6,378,968)</u>	<u>703,326</u>

9. Cash and cash equivalents

<i>In AUD</i>	2019	2018
Cash at bank and on hand	13,264,023	7,480,053
Cash and cash equivalents in the statement of cash flows	<u>13,264,023</u>	<u>7,480,053</u>

10. Trade and other receivables

<i>In AUD</i>	2019	2018
Current		
Trade receivables	235,571	285,183
Less: Provision for expected credit losses	(4,675)	(408)
	<u>230,896</u>	<u>284,775</u>
	486,358	593,212
Other receivables	<u>717,254</u>	<u>877,987</u>

11. Inventories

<i>In AUD</i>	2019	2018
Finished goods - at cost	262,607	348,503
	<u>262,607</u>	<u>348,503</u>

12. Other current assets

<i>In AUD</i>	2019	2018
Prepayments	623,973	552,927
	<u>623,973</u>	<u>552,927</u>

13. Investment property

<i>In AUD</i>	2019	2018
Balance at 1 November	13,150,000	12,275,000
Fair value gain during the year	-	875,000
Balance at 31 October	<u>13,150,000</u>	<u>13,150,000</u>

Investment property represents land and building holdings in Bondi Junction NSW and is stated at fair value. This is the first set of financial statements in which Investment properties are stated at fair value, as such in accordance with the requirements of the Australian Accounting Standards (AASB's) comparatives have been re-presented to record the effect of this change in accounting policy in the earliest period presented with re-presentation of the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and notes 8, 13, 14 and 16.

The latest independent valuations of the Club's investment property were carried out in October 2018 by Hymans Assets Management (Registered Valuer No. AM 4779). The fair value under capitalisation of net income approach for these properties is \$13,150,000.

14. Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In AUD</i>	Assets		(Liabilities)		Net deferred tax assets / (Liabilities)	
	2019	2018	2019	2018	2019	2018
Employee benefits	107,829	104,383	-	-	107,829	104,383
Other	52,186	13,368	-	-	52,186	13,368
Investment property	-	-	(925,098)	(884,282)	(925,098)	(884,282)
Property, plant and equipment	-	-	(14,420,174)	-	(14,420,174)	-
Net deferred tax liabilities	<u>160,015</u>	<u>117,751</u>	<u>(15,345,272)</u>	<u>(884,282)</u>	<u>(15,185,257)</u>	<u>(766,531)</u>

15. Property, plant and equipment

In AUD

	Land and buildings at revaluation	Plant and equipment at cost
Revaluation and cost basis		
Balance at 1 November 2018	73,453,107	23,382,914
Additions	21,542	617,852
Disposals	-	(259,869)
Revaluation gain	42,050,351	-
Balance at 31 October 2019	115,525,000	23,740,897
Accumulated depreciation and impairment		
Balance at 1 November 2018	26,930,624	19,952,129
Depreciation for the year	940,000	831,101
Disposals	-	(254,473)
Revaluation gain	(26,930,624)	-
Balance at 31 October 2019	940,000	20,528,757
Carrying amounts		
At 1 November 2018	46,522,483	3,430,785
At 31 October 2019	114,585,000	3,212,140

Valuation of land and buildings

The latest independent valuations of the Company's land and buildings, carried out in October 2018 by Hymans Assets Management on the basis of fair value under depreciated replacement cost, resulted in a valuation of land and buildings of \$115,525,000. Any additions or transfers since the valuations are expected to be reflected in an equivalent increase in the recoverable amount of the Company's land and buildings.

Poker machines at cost	Motor Vehicles at cost	Leasehold improvements at cost	Work in progress at cost	Total
22,045,794	254,483	127,678	1,562,972	120,826,948
1,469,125	-	-	1,096,349	3,204,868
(785,115)	-	-	-	(1,044,984)
-	-	-	-	42,050,351
22,729,804	254,483	127,678	2,659,321	165,037,183
16,828,413	133,500	126,927	-	63,971,593
2,215,097	24,828	-	-	4,011,026
(783,984)	-	-	-	(1,038,457)
-	-	-	-	(26,930,624)
18,259,526	158,328	126,927	-	40,013,538
5,217,381	120,983	751	1,562,972	56,855,355
4,470,278	96,155	751	2,659,321	125,023,645

16. Core and non-core properties

Pursuant to Section 41J of the Registered Clubs Amendment Act 2006, the Company defines property as follows:

Core properties are located at:

Bondi Junction

93-97 Spring Street
Strata Tower #17320 Lot 1, 9-13 Bronte Road
80A Ebley Street
Bondi Junction NSW 2022

Kingswood

2 Santley Crescent
Kingswood NSW 2747

Berkeley

5 Wilkinson Street
Berkeley NSW 2506

Non-core properties are located at:

5A Bronte Road

Bondi Junction NSW 2022

124 Avoca Street

Randwick NSW 2031

99 Spring Street

Bondi Junction NSW 2022

Woy Woy

82-90 Blackwall Road
Woy Woy NSW 2256

Part core and part non-core properties held by the company are located at:

Waverley

163 Birrell Street
Waverley NSW 2024

17. Intangible assets

<i>In AUD</i>	Poker machine entitlements	Total
<i>Cost</i>		
Balance as at 1 November 2018	940,000	940,000
Acquisitions	-	-
Balance as at 31 October 2019	<u>940,000</u>	<u>940,000</u>

Poker machine entitlements are stated at cost less accumulated impairment losses. Poker machine entitlements have an indefinite useful life given they have no expiry date, and accordingly are not amortised but are to be assessed annually for impairment.

18. Trade and other payables

<i>In AUD</i>	2019	2018
Current		
Trade payables	1,121,357	1,516,584
Goods and services tax (GST) payable	352,822	281,981
Other payables and accrued expenses	5,096,028	5,525,743
	<u>6,570,207</u>	<u>7,324,308</u>

19. Employee benefits

<i>In AUD</i>	2019	2018
Current		
Liability for long service leave	900,197	929,251
Liability for annual leave	1,312,559	716,332
	<u>2,212,756</u>	<u>1,645,583</u>
Non-current		
Liability for long service leave	<u>231,350</u>	<u>173,493</u>

20. Loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings which are measured at amortised cost.

<i>In AUD</i>	2019	2018
Current liabilities		
Commercial bill facility	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

The commercial bill facility listed as a current liability as at 31 October 2018 was repaid during the year ended 31 October 2019. These facilities have historically been rolled over at 90 day periods. The facility is for a 3 year term which expires on 30 June 2021. The Directors are confident of renewing this facility prior to that date.

The Company has access to the following lines of credit:

Bank guarantees	200,000	200,000
Multi-option commercial bill facility	10,000,000	19,000,000
Corporate Mastercard credit card facility	23,000	23,000
	<u>10,223,000</u>	<u>19,223,000</u>

Facilities utilised at reporting date

Bank guarantees	-	-
Multi-option commercial bill facility	-	1,000,000
Corporate Mastercard credit card facility	10,392	10,392
	<u>10,392</u>	<u>1,010,392</u>

Facilities not utilised at reporting date

Bank guarantees	200,000	200,000
Multi-option commercial bill facility	10,000,000	18,000,000
Corporate Mastercard credit card facility	12,608	12,608
	<u>10,212,608</u>	<u>18,212,608</u>

Security

The facilities are secured by registered first mortgages over certain properties of the Company.

- (a) First registered fixed and floating charge over the assets and undertaking of Eastern Suburbs Leagues Club Ltd.
- (b) First registered real property mortgage by Eastern Suburbs Leagues Club Ltd over the property located at 93-97 Spring Street, Bondi Junction NSW 2022 and property located at 9-13 Bronte Road, Bondi Junction NSW 2022.
- (c) First registered real property mortgage by Eastern Suburbs Leagues Club Ltd over the property located at 2-10 Santley Crescent, Kingswood NSW 2747.
- (d) First registered real property mortgage by Eastern Suburbs Leagues Club Ltd over the property located at 5A - 7 Bronte Road, Bondi Junction NSW 2022.
- (e) First registered fixed and floating charge over the assets and undertakings of Eastern Suburbs Leagues Club Ltd ("Club"), including without limitation a floating charge over the rights and interests of the Club in gaming machines and all of the interests and rights of the Club as a registered club under the Registered Clubs Act" given by Eastern Suburbs Leagues Club Ltd.
- (f) Negative pledge by Eastern Suburbs Leagues Club Ltd to not offer securities to other financiers without prior written consent of St George Bank.

21. Assets held for sale

<i>In AUD</i>	2019	2018
Land and building assets classified as held for sale	-	4,884,874
	<u>-</u>	<u>4,884,874</u>

464 Oxford St which was classified as held for sale as at 31 October 2018 was sold during the year ended 31 October 2019.

22. Commitments

<i>In AUD</i>	2019	2018
Capital works		
Capital works contracted for but not yet completed	-	-
Later than five years	<u>-</u>	<u>-</u>

23. Contingent assets and contingent liabilities

The directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

<i>In AUD</i>	2019	2018
Contingent liabilities not considered remote		
Guarantee		
(i) Bank performance guarantees	<u>219,000</u>	<u>19,000</u>
(ii) The Company has provided its parent entity, Eastern Suburbs District Rugby League Football Club Limited, with a letter confirming that it will provide financial support to the parent entity in the foreseeable future to enable the parent entity to meet its obligations as and when they fall due. Furthermore, the Company has confirmed that sufficient grant funding will be provided to allow its parent entity to obtain a trading surplus in the forthcoming year.		

24. Related parties

Parent and ultimate controlling party

The parent and the ultimate controlling party of the Company is Eastern Suburbs District Rugby League Football Club Limited, a company limited by guarantee incorporated in Australia.

Key management personnel compensation

Amounts paid to non-executive directors during the year were as follows:

<i>In AUD</i>	2019	2018
Director honorariums and other related expenses	-	-

The key management personnel compensation included in 'personnel expenses' (see note 5) are as follows:

<i>In AUD</i>	2019	2018
Short-term and long-term employee benefits and termination payments	757,718	1,160,559

Key management personnel and director transactions

From time to time directors of the Company may purchase goods from the Company or participate in other Company activities. These purchases and participations are on the same terms and conditions as those entered into by other employees or members of the Company and are trivial or domestic in nature.

Transactions with parent entity - Eastern Suburbs District Rugby League Football Club Limited

During the year, the Company had the following transactions with its parent entity.

- Grants amounting to \$2,100,000 (2018: \$3,280,000) were provided to the parent entity.
- An amount of \$124,540 (2018: \$105,119) was paid as corporate hospitality to the parent entity.
- At year end, an amount of \$2,723,000 was payable to the parent entity (2018: \$3,873,000 payable to the parent).
- An amount of \$369,500 (2018: \$369,500) was paid, in regards to various sponsorship arrangements.

During the year there have been other transactions between the parent entity and the Company, such as purchases of merchandise and game tickets. All transactions have been executed on commercial terms.

25. Events after the reporting period

There have been no events subsequent to reporting date which would have a material effect on the Company's financial statements at 31 October 2019.

DIRECTORS' DECLARATION

In the opinion of the directors of Eastern Suburbs Leagues Club Ltd (the Company):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 16 to 35, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 October 2019 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



N G Politis AM
Chairman

Dated at Sydney this 19th day of December 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Eastern Suburbs Leagues Club Limited

Opinion

We have audited the **Financial Report** of Eastern Suburbs Leagues Club Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the Corporations Act 2001, including:

- giving a true and fair view of the Company's financial position as at 31 October 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 October 2019
- Statement of profit or loss, Statement of comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of Eastern Suburbs Leagues Club would be in the same terms if given to the Directors as at the time of this Auditor's Report.

Other Information

Other Information is financial and non-financial information in Eastern Suburbs Leagues Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information. The Other Information we obtained prior to the date of this Auditor's Report was the Directors' report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.



KPMG



Cameron Roan

Partner

Sydney

20 December 2019



