

Canterbury League Club Limited

ABN 84 000 191 248

Annual Report

31 October 2020

Canterbury League Club Limited

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Canterbury League Club Limited

Directors' report

For the year ended 31 October 2020

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 2020 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	Age	Experience, special responsibilities and other directorships
Paul Anthony Dunn Chairman	57	Self Employed Business Coach/Consultant Director of Belief First Pty Ltd Director of Global Tech Australia Pty Ltd Director of Fuel Flow International Pty Ltd Director of Ciinch Pty Ltd Director of Australian Associated Tank Farms Pty Ltd Bachelor of Business (Accounting) Master of Business Administration (MBA) in Sports Management Chairman of Canterbury League Club Limited, September 2020 to present Director of Canterbury League Club Limited since March 21, 2018 Member, Growth and Innovation Committee since January 2019 Member, Remuneration Sub-Committee since March 2018 Member, Audit & Risk Sub-Committee since March 2018 Director, Canterbury Bankstown Bulldogs Rugby League Club Limited February 2008 to February 2014 and February 2018 to October 6, 2020 Member of Bulldogs Ambassadors Club – Former Chairman 2013-2015 Former Player of Canterbury Bankstown Bulldogs Rugby League Club Limited – Premiership winner in 1988 – Clive Churchill Medal recipient ClubsNSW Governance Refresher Training 2018 Australian Sports Medal Former Director of Men of League Foundation 2005-2008 Former Director of Rugby League Players Association Club Director Training: Director Foundation and Management Collaboration Club Director Training: Finance for Club Boards RPL Member of The Australian Institute of Company Directors
Peter John Callaghan Deputy Chairman	37	Director (Deputy Chairman) of Canterbury League Club Limited since March 2018 Deputy General Counsel of NBN Co Limited Member of Growth 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, 2007) 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) Australian Institute of Company Directors: Foundations of Directorship Club Director Training: Director Foundation and Management Collaboration Club Director Training: Finance for Club Boards

Canterbury League Club Limited

Directors' report (continued)

For the year ended 31 October 2020

1 Directors (continued)

Name	Age	Experience, special responsibilities and other directorships
Stephen Charles Mortimer (OAM) Degree in Agricultural Science, Dip Ed.	64	<p>Director of Steve Mortimer Marketing & Promotions Pty Limited since 1984 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 1984-1988 Bulldogs Rugby League Club Limited, CEO 2002-2004 Former Director of Canterbury Bankstown Bulldogs Rugby League Club Limited Former Director of ANZ Stadium Club Berries/Canterbury Bankstown Bulldogs Rugby League Club Limited player 1976-1988 Played in 6 NRL Grand Finals for Canterbury Bankstown Bulldogs Rugby League Club Limited 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 Canterbury Bankstown 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 Collaboration Club Director Training: Finance for Club Boards</p>
George Coorey	61	<p>Mortgage Broker – Self Employed Managing Director Picadilly Financial Services Pty Ltd Member FBAA Director Canterbury Bankstown Bulldogs Rugby League Club Limited 1995-2002 Australian Credit Licence Financial Services Director, Canterbury League Club Limited since 21 March 2012 Chairman, Canterbury League Club Limited from March 2018 to September 2020 Member of ClubGRANTS Sub-Committee 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</p>

Canterbury League Club Limited

Directors' report (continued)

For the year ended 31 October 2020

1 Directors (continued)

Name	Age	Experience, special responsibilities and other directorships
John Patrick Ballesty	75	CEO Canterbury League Club Limited 1982 to 2011 Director of Canterbury League Club Limited 2018 – present Deputy Chairman of Canterbury Bankstown Bulldogs Rugby League Club Limited Board February 2018 – October 2020 Mandatory Director Training, Finance for Club Boards 2018 Mandatory Director Training, Director Foundation and Management Collaboration 2018
Peter Winchester	71	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 Limited in March 2018 Former Director of Canterbury League Club Limited from 2002 until 2010 President of Canterbury League Club Limited from 2006 to 2010 Member, Audit & Risk Sub-Committee from 2018 to present Director of Canterbury Bankstown Bulldogs Rugby League Club Limited 2005 & 2006 Former player Canterbury Bankstown Bulldogs Rugby League Club Limited Team from 1972 to 1976 Inaugural member of Bulldogs Ambassadors Club & Chairman for 5 years Honorary Life member of Canterbury Bankstown Referees Association Member of St Vincent de Paul Association for over 15 years Mandatory Director Training, Finance for Club Boards 2018 Mandatory Director Training, Director Foundation and Management Collaboration 2018
Dimitrios (Jim) Koutsouklakis	40	Managing Director – Alpha One Advisory; Commercial and Residential Finance Broking Diploma of Finance & Mortgage Broking Management Certificate IV in Finance & Mortgage Broking Member – Mortgage & Finance Association of Australia Senior Manager – ANZ Banking Group (2007 – 2018) Master of Business - Sports Management (Deakin University) Executive Course in Leadership & Negotiation (Harvard School of Law) Diploma in Advanced Insolvency Law & Practice (University of Southern Queensland) Bachelor of Commerce (Macquarie University) Appointed Director of Canterbury League Club Limited in March 2020 Member, Audit & Risk Sub-Committee Member, Member Disciplinary Sub-Committee Mandatory Director Training, Finance for Club Boards 2020 Mandatory Director Training, Director Foundation and Management Collaboration 2020 Member of The Australian Institute of Company Directors Director of Canterbury Bankstown Bulldogs Rugby League Club Limited since October 2020 Chair of Bulldogs Business Development Committee

Canterbury League Club Limited

Directors' report (continued)

For the year ended 31 October 2020

2 Company secretary

Mr Gregory Pickering was appointed to the position of Company Secretary on 27 May 2019. Mr Pickering is also the Club's Chief Executive Officer.

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
J Ballesty	19	19	-	-
P Callaghan	18	19	4	4
G Coorey	19	19	-	-
P Dunn	19	19	4	4
D Koutsouklakis	13	13	2	2
S Mortimer	15	19	-	-
P Winchester	19	19	4	4

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; and
- 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 2020

5 Operating and financial review and performance measurement

Overview of the Company

The EBITDA of the Company for the year ended 31 October 2020 was \$18,989,107 (2019: \$17,611,123). The profit after tax from continuing operations of the Company for the year ended 31 October 2020 was \$1,529,200 (2019: loss of \$3,951,558).

Coronavirus COVID-19

The significance of the economic and financial impacts from the downturn in trade and the related quarantine and isolation practices resulting from COVID-19 is unprecedented. On 23 March 2020 registered clubs in NSW were forced to close by a Health Order of the NSW Government. During the closure the Club sought to mitigate the financial and earnings impacts through a range of actions including: deferring payments in consultation with its creditors, reducing operating and capital expenditure, reduced hours (salaries) of all staff, and accessing the Federal Government's JobKeeper scheme. Subsequent amendments to the Health Order permitted reopening from 1st June 2020, this was subject to capacity restrictions and social distancing rules. The club employed a Covid Safety Manager to oversee the increased compliance responsibility and costs brought by the ongoing changes to the NSW Health Orders. The club has continued to operate limited services and facilities since 1st June 2020 including a reduction in the number of gaming machines, which has impacted revenue. The Club is committed to prioritising the health, safety and wellbeing of its people, partners, customers and the community.

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 2020 and the comparison with last year is as follows:

	2020	2019
Ordinary Members	52,709	50,911
Pensioner	11,182	10,928
Bateau Bay	91	394
Lakemba	38	38
25 Year Members	2,709	2,633
50 Year Members	563	545
Life Members	6	6
Honorary Members	91	100
Junior Members	180	216
	<u>67,569</u>	<u>65,771</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 2020 is \$675,690 (2019: \$657,710).

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 2020

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 8 and forms part of the Directors' report for financial year ended 31 October 2020.

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



Paul Dunn
Director

Dated at Belmore this 15th day of December 2020.



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 2020 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

Cameron Roan
Partner

Sydney

15th December 2020

Canterbury League Club Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 October 2020

<i>In AUD</i>	Note	2020	2019
Revenue	4 (a)	68,285,825	86,667,627
Other income	4 (b)	6,397,975	584,591
Net gain arising from changes in the fair value of investment properties	13	119,389	-
Changes in inventories		(127,718)	52,826
Materials and consumables used		(2,707,142)	(4,810,129)
Poker machine licences and taxes		(16,346,665)	(19,959,510)
Personnel expenses	5	(23,545,823)	(28,146,523)
Property expenses		(4,438,163)	(5,318,854)
Members' amenities expense		(2,371,286)	(4,015,675)
Donations and sponsorships		(612,132)	(853,337)
Security expense		(155,111)	(147,022)
Repairs and maintenance		(2,794,946)	(3,660,076)
Consulting and professional fees		(637,892)	(583,711)
Gain on disposal of non-current assets		69,506	197,446
Other expenses		(2,146,710)	(2,396,530)
Earnings before depreciation, grants, net finance costs and tax		<u>18,989,107</u>	<u>17,611,123</u>
Depreciation expense		(13,452,537)	(14,921,071)
Sponsorship and grant expenses	6	(2,625,000)	(5,280,000)
Results from operating activities		<u>2,911,570</u>	<u>(2,589,948)</u>
Finance income		872	2,543
Finance costs		(888,231)	(1,492,242)
Net finance costs	7	<u>(887,359)</u>	<u>(1,489,699)</u>
Profit / (loss) before tax		2,024,211	(4,079,647)
Income tax (expense) / benefit	8	(495,011)	128,089
Profit / (loss) for the year		<u>1,529,200</u>	<u>(3,951,558)</u>
Other comprehensive income, net of tax		-	-
Total comprehensive income / (loss) for the year		<u>1,529,200</u>	<u>(3,951,558)</u>

The notes on pages 13 to 34 are an integral part of these financial statements.

Canterbury League Club Limited

Statement of financial position

As at 31 October 2020

In AUD

	Note	2020	2019
Assets			
Cash and cash equivalents	9	15,232,506	3,933,957
Trade and other receivables	10	36,838	146,750
Inventories	11	953,094	1,080,812
Prepayments		289,956	549,594
Total current assets		<u>16,512,394</u>	<u>5,711,113</u>
Investment property	12	13,725,000	13,605,611
Deferred tax assets	13	485,252	980,263
Property, plant and equipment	14	194,275,015	204,919,067
Intangible assets	16	6,217,682	6,217,682
Right-of-use assets	21	1,466,638	1,881,298
Total non-current assets		<u>216,169,587</u>	<u>227,603,921</u>
Total assets		<u>232,681,981</u>	<u>233,315,034</u>
Liabilities			
Trade and other payables	17	15,206,126	9,061,069
Provisions	18	253,795	288,902
Employee benefits	19	2,905,030	3,199,016
Borrowings	20	-	40,260,000
Lease liabilities	21	406,599	392,849
Current tax payable		72,377	72,377
Total current liabilities		<u>18,843,927</u>	<u>53,274,213</u>
Employee benefits	19	202,398	183,106
Borrowings	20	32,600,000	-
Lease liabilities	21	1,070,452	1,421,711
Total non-current liabilities		<u>33,872,850</u>	<u>1,604,817</u>
Total liabilities		<u>52,716,777</u>	<u>54,879,030</u>
Net assets		<u>179,965,204</u>	<u>178,436,004</u>
Members' funds			
Amalgamation reserve		12,901,167	12,901,167
Retained earnings		167,064,037	165,534,837
Total members' funds		<u>179,965,204</u>	<u>178,436,004</u>

The notes on pages 13 to 34 are an integral part of these financial statements.

Canterbury League Club Limited

Statement of changes in members' funds For the year ended 31 October 2020

<i>In AUD</i>	Note	Amalgamation reserve	Retained earnings	Total
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
Balance at 1 November 2019		12,901,167	165,534,837	178,436,004
Profit for the year		-	1,529,200	1,529,200
Other comprehensive income, net of tax		-	-	-
Total comprehensive income for the year		-	1,529,200	1,529,200
Balance at 31 October 2020		12,901,167	167,064,037	179,965,204

The notes on pages 13 to 34 are an integral part of these financial statements.

Canterbury League Club Limited

Statement of cash flows

For the year ended 31 October 2020

In AUD

	Note	2020	2019
Cash flows from operating activities			
Cash receipts from customers and government		81,658,192	95,836,554
Cash paid to suppliers and employees		(56,525,456)	(77,705,854)
Grants paid to Canterbury Bankstown Bulldogs Rugby League Club Limited	6	(2,625,000)	(5,280,000)
Cash generated from operations		<u>22,507,736</u>	<u>12,850,700</u>
Interest paid	7	(888,231)	(1,492,242)
Net income tax refund		-	121,765
Interest received	7	872	2,543
Net cash from operating activities		<u>21,620,377</u>	<u>11,482,766</u>
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		228,788	346,486
Acquisition of property, plant and equipment	14	(2,553,107)	(5,355,276)
Acquisition of investment property	12	-	(30,611)
Net cash used in investing activities		<u>(2,324,319)</u>	<u>(5,039,401)</u>
Cash flows from financing activities			
Proceeds from borrowings	20	32,600,000	-
Payments of lease liabilities	21 (d)	(337,509)	(227,333)
Repayment of borrowings	20	(40,260,000)	(7,740,000)
Net cash used in financing activities		<u>(7,997,509)</u>	<u>(7,967,333)</u>
Net increase / (decrease) in cash and cash equivalents		11,298,549	(1,523,968)
Cash and cash equivalents at beginning of year		<u>3,933,957</u>	<u>5,457,925</u>
Cash and cash equivalents at end of year	9	<u>15,232,506</u>	<u>3,933,957</u>

The notes on pages 13 to 34 are an integral part of these financial statements.

Canterbury League Club Limited

Notes to the financial statements

For the year ended 31 October 2020

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 2020.

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.

The financial statements were approved by the Board of Directors on 15 December 2020.

(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 12 Investment property
- Note 14 Property, plant and equipment
- Note 16 Intangible assets
- Note 23 Contingent assets and contingent liabilities

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

2 Basis of preparation (continued)

(e) Going concern

As at 31 October 2020, the Company recorded a net working capital deficiency of \$2,331,533 (2019: \$47,563,100 deficiency) and net assets of \$179,965,204 (2019: \$178,436,004). The Company recorded a net profit for the year of \$1,529,200 (2019: loss of \$3,951,558) and positive operating cash flows of \$21,620,377 (2019: \$11,482,766).

The Directors have prepared the cash flow forecasts for the 13 months post year-end date of 31 October 2020 (1 November 2020 to 30 November 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

(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).

(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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(iii) Subsequent measurement of financial assets (continued)

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 solely 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

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.

(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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(b) Property, plant and equipment (continued)

(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.

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

	<i>Depreciation rates</i>	<i>Depreciation methods</i>
• Land and 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.

*Land is not depreciated.

(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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(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.

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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(h) Revenue

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

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 2020

3 Significant accounting policies (continued)

(j) Leases (continued)

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 2020

3 Significant accounting policies (continued)

(j) Leases (continued)

(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".

(k) Impairment

(i) *Non-derivative financial assets*

The Club recognises loss allowances for Expected Credit Losses (ECL) 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).

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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(k) Impairment (continued)

(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.

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 had 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 production 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.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(m) Tax (continued)

(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.

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 2020

4 (a) Revenue

<i>In AUD</i>	2020	2019
Revenue from catering	5,650,555	9,636,255
Redemption of complimentary and discounted food	(1,874,502)	(3,046,885)
	<u>3,776,053</u>	<u>6,589,370</u>
Revenue from beverages	3,720,728	5,522,673
Redemption of complimentary and discounted drinks	(2,048,928)	(2,490,550)
	<u>1,671,800</u>	<u>3,032,123</u>
Revenue from gaming	61,466,208	74,566,110
Loyalty points issued	(1,025,342)	(1,331,623)
	<u>60,440,866</u>	<u>73,234,487</u>
Revenue from fitness centre	1,544,751	2,159,531
Revenue from functions	557,173	1,261,560
Subscriptions and joining fees	182,142	206,795
Commissions revenue	113,040	183,761
	<u>68,285,825</u>	<u>86,667,627</u>

(b) Other income

<i>In AUD</i>	2020	2019
Government grants received - Job Keeper	6,039,000	-
Rent received	272,517	423,738
Sundry Income	86,458	160,853
	<u>6,397,975</u>	<u>584,591</u>

5 Personnel expenses

<i>In AUD</i>	2020	2019
Wages and salaries	17,816,710	20,684,202
Other associated personnel expenses	4,503,633	5,037,590
Contributions to defined contribution plans	1,500,174	2,094,401
Change in liability for annual leave	(67,979)	240,741
Change in liability for long service	(206,715)	89,589
	<u>23,545,823</u>	<u>28,146,523</u>

6 Sponsorship and grant expenses

<i>In AUD</i>	2020	2019
Sponsorship to Canterbury Bankstown Bulldogs	2,458,333	4,855,000
Grants to Junior League	166,667	425,000
	<u>2,625,000</u>	<u>5,280,000</u>

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

7 Finance income and finance costs

<i>In AUD</i>	2020	2019
Interest income	872	2,543
Finance income	<u>872</u>	<u>2,543</u>
Interest expense – bank loans	(828,293)	(1,460,354)
Interest expense – lease liability	(59,938)	(31,888)
Finance costs	<u>(888,231)</u>	<u>(1,492,242)</u>
Net finance costs recognised in profit or loss	<u>(887,359)</u>	<u>(1,489,699)</u>

8 Tax expense

<i>In AUD</i>	2020	2019
Current tax expense		
Current year	-	-
	<u>-</u>	<u>-</u>
Deferred tax (expense) / benefit		
Origination and reversal of temporary differences	(495,011)	128,089
	<u>(495,011)</u>	<u>128,089</u>
Total tax (expense) / benefit	<u>(495,011)</u>	<u>128,089</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>	2020	2019
Proportion of net taxable income attributable to non-members	(718,083)	-
Tax losses not brought to account	718,083	-
Net taxable income subject to tax	<u>-</u>	<u>-</u>
Income tax using the Company's statutory income tax rate of 30% (2019: 30%)	-	-
Movement in deferred tax assets	(495,011)	128,089
	<u>(495,011)</u>	<u>128,089</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of carried forward tax losses amounting to \$922,723 (2019: \$204,641).

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

9 Cash and cash equivalents

<i>In AUD</i>	2020	2019
Cash on hand	3,566,839	3,275,866
Cash at bank	11,665,667	658,091
Cash and cash equivalents in the statement of cash flows	<u>15,232,506</u>	<u>3,933,957</u>

10 Trade and other receivables

<i>In AUD</i>	2020	2019
Current		
Trade receivables	36,838	146,750
	<u>36,838</u>	<u>146,750</u>

11 Inventories

<i>In AUD</i>	2020	2019
Bar	422,318	426,706
Bistro	71,634	131,103
Other	459,142	523,003
	<u>953,094</u>	<u>1,080,812</u>

12 Investment property

<i>In AUD</i>	2020	2019
Balance at 1 November	13,605,611	13,575,000
Acquisitions	-	30,611
Net gain arising from changes in the fair value of investment properties	119,389	-
Balance at 31 October	<u>13,725,000</u>	<u>13,605,611</u>

Investment property represents the Company's land and building holdings located in Liverpool, Lakemba and Belmore NSW, and are stated at fair value. The determination of fair value has been based on a valuation carried out in October 2020 by an independent valuer (Hymans Assets Management) which holds a recognised and relevant professional qualification and has recent experience in the location and category of the investment properties. The open market value for these properties was \$13,725,000 as at 31 October 2020.

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

13 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	
	2020	2019	2020	2019	2020	2019
Property, plant and equipment	712,375	935,832	-	-	712,375	935,832
Investment property	-	-	352,359	316,542	(352,359)	(316,542)
Leases	556	12,456	-	-	556	12,456
Employee benefits	166,054	237,425	-	-	166,054	237,425
Trade and other payables	67,106	92,399	-	-	67,106	92,399
Provisions	-	18,693	-	-	-	18,693
Prepayments	-	-	8,017	-	(8,017)	-
Donations	-	-	100,463	-	(100,463)	-
Net tax assets	946,091	1,296,805	460,839	316,542	485,252	980,263

Movement in temporary differences during the year

<i>In AUD</i>	Balance	Recognised in profit or loss	Balance
	1 November 2018		31 October 2019
Property, plant and equipment	879,841	55,991	935,832
Investment property	(316,542)	-	(316,542)
Leases	-	12,456	12,456
Employee benefits	201,419	36,006	237,425
Trade and other payables	71,161	21,238	92,399
Provisions	16,295	2,398	18,693
	852,174	128,089	980,263

<i>In AUD</i>	Balance	Recognised in profit or loss	Balance
	1 November 2019		31 October 2020
Property, plant and equipment	935,832	(223,457)	712,375
Investment property	(316,542)	(35,817)	(352,359)
Leases	12,456	(11,900)	556
Employee benefits	237,425	(71,371)	166,054
Trade and other payables	92,399	(25,293)	67,106
Provisions	18,693	(18,693)	-
Prepayments	-	(8,017)	(8,017)
Donations	-	(100,463)	(100,463)
	980,263	(495,011)	485,252

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

14 Property, plant and equipment

In AUD

	Land and buildings	Plant and equipment	Poker machines	Work in progress	Total
Cost					
Balance at 1 November 2019	217,964,983	71,099,431	27,997,333	-	317,061,747
Additions	704,918	326,104	939,923	582,162	2,553,107
Disposals/write-offs	-	(375,018)	(745,072)	-	(1,120,090)
Balance at 31 October 2020	<u>218,669,901</u>	<u>71,050,517</u>	<u>28,192,184</u>	<u>582,162</u>	<u>318,494,764</u>
Depreciation and impairment					
Balance at 1 November 2019	57,235,156	34,125,389	20,782,135	-	112,142,680
Depreciation for the year	4,838,107	5,055,942	3,143,828	-	13,037,877
Disposals	-	(270,502)	(690,306)	-	(960,808)
Balance at 31 October 2020	<u>62,073,263</u>	<u>38,910,829</u>	<u>23,235,657</u>	<u>-</u>	<u>124,219,749</u>
Carrying amounts					
At 1 November 2019	<u>160,729,827</u>	<u>36,974,042</u>	<u>7,215,198</u>	<u>-</u>	<u>204,919,067</u>
At 31 October 2020	<u>156,596,638</u>	<u>32,139,688</u>	<u>4,956,527</u>	<u>582,162</u>	<u>194,275,015</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 2020 is \$156,596,638 (2019: \$160,729,827). 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 2020

15 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>	2020	2019
Core property	155,611,312	159,737,935
Non-core property	14,710,325	14,590,937
Balance at 31 October	<u>170,321,637</u>	<u>174,328,872</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

16 Intangible assets

In AUD

<i>Cost</i>	Poker machine entitlements	Rights to a domain name	Total
Balance as at 1 November 2019	6,209,500	8,182	6,217,682
Acquisitions	-	-	-
Balance as at 31 October 2020	<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 2019).

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

17 Trade and other payables

<i>In AUD</i>	2020	2019
Current		
Trade payables	4,071,410	3,831,161
Accrued expenses and other payables	10,816,323	4,854,730
Income received in advance	318,393	375,178
	<u>15,206,126</u>	<u>9,061,069</u>

18 Provisions

<i>In AUD</i>	2020	2019
Current		
Loyalty points	253,795	288,902
	<u>253,795</u>	<u>288,902</u>

19 Employee benefits

<i>In AUD</i>	2020	2019
Current		
Liability for long service leave	1,476,716	1,702,723
Liability for annual leave	1,428,314	1,496,293
	<u>2,905,030</u>	<u>3,199,016</u>
Non-current		
Liability for long service leave	202,398	183,106

20 Loans and borrowings

<i>In AUD</i>	2020	2019
Current		
Bank loan facility	-	40,260,000
Non-current		
Bank loan facility	<u>32,600,000</u>	-

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

20 Loans and borrowings (continued)

The Club's borrowings as at 31 October 2020 were \$32,600,000 and have been classified as non-current liabilities as the facility has been re-financed to Commonwealth Bank of Australia in 2020 with date of maturity being 30 October 2023. In 2019 they were accounted for as current liabilities (\$40,260,000) as they were due to mature in 2020.

The Club has access to the following lines of credit:

	Cash Advance Facility 1	Cash Advance Facility 2	Asset Finance Facility	Total loan facility
<i>In AUD</i>				
Total facility limit	32,000,000	13,500,000	3,500,000	49,000,000
Facilities utilised at reporting date	32,000,000	600,000	-	32,600,000
Facilities not utilised at reporting date	-	12,900,000	3,500,000	16,400,000
Maturity date	28/10/2023	28/10/2023	28/10/2023	

Security:

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

- Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 26, 64 and 70 Bridge Road, Belmore, NSW 2192.
- Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 82 and 84 Memorial Ave, Liverpool, NSW 2170.
- Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 376 Burwood Road, Belmore, NSW 2192.
- Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 28 Gladstone Street, Belmore, NSW 2192.
- Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 26 and 32 Quigg Street, Lakemba, NSW 2195.
- Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 20-21 The Boulevarde, Lakemba, NSW 2195.
- Mortgage by Canterbury League Club Limited ACN 000 191 248 over the property located at 61 Moxon Road, Punchbowl, NSW 2196.

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 2020

21 Leases

As lessee

a) Right of use assets

In AUD

	Gaming machine entitlements	Total
Balance at 1 November 2019	1,881,298	1,881,298
Depreciation charge for the year	(414,660)	(414,660)
Balance at 31 October 2020	<u>1,466,638</u>	<u>1,466,638</u>

b) Lease liabilities included in the statement of financial position

In AUD

	2020	2019
Current	406,599	392,849
Non-current	1,070,452	1,421,711
	<u>1,477,051</u>	<u>1,814,560</u>

c) Amounts recognised in profit or loss

Interest on lease liabilities

59,938 31,888

d) Amounts recognised in statement of cash flows

Total cash outflow for leases

337,509 227,333

As lessor

The Company leases out its investment property. At 31 October, the future minimum lease payments under non-cancellable leases were receivable as follows.

In AUD

	2020	2019
Less than one year	65,000	80,530
Two to five years	208,000	16,250
	<u>273,000</u>	<u>96,780</u>

22 Commitments

In AUD

Capital works

Capital works contracted for but not yet completed

153,780 356,040

153,780 356,040

Other commitments

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

5,880,000 5,680,000

5,880,000 5,680,000

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

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>	2020	2019
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 Canterbury Bankstown Bulldogs Rugby League Club Limited, with a letter confirming that it will provide financial and other support (including grants and loans) that the Directors determine, is within its capacity and that is necessary for at least the next twelve months from the date of approval of the Company's financial statements for the year ended 31 October 2020.		

24 Related parties

Canterbury Bankstown Bulldogs Rugby League Club Limited

Pursuant to AASB 10 *Consolidated Financial Statements*, the parent and 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>	2020	2019
Director honorariums and other related expenses	87,498	188,919

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

<i>In AUD</i>	2020	2019
Short-term and long-term employee benefits and termination payments	1,670,549	1,338,002

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 2020

24 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 League Club Limited are also Directors of Canterbury Bankstown Bulldogs Rugby League Club Limited:

Mr John Patrick Ballesty (1 November 2019 to 9 October 2020)

Mr Paul Anthony Dunn (1 November 2019 to 6 October 2020)

Mr Dimitrios (Jim) Koutsouklakis (16 October 2020 to current)

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 2020 financial year, the Company paid nil (2019: \$289) for shuffleboard supplies to Steve Mortimer Marketing Promotions Pty Ltd, a company associated with Mr Stephen Mortimer. The Company also paid \$10,000 (2019: \$12,000) 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 2020 financial year, the Company paid nil (2019: \$127,062) for outdoor advertising to The 360 Degree Media Group, a company associated with Mr Paul Anthony Dunn. The transaction was under arm's length terms and conditions.

Transactions with Canterbury Bankstown Bulldogs Rugby League Club Limited

During the year, the Company had the following transactions with Canterbury Bankstown Bulldogs Rugby League Club Limited:

- d) During the year the Club paid \$2,458,333 (2019: \$4,855,000) as sponsorship to Canterbury Bankstown Bulldogs Rugby League Club Limited. Furthermore, the Club paid grants to the Junior League amounting to \$166,667 (2019: \$425,000).
- e) An amount of \$100,000 (2019: \$100,000) was paid as corporate hospitality to Canterbury Bankstown Bulldogs Rugby League Club Limited.
- f) Certain players of Canterbury Bankstown Bulldogs Rugby League Club Limited have paid rent amounting to \$14,555 (2019: \$28,994) to the Company. All transactions have been executed at commercial rates. Furthermore, additional property was provided to certain junior players by the Company free of charge.
- g) 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 \$48,000 (2019: \$52,000).
- h) 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 nil (2019: \$39,372).
- i) IT personnel from Canterbury League Club Limited has been seconded to Canterbury Bankstown Bulldogs Rugby League Club Limited for the year. Total payment received was \$9,167 (2019: \$10,000).
- j) 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 \$56,239 as at 31 October 2020 (2019: \$132,632).

Canterbury League Club Limited

Notes to the financial statements (continued)

For the year ended 31 October 2020

24 Related parties (continued)

Transactions with Canterbury Bankstown Bulldogs Rugby League Club Limited (continued)

- k) At year end, an amount of nil (2019: \$19,750) was receivable from Canterbury Bankstown Bulldogs Rugby League Club Limited and nil (2019: \$210,486) was payable to Canterbury Bankstown Bulldogs Rugby League Club Limited.

During the year there have been other transactions between Canterbury Bankstown Bulldogs Rugby League Club Limited and the Company, such as purchases of merchandise and game tickets. All transactions have been executed on commercial terms.

25 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.

26 Impact of COVID-19

The significance of the economic and financial impacts from the downturn in trade and the related quarantine and isolation practices resulting from COVID-19 is unprecedented. On 23 March 2020 registered clubs in NSW were forced to close by a Health Order of the NSW Government. During the closure the Club sought to mitigate the financial and earnings impacts through a range of actions including: deferring payments in consultation with its creditors, reducing operating and capital expenditure, reduced hours (salaries) of all staff, and accessing the Federal Government's JobKeeper scheme. Subsequent amendments to the Health Order permitted reopening from 1st June 2020, this was subject to capacity restrictions and social distancing rules. The club employed a Covid Safety Manager to oversee the increased compliance responsibility and costs brought by the ongoing changes to the NSW Health Orders. The club has continued to operate limited services and facilities since 1st June 2020 including a reduction in the number of gaming machines, which has impacted revenue. The Club is committed to prioritising the health, safety and wellbeing of its people, partners, customers and the community.

Whilst it is not possible to accurately determine the nature or extent of the impacts of Covid 19, it is possible that they will be material to the Club. Based on the club's response to the matter, and the information available, the Directors believe that the club will remain a going concern.

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 34, 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 2020 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.



Paul Dunn
Director

Dated at Belmore this 15th day of December 2020.



Independent Auditor's Report

To the members 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 2020 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 2020
- 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 members 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 members 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

Cameron Roan

Partner

Sydney

15 December 2020