

Canterbury League Club Limited

ABN 84 000 191 248

Annual Report

31 October 2019

Canterbury League Club Limited

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Canterbury League Club Limited

Directors' report

For the year ended 31 October 2019

The Directors present their report together with the financial report of Canterbury League Club Limited ('the Company' or 'the Club') 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 and independence status	Age	Experience, special responsibilities and other directorships
George Coorey Chairman	60	Mortgage Broker – Self Employed Managing Director Picadilly Financial Services Pty Ltd Member FBAA Director Justsportz Management Services Pty Ltd Director Bulldogs Rugby League Club Limited 1995-2002 Australian Credit Licence Financial Services Director of Canterbury League Club Limited since 21 March 2012 Member of ClubGRANTS Sub-Committee Member of the Project Control Group since March 2016 Member of Disciplinary Sub-Committee Member, Canterbury League Club Limited Member, Bulldogs Rugby League Club Limited Club Director Training: Director Foundation and Management Collaboration Club Director Training: Finance for Club Boards
Peter John Callaghan Deputy Chairman	36	Director (Deputy Chairman) of Canterbury League Club Limited since March 2018 Deputy General Counsel of nbn co Limited General Counsel of Cindicum Pty Ltd Member of Technology and Innovation Sub-Committee Member of ClubGRANTS Sub-Committee Member of Audit & Risk Sub-Committee Member of Disciplinary Sub-Committee Member of Canterbury League Club Limited since January 2002 Bachelor of Laws with Honours (University of Technology Sydney, 2007) Graduate Certificate in Legal Practice (University of Technology Sydney, 2004) Bachelor of Science (Molecular Biology and Genetics) (University of Sydney, 2004) Admitted as a Solicitor of the Supreme Court of NSW (2008) Admitted as a Solicitor of the Federal Court of Australia (2008) Admitted as a Solicitor of the High Court of Australia (2008)

Canterbury League Club Limited

Directors' report (continued)

For the year ended 31 October 2019

1 Directors (continued)

Name, qualifications and independence status

John Patrick Ballesty

Age Experience, special responsibilities and other directorships

74 CEO Canterbury League Club 1982 to 2011
Director of Canterbury League Club 2018 – present
Deputy Chairman of Bulldogs Football Club Board 2018 – present
Member, Project Control Group Sub Committee 2018 – present
Mandatory Director Training, Finance for Club Boards 2018
Mandatory Director Training, Director Foundation and Management Collaboration 2018

Peter Winchester

70 Member of the Institute of Chartered Accountants for over 40 years
Senior Tax Partner of Winchester Lonnon & Klein for over 35 years until closure in December 2015.
Appointed Director of Canterbury League Club Ltd in March 2018
Former Director of Canterbury League Club Ltd from 2002 until 2010
President of Canterbury League Club from 2006 to 2010
Member of Audit Committee from 2018 to present
Director of Bulldogs Rugby League Club Limited 2005 & 2006
Former player Bulldogs Rugby League Team from 1972 to 1976
Inaugural member of Bulldogs Ambassadors Club & Chairman for 5
Honorary Life member of Canterbury Bankstown Referees Association
Member of St Vincent de Paul Association for over 15 years

Paul Anthony Dunn

56 Co-Owner of 360 Degree Media Group
Director of Global Tech Australia Pty Ltd
Director of Ciinch Pty Ltd
Director of 360 Degree Holdings Pty Ltd
Director of Belief First Pty Ltd
Director of Australian Associated Tank Farms Pty Ltd
Bachelor of Business (Accounting)
Master of Business Administration (MBA) in Sports Management
Director of Canterbury League Club Ltd since March 21, 2018
Director of Bulldogs Rugby League Football Club Limited since February 11, 2018, also February 2008 till February 2014
Member of Bulldogs Ambassadors Club – Former Chairman 2013-2015
Former Player of Bulldogs Rugby League Football Club Limited – Premiership winner in 1988 – Clive Churchill Medal recipient
Member of Project Control Group of Canterbury League Club Ltd since March 2018
Member of Technology and Innovation Committee of Canterbury League Club Ltd since January 2019
Member of Remuneration Committee of Canterbury Leagues Club Ltd since March 2018
Member of Audit Committee of Canterbury League Club since March
Delegate to NSW Rugby League
ClubsNSW Governance Refresher Training 2018
Australian Sports Medal
Former Director of Men of League Foundation 2005-2008
Former Director of Rugby League Players Association

Canterbury League Club Limited

Directors' report (continued)

For the year ended 31 October 2019

1 Directors (continued)

Name, qualifications and independence status

Stephen Charles Mortimer (OAM)
Degree in Agricultural Science, Dip
Ed.

Age Experience, special responsibilities and other directorships

63 Director of Steve Mortimer Marketing & Promotions Pty Limited since
Founder and Managing Director of Australian Shuffleboard Pty Limited
1989-2002
Australian Shuffleboard relaunched under SMMP Pty Ltd in 2015
The Athletes Foot Shop (Bankstown & Roselands) Franchisee 1984-
Bulldogs Rugby League Club Limited, CEO 2002-2004
Director of Bulldogs Rugby League Club
Director of ANZ Stadium Club
Berries/Bulldogs Rugby League Football Club player 1976-1988
Played in 6 NRL Grand Finals for Bulldogs
4 Grand Final Premierships 1980, 1988, Captain of Bulldogs Premiers
1984, 1985
Represented Australia 1982-1985 (9 tests)
Captained NSW to first State of Origin series win 1985
Voted as one of the 100 greatest ARL players in 2008 celebrating the
"Centenary of Rugby League"
Life Member of the Bulldogs Rugby League Club Limited since 1988
Life Member of Canterbury League Club Limited since 2013
Patron, Newhaven Farm (Intellectual Disability Support Service)
Member, ClubGRANTS Sub-Committee since February 2011
Director of Canterbury League Club Limited since 1 January 2003
Max Employment Ambassador
Club Director Training: Director Foundation and Management
Club Director Training: Finance for Club Boards

2 Company secretary

Mr Jonathan Brain was appointed to the position of Company Secretary on 31 August 2018 and resigned from the position on 27 May 2019. Mr Gregory Pickering was appointed to the position on 27 May 2019. Mr Pickering is also the Club's Chief Executive Officer.

Canterbury League Club Limited

Directors' report (continued)

For the year ended 31 October 2019

3 Directors' meetings

The number of Directors' meetings held (including meetings of committees of Directors) and attendance by each of the Directors of the Company during the financial year were as follows:

Director	Board Meetings		Audit Committee Meetings	
	A	B	A	B
S Mortimer	12	15	-	-
G Coorey	15	15	-	-
P Callaghan	14	15	5	6
J Ballesty	15	15	-	-
P Dunn	15	15	5	6
P Winchester	15	15	5	6

In addition to the directors above, the independent Chair of the Audit Committee is:

G Russell

A – Number of meetings attended

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

Directors also represent the Company on various bodies relating to the operation and promotion of the game of rugby league, and are on various committees within the Company.

4 Company strategy, objectives and principal activities

Company strategy and objectives

The Company's over-arching charter is identified in the constitution, which is broadly:

- to provide a social and sporting club for members and their guests with all the usual facilities and accommodation of a club including bars, restaurants, poker machine areas, sporting facilities including (without limitation) facilities for lawn bowls, entertainment facilities and residential accommodation;
- to assist financially and otherwise in the promotion, conduct and propagation of the game of Rugby League in the cities of Canterbury, Bankstown, Liverpool and elsewhere;
- to render aid, financial and otherwise to junior league associations, schools, clubs and other associations or organisations in the cities of Canterbury, Bankstown, Liverpool and elsewhere which are playing, conducting or involved in the playing of the game of Rugby League.

The Company also seeks, by its own volition as well as through the need to conform with licence requirements, to support community welfare and endeavour through the ClubGRANTS Scheme and other means.

Principal activities

The principal activities of the Company during the course of the financial year were the operation of registered clubs and the promotion of Rugby League.

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

Canterbury League Club Limited

Directors' report (continued)

For the year ended 31 October 2019

5 Operating and financial review and performance measurement

Overview of the Company

The EBITDA of the Company for the year ended 31 October 2019 was \$12,331,123. The loss after tax from continuing operations of the Company for the year ended 31 October 2019 was \$3,951,558 (2018: profit \$6,126,230).

Larger Clubs in Western Sydney reported a gaming revenue decline of 3.6% in 2019. Canterbury gaming revenue declined by \$1.3m (1.8%).

There was no fair value gain on investment properties in this financial year (2018: \$2,151,383). Investment properties are valued bi-annually (next: 31 October 2020).

The Club completed a \$107m development in November 2018, consequently depreciation expense increased by \$3,600,363 to \$14,921,071 in 2019 (2018: \$11,320,708).

The Club funded \$57m (53%) of the development and borrowed the remaining \$50m. Interest expense increased by \$1,492,131 to \$1,492,242 in 2019 (2018: \$111) and the Club repaid \$7.7m in 2019, in keeping with its commitments.

Performance measurement

The Company's financial performance is continually measured against internally set Key Performance Indicators (KPIs) in core business activities, including gaming, catering and fitness centre activities. Industry benchmarks, past performance and current economic conditions are also used when setting internal KPIs.

6 Membership

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

	2019	2018
Ordinary Members	50,911	45,747
Pension	10,928	10,479
Bateau Bay	394	948
Lakemba	38	3
25 Year Members	2,633	2,665
50 Year Members	545	440
Life Members	6	6
Honorary Members	100	100
Junior Members	216	236
	<u>65,771</u>	<u>60,624</u>

In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$10 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 \$657,710 (2018: \$606,240).

7 Likely future developments

Further information about likely future developments in the operations of the Club 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 Club.

Canterbury League Club Limited
Directors' report (continued)
For the year ended 31 October 2019

8 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 item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Club, to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

9 Lead auditor's independence declaration

The Lead auditor's independence declaration under s307C is set out on page 12 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:



George Coorey
Director

Dated at Belmore this 20th day of December 2019.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Canterbury League Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Canterbury League Club Limited for the financial year ended 31 October 2019 there have been:

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

KPMG

Niraj Singh

Partner

Sydney

20 December 2019

Canterbury League Club Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 October 2019

<i>In AUD</i>	Note	2019	2018
Revenue	4	86,667,627	85,969,558
Other income		584,591	554,048
Net gain arising from changes in the fair value of investment properties	13	-	2,151,383
Changes in inventories		52,826	98,400
Materials and consumables used		(4,810,129)	(3,833,549)
Poker machine licences and taxes		(19,959,510)	(20,459,217)
Personnel expenses	5	(28,146,523)	(27,022,934)
Property expenses		(5,318,854)	(4,943,354)
Members' amenities expense		(4,015,675)	(3,502,216)
Donations and sponsorships		(853,337)	(668,119)
Security expense		(147,022)	(165,260)
Repairs and maintenance		(3,660,076)	(3,588,125)
Consulting and professional fees		(583,711)	(661,457)
Gain on disposal of non-current assets		197,446	956,454
Other expenses		(2,396,530)	(2,348,732)
Earnings before depreciation, grants paid and net finance (costs) / income		17,611,123	22,536,880
Depreciation expense	15	(14,921,071)	(11,320,708)
Sponsorship and grant expenses	6	(5,280,000)	(5,080,000)
Results from operating activities		(2,589,948)	6,136,172
Finance income		2,543	3,172
Finance costs		(1,492,242)	(111)
Net finance (costs)/income	7	(1,489,699)	3,061
(Loss)/profit before tax		(4,079,647)	6,139,233
Income tax benefit / (expense)	8	128,089	(13,003)
(Loss) / profit from continuing operations		(3,951,558)	6,126,230
Other comprehensive income, net of tax		-	-
Total comprehensive (loss) / income for the year		(3,951,558)	6,126,230

The notes on pages 13 to 37 are an integral part of these financial statements.

Canterbury League Club Limited

Statement of financial position

As at 31 October 2019

In AUD

	<i>Note</i>	2019	2018
Assets			
Cash and cash equivalents	10	3,933,957	5,457,925
Trade and other receivables	11	146,750	64,323
Inventories	12	1,080,812	1,027,986
Prepayments		549,594	502,179
Current tax receivable		-	49,388
Total current assets		<u>5,711,113</u>	<u>7,101,801</u>
Investment property	13	13,605,611	13,575,000
Deferred tax assets	14	980,263	852,174
Property, plant and equipment	15	204,919,067	214,441,862
Intangible assets	17	6,217,682	6,217,682
Right-of-use assets	22	1,881,298	-
Total non-current assets		<u>227,603,921</u>	<u>235,086,718</u>
Total assets		<u>233,315,034</u>	<u>242,188,519</u>
Liabilities			
Lease liabilities	22	392,849	-
Trade and other payables	18	9,061,069	8,502,269
Provisions	19	288,902	246,896
Employee benefits	20	3,199,016	2,858,999
Borrowings	21	40,260,000	5,400,000
Current tax payable		72,377	-
Total current liabilities		<u>53,274,213</u>	<u>17,008,164</u>
Borrowings	21	-	42,600,000
Lease liabilities		1,421,711	-
Employee benefits	20	183,106	192,793
Total non-current liabilities		<u>1,604,817</u>	<u>42,792,793</u>
Total liabilities		<u>54,879,030</u>	<u>59,800,957</u>
Net assets		<u>178,436,004</u>	<u>182,387,562</u>
Members' funds			
Amalgamation reserve		12,901,167	12,901,167
Retained earnings		165,534,837	169,486,395
Total members' funds		<u>178,436,004</u>	<u>182,387,562</u>

The notes on pages 13 to 37 are an integral part of these financial statements.

Canterbury League Club Limited

Statement of changes in members' funds For the year ended 31 October 2019

<i>In AUD</i>	Note	Amalgamation reserve	Retained earnings	Total
Balance at 1 November 2017		12,901,167	163,360,165	176,261,332
Profit for the year		-	6,126,230	6,126,230
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year		-	6,126,230	6,126,230
Balance at 31 October 2018		12,901,167	169,486,395	182,387,562
Balance at 1 November 2018		12,901,167	169,486,395	182,387,562
Loss for the year		-	(3,951,558)	(3,951,558)
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year		-	(3,951,558)	(3,951,558)
Balance at 31 October 2019		12,901,167	165,534,837	178,436,004

The notes on pages 13 to 37 are an integral part of these financial statements.

Canterbury League Club Limited

Statement of cash flows

For the year ended 31 October 2019

In AUD

	Note	2019	2018
Cash flows from operating activities			
Cash receipts from customers		95,836,554	95,214,422
Cash paid to suppliers and employees		(77,705,854)	(77,562,087)
Grants paid to Bulldogs Rugby League Club	6	(5,280,000)	(5,080,000)
Cash generated from operations		<u>12,850,700</u>	<u>12,572,335</u>
Interest paid	7	(1,492,242)	(111)
Net income tax refund		121,765	87,848
Interest received	7	2,543	3,172
Net cash from operating activities		<u>11,482,766</u>	<u>12,663,244</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		346,486	1,097,521
Proceeds from sale of held for sale assets		-	1,446,454
Acquisition of property, plant and equipment	15	(5,355,276)	(41,835,345)
Acquisition of investment property	13	(30,611)	-
Net cash used in investing activities		<u>(5,039,401)</u>	<u>(39,291,370)</u>
Cash flows from financing activities			
Proceeds from borrowings	21	-	26,452,700
Payments of lease liabilities		(227,333)	-
Repayment of borrowings		(7,740,000)	-
Net cash (used in) / from financing activities		<u>(7,967,333)</u>	<u>26,452,700</u>
Net decrease in cash and cash equivalents		(1,523,968)	(175,426)
Cash and cash equivalents at beginning of year		<u>5,457,925</u>	<u>5,633,351</u>
Cash and cash equivalents at end of year	10	<u>3,933,957</u>	<u>5,457,925</u>

The notes on pages 13 to 37 are an integral part of these financial statements.

Canterbury League Club Limited

Notes to the financial statements

For the year ended 31 October 2019

1 Reporting entity

Canterbury League Club Limited ('the Company' or 'the Club') 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 \$10 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.

This is the first set of the Company's financial statements in which AASB 9 *Financial Instruments*, AASB 15 *Revenue from Contracts with Customers*, AASB 1058 *Income of Not-for-Profit Entities* and AASB 16 *Leases* have been applied. Changes to significant accounting policies are described in Note 3(p).

The financial statements were approved by the Board of Directors on 20 December 2019.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for investment property which is measured at fair value.

(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 asset
- Note 24 Contingencies

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

2 Basis of preparation (continued)

(e) Going concern

As at 31 October 2019, the Company recorded a net working capital deficiency of \$47,563,100 (2018: \$9,906,363 deficiency) and net assets of \$178,436,004 (2018: \$182,387,562). The Company recorded a net loss for the year of \$3,951,558 (2018: net profit of \$6,126,230) and positive operating cash flows of \$11,482,766 (2018: \$12,663,244).

The current loan facility expires on 30 September 2020.

The Club's borrowings as at 31 October 2019 were \$40.3m and they have been accounted for in current liabilities due to the expiry of the current bank facility in September 2020 (before the next balance date). In 2018 they were accounted for as current liabilities (\$5.4m) and non-current liabilities (\$42.6m).

The Club will commence a process of negotiating a replacement bank facility in March 2020. The Directors expect that this replacement funding facility will be in place by 30 June 2020. Prior to the expiry of current funding facility the Directors expect that \$5.94m will be paid from the 2019 year-end balance (\$40.3m). The Directors expect that the balance remaining at the expiry of the current agreement (\$34.36m) will be funded under a new facility and that the 2020 financial report will treat the outstanding balance as:

- a) a current liability (the amount to be paid down in the 2021 financial year)
- b) a non-current liability (the remainder of the funds).

The classification of the \$40.3m borrowings as current liabilities at 31 October 2019 has adversely affected the net working capital balance in these 2019 financial statements.

The Club completed the development project in late financial year 2018. The Club's cashflows were used to compliment (53%) the bank funding prior to drawing the funds available through the facility. The value of the clubs property plant and equipment has increased by more than \$100m as a result of the redevelopment and this appears in these accounts as non-current assets.

The Directors have prepared the cash flow forecasts for the 15 months post yearend date of 31 October 2019 (1 November 2019 to 31 January 2021) and are comfortable that the Company will be able to meet its financial obligations as and when they fall due. Accordingly, the Directors have prepared the financial report on a going concern basis in the belief that the Company will realise its assets and settle its liabilities and commitments in the normal course of business and for at least the amounts stated in the financial report.

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

Policy applicable for 1 November 2017 to 31 October 2018

(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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

The Company has the following categories of non-derivative financial assets:

Loans and receivables

Loans and receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise cash and trade and other receivables and call deposits with maturities greater than three months from the acquisition date that are subject to an insignificant risk of changes in their fair value.

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.

(ii) Non-derivative financial liabilities

Non-derivative financial liabilities comprise loans and borrowings and trade and other payables.

Debt securities issued and subordinated liabilities are initially recognised on the date that they are originated. All other financial liabilities are recognised initially on the trade date at which the Company becomes party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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 with any difference between cost and redemption value being recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings on an effective interest rate.

Where the terms and conditions of borrowings are modified, the carrying amount is remeasured to fair value. Any difference between the carrying amount and fair value is recognised in equity.

Policy applicable for 1 November 2018 to 31 October 2019

As of 1 November 2018, the Company has adopted AASB 9 *Financial Instruments*, with the cumulative effect of adopting the standard to be recognised in opening retained earnings. However, there were no changes to the classification or quantum of previously reported balances, as such no adjustment was required to opening retained earnings.

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provision of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transactions costs (where applicable).

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as

- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity Instruments at FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income and finance expenses, except for impairment of trade receivables which is presented within other expenses.

Financial assets with contractual cash flows representing sole payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method.

Financial assets at amortised costs comprise of cash at bank and trade and other receivables. There are no financial assets classified under the FVPTL, debt instruments at FVTOCI and equity instruments at FVTOCI categories.

(iv) Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely unchanged from AASB 139, the Company's financial liabilities were not impacted by the adoption of AASB 9. However, for completeness, the accounting policy is disclosed below. The Company's financial liabilities include, trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

(b) Property, plant and equipment

(i) Recognition and measurement

Items 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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(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>	<i>Depreciation methods</i>
• Buildings	2.50%	Straight line
• Plant and equipment	7.5 - 66.67%	Diminishing value
• Poker machines	20 - 40%	Diminishing value

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 for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(e) Provisions (continued)

The Company operates a loyalty program where customers accumulate points for dollars spent. The provision represents the current estimate of future cash outflows that will result from future redemption of unredeemed points as at year end.

(f) 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.

(g) 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.

(h) Revenue

Policy applicable for 1 November 2017 to 31 October 2018

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.

Policy applicable for 1 November 2018 to 31 October 2019

The Company has initially applied AASB 15 from 1 November 2018. Revenue is measured based on the consideration specified in the invoice issued to the customer.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(h) Revenue (continued)

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company identifies the contract with a customer, identifies the performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money, allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered, and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Gaming revenue

Gaming revenue is the net difference between gaming wins and losses, and is recognised upon the outcome of the game at the close of business.

Food and beverage revenue

Food and beverage revenue is recognised at the point in time the goods are provided and payment is collected.

Function and other revenues

Function and other revenues are recognised at the point in time services are performed.

(i) Grant payments

Grant payments made to Canterbury Bankstown Bulldogs Rugby League Club Limited and other donees 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.

(j) Leases

The Company has initially applied AASB 16 *Leases* from 1 November 2018. The Company has applied AASB 16 using the modified retrospective approach. Accordingly, the comparative information presented for 2018 is not restated - i.e. it is presented, as previously reported under AASB 117 and related interpretations. The details for accounting policies under AASB 117 are disclosed separately if they are different from those under AASB 16 and the impact of changes is disclosed in Note 3(p).

Policy applicable for 1 November 2018 to 31 October 2019

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
 - the Company has the right to operate the asset; or
 - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(j) Leases (continued)

This policy is applied to contracts entered into, or changed, on or after 1 November 2018.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

For contracts entered into before, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Company presents right-of-use assets and lease liabilities separately in the statement of financial position.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(j) Leases (continued)

(i) As a lessee (continued)

Under IAS 17

In the comparative period, as a lessee the Company classified leases that transfer substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent.

Subsequently, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Company's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of "other revenue".

The accounting policies applicable to the Company as a lessor in the comparative period were not different from AASB 16.

(k) Impairment

(i) Non-derivative financial assets

Policy applicable from 1 November 2018

The Club recognises loss allowances for ECLs on financial assets measured at amortised cost.

The Club measures loss allowances for cash at bank balances as 12-month ECL as credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Club's historical experience and informed credit assessment and including forward-looking information.

The Club considers cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Club considers this to be Baa3 or a higher rating per Moodys or BBB- or higher per Standards and Poors.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(k) Impairment (continued)

(i) Non-derivative financial assets (continued)

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Club assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Policy applicable before 1 November 2018

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. The Club's exposure to financial assets impairment is limited to trade and other receivables.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Trade and other receivables

A provision for impairment of trade receivables is established when there is objective evidence that the Club will not be able to collect all amounts due according to the original terms of the receivables. Provision is raised on a specific debtor as well as on a collective basis. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that a specific debtor balance is impaired. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss. When a receivable is uncollectable, it is written off against the allowance for receivables. Subsequent recoveries of amounts previously written off are credited against profit or loss.

(ii) Non-financial assets

At each reporting date, the Club reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For 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 CGUs.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Non-financial assets (continued)

The recoverable amount of asset of CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated to the carrying amounts of the assets in the CGU on a pro rata basis.

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 and been recognised.

(l) 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.

(m) 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, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(m) Tax (continued)

(ii) *Deferred tax (continued)*

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*

In determining the amount of current and deferred tax the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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.

(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 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.

(o) 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 2010.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

3 Significant accounting policies (continued)

(p) New accounting standards adopted during the year

AASB 15 Revenue from contracts with customers

On 1 November 2018 the Company adopted AASB 15 Revenue from contracts with customers. AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction contracts and related interpretations.

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.

AASB 16 Leases

On 1 November 2018 the Company adopted AASB 16 Leases. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into principal (financing activities) and interest (either operating or financing activities) component.

On transition to AASB 16, the Club recognised \$2m of right-of-use assets and \$2m of lease liabilities. When measuring lease liabilities, the Club discounted lease payments using its incremental borrowing rate at the date of initial application. The rate applied is 3.5%.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

4 Revenue

<i>In AUD</i>	2019	2018
Revenue from catering	9,636,255	7,388,681
Redemption of complimentary and discounted food	(3,046,885)	(2,494,207)
	<u>6,589,370</u>	<u>4,894,474</u>
Revenue from beverages	5,522,673	5,005,745
Redemption of complimentary and discounted drinks	(2,490,550)	(1,998,570)
	<u>3,032,123</u>	<u>3,007,175</u>
Revenue from gaming	74,566,110	75,768,665
Loyalty points issued	(1,331,623)	(1,185,470)
	<u>73,234,487</u>	<u>74,583,195</u>
Revenue from fitness centre	2,159,531	2,135,812
Revenue from functions	1,261,560	958,884
Subscriptions and joining fees	206,795	190,972
Commissions revenue	183,761	199,046
Total revenue	<u>86,667,627</u>	<u>85,969,558</u>

5 Personnel expenses

<i>In AUD</i>	2019	2018
Wages and salaries	20,684,202	19,328,803
Other associated personnel expenses	5,037,590	5,590,242
Contributions to defined contribution plans	2,094,401	2,004,313
Change in liability for annual leave	240,741	8,209
Change in liability for long service	89,589	91,367
	<u>28,146,523</u>	<u>27,022,934</u>

6 Sponsorship and grant expenses

<i>In AUD</i>	2019	2018
Sponsorship to Canterbury Bankstown Bulldogs	4,855,000	4,705,000
Grants to Junior League	425,000	375,000
	<u>5,280,000</u>	<u>5,080,000</u>

Note: The comparative balances have been amended as a result of reclassification of certain club grants which were accounted for as "Donations and sponsorships" in 2018. The classification has been amended to improve the disclosures and accompanying financial information.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

7 Finance income and finance costs

<i>In AUD</i>	2019	2018
Interest income	2,543	3,172
Finance income	<u>2,543</u>	<u>3,172</u>
Interest expense – bank loans	(1,460,354)	(111)
Interest expense – lease liability	(31,888)	-
Finance costs	<u>(1,492,242)</u>	<u>(111)</u>
Net finance (costs) / income recognised in profit or	<u>(1,489,699)</u>	<u>3,061</u>

8 Tax expense

<i>In AUD</i>	2019	2018
Current tax expense		
Current year	-	(72,270)
Over provision for prior periods	-	(19,223)
	<u>-</u>	<u>(91,493)</u>
Deferred tax expense		
Origination and reversal of temporary differences	128,089	78,490
	<u>128,089</u>	<u>78,490</u>
Total tax benefit / (expense)	<u>128,089</u>	<u>(13,003)</u>

Numerical reconciliation between tax 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
Proportion of net taxable income attributable to non-members	-	1,353,666
Add: Other taxable income	-	-
	<u>-</u>	<u>1,353,666</u>
Less: Other deductible expenses	-	(1,112,766)
Net taxable income subject to tax	<u>-</u>	<u>240,900</u>
Income tax using the Company's statutory income tax rate of 30% (2018: 30%)	-	(72,270)
Movement in deferred tax assets	128,089	78,490
Over provision for prior periods	-	(19,223)
	<u>128,089</u>	<u>(13,003)</u>

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

10 Cash and cash equivalents

<i>In AUD</i>	2019	2018
Cash at bank and on hand	3,933,957	5,457,925
Cash and cash equivalents in the statement of cash flows	<u>3,933,957</u>	<u>5,457,925</u>

11 Trade and other receivables

<i>In AUD</i>	2019	2018
Current		
Trade receivables	146,750	64,323
	<u>146,750</u>	<u>64,323</u>

12 Inventories

<i>In AUD</i>	2019	2018
Bar	426,706	401,962
Bistro	131,103	134,735
Other	523,003	491,289
	<u>1,080,812</u>	<u>1,027,986</u>

13 Investment property

<i>In AUD</i>	2019	2018
Balance at 1 November	13,575,000	11,423,617
Acquisitions	30,611	-
Net gain arising from changes in the fair value of investment properties	-	2,151,383
Balance at 31 October	<u>13,605,611</u>	<u>13,575,000</u>

Investment property represents the Company's land and building holdings located in Liverpool, Lakemba and Belmore NSW, and is stated at fair value. The determination of fair value has been based on a valuation carried out in 2018 by an independent valuer (Hymans Assets Management) who hold a recognised and relevant professional qualification and have recent experience in the location and category of the investment properties. The open market value for these properties during the year was \$13,575,000 as at October 2018.

The Directors have performed an internal valuation on 31 October 2019 and concluded that the fair values reflected for the investment property portfolio as at 31 October 2019 is reasonable and accurate.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

14 Tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

<i>In AUD</i>	Deferred tax assets		Deferred tax liabilities		Net	
	2019	2018	2019	2018	2019	2018
Property, plant and equipment	935,832	879,841	-	-	935,832	879,841
Investment property	-	-	316,542	316,542	(316,542)	(316,542)
Right of use asset	145,548	-	-	-	145,548	-
Lease liability	-	-	133,092	-	(133,092)	-
Employee benefits	237,425	201,418	-	-	237,425	201,418
Trade and other	92,399	71,162	-	-	92,399	71,162
Provisions	18,693	16,295	-	-	18,693	16,295
Net tax assets	1,429,897	1,168,716	449,634	316,542	980,263	852,174

Movement in temporary differences during the year

<i>In AUD</i>	Balance	Recognised in profit or loss	Balance
	1 November 2017		31 October 2018
Property, plant and equipment	818,652	61,189	879,841
Investment property	(316,542)	-	(316,542)
Employee benefits	181,296	20,123	201,419
Trade and other	76,739	(5,578)	71,161
Provisions	13,539	2,756	16,295
	773,684	78,490	852,174

<i>In AUD</i>	Balance	Recognised in profit or loss	Balance
	1 November 2018		31 October 2019
Property, plant and equipment	879,841	55,990	935,831
Investment property	(316,542)	-	(316,542)
Right of use asset	-	145,548	145,548
Lease liability	-	(133,092)	(133,092)
Employee benefits	201,419	36,007	237,426
Trade and other	71,161	21,238	92,399
Provisions	16,295	2,398	18,693
	852,174	128,089	980,263

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

15 Property, plant and equipment

In AUD

	Land and buildings	Plant and equipment	Poker machines	Work in progress	Total
Cost					
Balance at 1 November 2018	217,831,620	66,987,648	26,801,480	2,606,155	314,226,903
Additions	133,363	1,630,319	3,591,594	-	5,355,276
Disposals/write-offs	-	(124,691)	(2,395,741)	-	(2,520,432)
Transfers	-	2,606,155	-	(2,606,155)	-
Balance at 31 October 2019	<u>217,964,983</u>	<u>71,099,431</u>	<u>27,997,333</u>	<u>-</u>	<u>317,061,747</u>
Depreciation and impairment					
Balance at 1 November 2018	52,415,588	27,951,332	19,418,121	-	99,785,041
Depreciation for the year	4,819,568	6,290,414	3,619,049	-	14,729,031
Disposals	-	(116,357)	(2,255,035)	-	(2,371,392)
Balance at 31 October 2019	<u>57,235,156</u>	<u>34,125,389</u>	<u>20,782,135</u>	<u>-</u>	<u>112,142,680</u>
Carrying amounts					
At 1 November 2018	165,416,032	39,036,316	7,383,359	2,606,155	214,441,862
At 31 October 2019	<u>160,729,827</u>	<u>36,974,042</u>	<u>7,215,198</u>	<u>-</u>	<u>204,919,067</u>

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 open market value for existing use, resulted in a valuation of land and buildings of \$219,000,000. 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. The written down value of land and buildings as at 31 October 2019 is \$160,729,827 (2018: \$165,416,032). The Directors are comfortable that the carrying amounts of the land and buildings are not impaired.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

16 Core and non-core properties

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

<i>In AUD</i>	2019	2018
Core property	159,737,935	164,430,706
Non-core property	14,590,937	14,560,325
Balance at 31 October	<u>174,328,872</u>	<u>178,991,031</u>

Core properties are located at:

26 Bridge Road, Belmore, NSW

26 Quigg Street, Lakemba, NSW

61 Moxon Road, Punchbowl NSW

Non-core properties are located at:

32 Quigg Street, Lakemba, NSW

82 Memorial Avenue, Liverpool, NSW

84 Memorial Avenue, Liverpool, NSW

20 The Boulevarde, Lakemba, NSW

21 The Boulevarde, Lakemba, NSW

70 Bridge Road, Belmore, NSW

64 Bridge Road, Belmore, NSW

376 Burwood Road, Belmore, NSW

4 York Street, Belmore, NSW

28 Gladstone Street, Belmore, NSW

17 Intangible assets

In AUD

<i>Cost</i>	Poker machine entitlements	Rights to a domain name	Total
Balance as at 1 November 2018	6,209,500	8,182	6,217,682
Acquisitions	-	-	-
Balance as at 31 October 2019	<u>6,209,500</u>	<u>8,182</u>	<u>6,217,682</u>

Poker machine entitlements represent the Company's licence to operate gaming machines at their Club's premises. They are measured at cost less accumulated impairment losses. They have been tested for impairment losses through analysis of fair value less cost to sell and value in use. From this assessment no impairment losses were identified (\$nil in 2018).

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

18 Trade and other payables

In AUD

	2019	2018
Current		
Trade payables	3,831,161	2,526,766
Accrued expenses and other payables	4,854,730	5,627,984
Income received in advance	375,178	347,519
	<u>9,061,069</u>	<u>8,502,269</u>

19 Provisions

In AUD

	2019	2018
Current		
Loyalty points	288,902	246,896
	<u>288,902</u>	<u>246,896</u>

20 Employee benefits

In AUD

	2019	2018
Current		
Liability for long service leave	1,702,723	1,603,447
Liability for annual leave	1,496,293	1,255,552
	<u>3,199,016</u>	<u>2,858,999</u>
Non-current		
Liability for long service leave	183,106	192,793
	<u>183,106</u>	<u>192,793</u>

21 Loans and borrowings

In AUD

	2019	2018
Current		
Bank bill business loan facility	34,060,000	5,400,000
Working capital loan facility	6,200,000	-
	<u>40,260,000</u>	<u>5,400,000</u>
Non-current		
Bank bill business loan facility	-	42,600,000
	<u>-</u>	<u>42,600,000</u>

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

21 Loans and borrowings (continued)

The Club's borrowings as at 31 October 2019 were \$40.3m and they have been accounted for in current liabilities due to the expiry of the current bank facility in September 2020 (before the next balance date). In 2018 they were accounted for as current liabilities (\$5.4m) and non-current liabilities (\$42.6m).

The Club will commence a process of negotiating a replacement bank facility in March 2020. The Directors expect that this replacement funding facility will be in place by 30 June 2020. Prior to the expiry of current funding facility the Directors expect that \$5.94m will be paid from the 2019 year-end balance (\$40.3m). The Directors expect that the balance remaining at the expiry of the current agreement (\$34.36m) will be funded under a new facility and that the 2020 financial report will treat the outstanding balance as:

- a) a current liability (the amount to be paid down in the 2021 financial year)
- b) a non-current liability (the remainder of the funds).

The Club has access to the following lines of credit:

<i>In AUD</i>	Bank bill business loan facility	Working capital loan facility	Total loan facilitiy
Total facility limit	40,000,000	10,000,000	50,000,000
Facilities utilised at reporting date	34,060,000*	6,200,000	40,260,000
Facilities not utilised at reporting date	-	3,800,000	3,800,000

* This facility cannot be drawn further.

Security:

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

- (a) Tripartite agreement (Builder Side Deed) between Canterbury League Club Limited (Borrower), Parkview Constructions Pty Ltd (Builder) and Westpac Banking Corporation ABN 33 007 457 141.
- (b) General Security Agreement by Canterbury League Club Limited ACN 000 191 248 over all existing and future assets and undertakings.
- (c) Fixed & Floating Charge by Canterbury League Club Limited ACN 000 191 248 over all existing and future assets and undertakings.
- (d) Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 26 Bridge Street Belmore, NSW 2192 (includes 2-12 Gladstone Street, Belmore and 7-15 Collins Street Belmore).
- (e) Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 3, 5, 14, 16 and 18 Gladstone Street, Belmore NSW and 17-25 Collins Street, Belmore NSW and 52-62 Bridge Bridge Street Belmore, NSW 2192.
- (f) Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 36, 38, 40-42, 44, 46, 48 and 50 aBridge Road, Belmore NSW and 1 Gladstone Street, Belmore NSW 2192.

The Club is in compliance with all the restrictive loan covenants as at reporting date.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

22 Leases

As lessee

a) Right of use assets

In AUD

	Gaming machine entitlements	Total
Balance at 1 November 2018	-	-
Additions to right-of-use assets	2,073,338	2,073,338
Depreciation charge for the year	(192,040)	(192,040)
Transfers	-	-
Balance at 31 October 2019	<u>1,881,298</u>	<u>1,881,298</u>

b) Lease liabilities included in the statement of financial position at 31 October 2019

In AUD

	2019	2018
Current	392,849	-
Non-current	1,421,711	-
	<u>1,814,560</u>	<u>-</u>

Amounts recognised in profit or loss

Interest on lease liabilities

<u>31,888</u>	<u>-</u>
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Amounts recognised in statement of cash flows

Total cash outflow for leases

<u>227,333</u>	<u>-</u>
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As lessor

The Company leases out its investment property. The Company has classified these leases as operating leases because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets. The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

In AUD

	2019	2018
Less than one year	80,530	-
Two to five years	16,250	-
	<u>96,780</u>	<u>-</u>

23 Commitments

In AUD

Capital works

Capital works contracted for but not yet completed

	2019	2018
356,040	795,257	
<u>356,040</u>	<u>795,257</u>	

Other commitments

The Company has committed to provide financial assistance to Bulldogs Rugby League Club Limited (for the next financial year)

5,580,000	5,680,000
<u>5,580,000</u>	<u>5,680,000</u>

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

24 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		
<i>Guarantee</i>		
(i) Bank performance guarantees	210,300	210,300
(ii) Bank guarantee to Canterbury Bankstown Bulldogs Rugby League Club Limited's financiers	1,500,000	1,500,000
(iii) The Company has provided its parent entity, Canterbury Bankstown Bulldogs Rugby League 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, if necessary.		

Defect rectification - Masterplan

The financial statements (in the current liabilities) contains an amount of \$532,000 being security held for the completion of defect rectification works associated with the Masterplan construction project.

The Club is in dispute with the builder, Parkview Constructions Pty Limited, over this matter. Directors reasonably expect that the matter will be resolved in the financial year and that the majority of these funds will be applied to the rectification of the defects.

25 Related parties

Parent and ultimate controlling party

The parent and the ultimate controlling party of the Company is Canterbury Bankstown Bulldogs Rugby League 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	188,919	171,295

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	1,338,002	1,802,025

Included within short-term and long-term employee benefits is a termination payment of \$Nil (2018: \$397,500).

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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

25 Related parties (continued)

Key management personnel and Director transactions (continued)

The aggregate amounts recognised during the year relating to key management personnel were as follows:

- a) The following Directors of Canterbury Leagues Club Limited are also Directors of Canterbury Bankstown Bulldogs Rugby League Club Limited:

Mr Steve Mortimer
Mr John Patrick Ballesty
Mr Paul Anthony Dunn

The remuneration of Directors noted above does not include amounts received by these directors from Canterbury Bankstown Bulldogs Rugby League Club Limited.

- b) During the 2019 financial year, the Company paid \$289.14 (2018: \$38.50) for shuffleboard supplies to Steve Mortimer Marketing Promotions Pty Ltd, a company associated with Mr Stephen Mortimer. The Company also paid \$12,000 (2018: \$nil) to the same company for sponsorship of Steve Mortimer in the Sunday Telegraph's Footy Tipping Competition. Both transactions are under arm's length terms and conditions.
- c) During the 2019 financial year, the Company paid \$127,062 (2018: \$nil) for outdoor advertising to The 360 Degree Media Group, a company associated with Mr Paul Anthony Dunn under arm's length terms and conditions.
- d) During the 2019 financial year Stewarts Gentlemens Outfitters Pty Limited, a company associated with Arthur Coorey, supplied uniforms to the Company under arm's length terms and conditions with total cost amounting to \$50,398 (2018: \$51,546). Arthur Coorey was not a Director of the Company for any part of the 2019 financial year.
- e) In 2019, \$nil (2018: \$55,613) was paid to D.I.B Insurance Brokers Pty Ltd, a company associated with Raymond Dib under arm's length terms and conditions in relation to insurance brokerage services provided to the Company. Raymond Dib was not a Director of the Company for any part of the 2019 financial year.
- f) Barry Ward is employed by the Bulldogs Rugby League Club Limited as a Corporate partnership executive. Mr Ward was not a Director of the Company for any part of the 2019 financial year, but was a Director in 2018.
- g) During the 2018 financial year, two relatives of Dr George Peponis and one relative of Arthur John Coorey were employed by the Company and received wages within normal employee terms and conditions. Dr Peponis and Mr Coorey were not Directors of the Company for any part of the 2019 financial year.

Transactions with parent entity - Bulldogs Rugby League Club Limited

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

- h) During the year the Club paid \$4,855,000 (2018: \$4,705,000) as sponsorship to Canterbury Bankstown Bulldogs Rugby League Club Limited. Furthermore the Club paid grants to the Junior League amounting to \$425,000 (2018: \$375,000).
- i) In 2018, the Company paid \$250,000 and accrued \$50,000 in relation to certain players of the parent entity pursuant to permissible arrangements under the NRL Salary Cap regulations. The 2018 accrued balance of \$50,000 was paid in the 2019 financial year. The total amount of \$300,000 was part of and recorded in 2018 as Sponsorship to Bulldogs expense within the Company's books (which in total amounted to and was part of \$4,705,000) as noted in (h) above. There were no further payments made or accrued in 2019.
- j) An amount of \$100,000 (2018: \$100,000) was paid as corporate hospitality to the parent entity.
- k) Certain players of Canterbury Bankstown Bulldogs Rugby League Club Limited have paid rent amounting to \$28,948 (2018: \$28,994) to the Company. All transactions have been executed at commercial rates. Furthermore, additional property was provided to certain junior players by the subsidiary free of charge.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2019

25 Related parties (continued)

Transactions with parent entity - Bulldogs Rugby League Club Limited (continued)

- l) Canterbury Bankstown Bulldogs Rugby League Club Limited operates a Teamstore in a property owned by the Company located at Burwood Road, Belmore. Total rent received for the year amounts to \$52,000 (2018: \$52,000).
- m) The Company has a number of miscellaneous payments to Canterbury Bankstown Bulldogs Rugby League Club Limited during the year for reimbursements of shared Directors expenses amounting to \$39,372 (2018: \$99,962).
- n) IT personnel from Canterbury Bankstown Bulldogs Rugby League Club Limited has been seconded to Bulldogs Rugby League Club for the year. Total payment received was \$10,000 (2018: \$9,160).
- o) Other transactions by the Company with Canterbury Bankstown Bulldogs Rugby League Club Limited include functions and in house dining charged to the Canterbury Bankstown Bulldogs Rugby League Club Limited amounting to \$132,632 as at 31 October 2019 (2018: \$223,000).
- p) At year end, an amount of \$19,750 (2018: \$13,207) was receivable from the parent entity and \$210,486 (2018: \$nil) was payable to the parent entity.

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.

26 Fair value measurement recognised in the Statement of Financial Position

The fair value measurement disclosures use a three-tier value hierarchy that reflects the significance of the inputs used in measuring fair values. The fair value hierarchy is comprised of the following levels:

- Level 1 – fair values measured using quoted prices (unadjusted) in active markets for identical instruments;
- Level 2 – fair values measured using directly (i.e. as prices) or indirectly (i.e. derived from prices) observable inputs, other than quoted prices included in Level 1; and
- Level 3 – fair values measured using inputs that are not based on observable market data (unobservable inputs).

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value measurement for all of the investment properties has been categorised as a Level 2 fair value given the valuation methodology used by the valuer is the direct comparison approach.

27 Events after the reporting period

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

Canterbury League Club Limited

Directors' declaration

In the opinion of the Directors of Canterbury League Club Limited (the Company):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 9 to 37, 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 their 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.



George Coorey

Director

Dated at Belmore this 20th day of December 2019.



Independent Auditor's Report

To the Directors of Canterbury League Club Limited

Opinion

We have audited the **Financial Report** of Canterbury League 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 and other comprehensive income, Statement of changes in members' funds, 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.



Independent Auditor's Report

To the Directors of Canterbury League Club Limited (continued)

Other Information

Other Information is financial and non-financial information in Canterbury League 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.

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.



Independent Auditor's Report

To the Directors of Canterbury League Club Limited (continued)

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 the 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

Niraj Singh

Partner

Sydney

20 December 2019