
St George Leagues Club Limited
ABN 77 000 151 020
and its Controlled Entity

Annual Financial Report
31 October 2010

St George Leagues Club Limited and its Controlled Entity

Directors' Report

Your directors present their report together with the financial report of St George Leagues Club Limited and its controlled entity (the consolidated entity) for the year ended 31 October 2010 and the auditor's report thereon.

Directors

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

Harvey Warren Lockwood
Ralph Gordon Piggott
Peter Lawrence Doust
Brian Stuart Johnston
Bruce William Spaul
Peter Ernest Black
James Alexander Farmer
Craig Stephen Young
Martin Newman

Information on directors

The information on directors is as follows:

Harvey Warren Lockwood	→	Chairman
	→	Consultant
	→	Director, St George District Rugby League Football Club Limited
	→	Director, St George Illawarra Rugby League Football Club Pty Limited
Ralph Gordon Piggott	→	Deputy Chairman
	→	Company Director
	→	Director, St George District Rugby League Football Club Limited
Peter Lawrence Doust	→	Executive Director and Chief Executive Officer, St George Illawarra Rugby League Football Club Pty Limited
	→	Director, St George District Rugby League Football Club Limited
Brian Stuart Johnston	→	Company Director
	→	Director, St George District Rugby League Football Club Limited
	→	Director, St George Illawarra Rugby League Football Club Pty Limited
Bruce William Spaul	→	Chartered Accountant
	→	Director, St George District Rugby League Football Club Limited
Peter Ernest Black	→	Sales Manager
	→	Director, St George District Rugby League Football Club Limited
	→	Director, St George Illawarra Rugby League Football Club Pty Limited
James Alexander Farmer	→	Retired Security Officer
	→	St George Leagues Club Sports Council
Craig Stephen Young	→	Coaching and Development Officer
	→	Director, St George District Rugby League Football Club Limited
Martin Newman	→	Company Director
	→	Director, St George District Rugby League Football Club Limited

St George Leagues Club Limited and its Controlled Entity

Directors' Report (continued)

Directors' meetings

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

Director	BOARD MEETINGS	
	Number of meetings attended	Number of meetings held *
Harvey Warren Lockwood	12	12
Ralph Gordon Piggott	12	12
Peter Lawrence Doust	12	12
Brian Stuart Johnston	11	12
Bruce William Spaul	11	12
Peter Ernest Black	11	12
James Alexander Farmer	10	12
Craig Stephen Young	8	12
Martin Newman	11	12

* Number of meetings held during the time the director held office during the year.

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 October 2010 was 29,798 (2009: 28,020).

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that they are a member or within one year thereafter. The total amount that the members of the company are liable to contribute if the company is wound up is \$59,596 (2009: \$56,040).

Operating Result

The net loss before tax of the consolidated entity for the year amounted to \$969,347 compared with a loss of \$1,174,565 for the previous year. This resulted after charging \$2,870,179 (2009: \$2,419,586) for depreciation and amortisation and before charging \$146,795 (2009: \$69,944 credited) for income tax.

St George Leagues Club Limited and its Controlled Entity

Directors' Report (continued)

Short and long term objectives

The principle long and short term objectives of the company are to operate a licensed social Club for the use of the members and their guests and to promote and foster the playing of Rugby League Football in the St George district and elsewhere.

Strategy for achieving the objectives

The Board of Management regularly address cash flow forecasts and apply budgetary controls to ensure that the objectives are achieved.

Principal activities

The principal activities of the economic entity during the financial year were that of a licensed social Club and controlling the operations of the St George District Rugby League Football Club Limited.

There have been no significant changes in the nature of these activities during the year.

How these activities assist in achieving the objectives

These activities generate funds to achieve the objectives of providing facilities and promoting and fostering the playing of rugby league football.

Performance measurement and key performance indicator

A number of performance indicators are employed by the Club in order to measure and improve the Club's performance. The Club uses gross profit percentage and wages to sales percentage to measure the financial performance of each department.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 4.

Signed in accordance with a resolution of the directors.

Dated at Kogarah this 1st day of February 2011.

Harvey Warren Lockwood
Director

St George Leagues Club Limited and its Controlled Entity Auditor's Independence Declaration



Chartered Accountants
& Business Advisers

As lead auditor for the audit of the consolidated entity for the year ended 31 October 2010, I declare that to the best of my knowledge and belief there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect to St George Leagues Club Limited and its controlled entity during the year.

PKF

Paul Cheeseman
Partner

1 February 2011

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St George Leagues Club Limited and its Controlled Entity Independent Audit Report



Chartered Accountants
& Business Advisers

To the members of St George Leagues Club Limited

Report on the Financial Report

We have audited the accompanying financial report of St George Leagues Club Limited and its controlled entity, which comprises the Statement of Financial Position as at 31 October 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the Directors' Declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

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St George Leagues Club Limited and its Controlled Entity Independent Audit Report (continued)



Auditor's Opinion

In our opinion the financial report of St George Leagues Club Limited and its controlled entity is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the entity's financial position as at 31 October 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and

PKF

Paul Cheeseman
Partner

1 February 2011

St George Leagues Club Limited and its Controlled Entity Directors' Declaration

The directors of St George Leagues Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 8 to 36, 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 2010 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and Corporations Regulations 2001.
- (b) 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 the directors.

Dated at Kogarah this 1st day of February 2011.

Harvey Warren Lockwood
Director

St George Leagues Club Limited and its Controlled Entity
Statement of Comprehensive Income
For the Year Ended 31 October 2010

	Note	2010 \$	2009 \$
Revenue from continuing operations			
Sale of goods		5,760,541	5,748,917
Rendering of services		33,049,184	35,127,619
Other revenue		224,999	240,197
		<hr/>	<hr/>
Total revenue from continuing operations	2	39,034,724	41,116,733
		<hr/>	<hr/>
Expenses			
Cost of goods sold		(2,444,593)	(2,534,264)
Write down of inventory to net realisable value	3	(9,800)	(10,925)
Employee benefits expense		(10,850,852)	(10,912,580)
Poker machine duty and CMS expense		(9,373,061)	(10,130,366)
Occupancy expenses		(4,509,579)	(4,319,701)
Promotion and games expenses		(5,129,698)	(5,209,253)
Depreciation and amortisation expense	3	(2,830,092)	(2,198,965)
Other expenses from ordinary activities		(1,643,370)	(1,646,821)
		<hr/>	<hr/>
		(36,791,045)	(36,962,875)
		<hr/>	<hr/>
Earnings before finance costs, share in loss from Narellan Properties, gain on revaluation and football clubs and community development and support expenditure		2,243,679	4,153,858
Share in loss from Narellan Properties	3	(39,964)	(823,966)
Impairment loss - intangible assets	3	(30,667)	-
Finance costs	3	(96,883)	(2,625)
Gain on revaluation of investment properties	3	295,000	-
Football clubs and community development and support expenditure	4	(3,340,512)	(4,501,832)
		<hr/>	<hr/>
Loss before income tax expense		(969,347)	(1,174,565)
Income tax benefit/(expense)	5(a)	(146,795)	69,944
		<hr/>	<hr/>
Net loss from continuing operations after income tax expense attributable to members	20	(1,116,142)	(1,104,621)
		<hr/>	<hr/>
Other comprehensive income			
Share of other comprehensive income from Narellan Properties partnership	19	-	1,473,762
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax		-	1,473,762
		<hr/>	<hr/>
Total comprehensive income for the year		(1,116,142)	369,141
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 12 to 36.

St George Leagues Club Limited and its Controlled Entity
Statement of Financial Position
As at 31 October 2010

	Note	2010 \$	2009 \$
Current Assets			
Cash and cash equivalents	6	3,099,277	3,535,580
Trade and other receivables	7	115,753	384,650
Inventories	8	376,717	422,230
Assets classified as held for sale	10	695,000	-
Other	11	381,401	338,550
Current tax asset	5(b)	37,456	104,436
TOTAL CURRENT ASSETS		4,705,604	4,785,446
Non-Current Assets			
Trade and other receivables	7	7,429	7,429
Financial assets	9	173,482	133,446
Property, plant and equipment	12	44,791,691	40,474,639
Investment property	13	1,650,000	2,050,000
Intangible assets	14	133,333	44,000
Deferred tax assets	5(c)	195,761	186,343
TOTAL NON-CURRENT ASSETS		46,951,696	42,895,857
TOTAL ASSETS		51,657,300	47,681,303
Current Liabilities			
Trade and other payables	15	3,933,955	3,443,634
Employee benefits	17	2,440,986	2,392,597
Financial liabilities	16	889,678	89,506
Other current liabilities	18	442,257	394,296
TOTAL CURRENT LIABILITIES		7,706,876	6,320,033
Non-Current Liabilities			
Trade and other payables	15	28,708	100,349
Employee benefits	17	99,310	161,166
Financial liabilities	16	3,811,129	169,876
Deferred tax liabilities	5(d)	490,889	334,676
Other non-current liabilities	18	183,776	142,449
TOTAL NON-CURRENT LIABILITIES		4,613,812	908,516
TOTAL LIABILITIES		12,320,688	7,228,549
NET ASSETS		39,336,612	40,452,754
Members' Funds			
Reserves	19	1,473,762	1,473,762
Retained profits	20	37,862,850	38,978,992
TOTAL MEMBERS' FUNDS		39,336,612	40,452,754

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 12 to 36.

St George Leagues Club Limited and its Controlled Entity
Statement of Changes in Equity
For the Year Ended 31 October 2010

	Reserves	Retained	Total
	\$	Earnings	Equity
	\$	\$	\$
Balance at 1 November 2008	-	40,083,613	40,083,613
Net loss for the year	-	(1,104,621)	(1,104,621)
Other comprehensive income for the year	1,473,762	-	1,473,762
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	1,473,762	(1,104,621)	369,141
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2009	1,473,762	38,978,992	40,452,754
	<hr/>	<hr/>	<hr/>
Net loss for the year	-	(1,116,142))	(1,116,142)
Other comprehensive income for the year	-	-	-
	<hr/>	<hr/>	<hr/>
Total comprehensive income for the year	-	(1,116,142)	(1,116,142)
	<hr/>	<hr/>	<hr/>
Balance at 31 October 2010	1,473,762	37,862,850	39,336,612
	<hr/>	<hr/>	<hr/>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes set out on pages 12 to 36.

St George Leagues Club Limited and its Controlled Entity
Statement of Cash Flows
For the Year Ended 31 October 2010

	Note	2010 \$	2009 \$
Cash Flow From Operating Activities			
Cash receipts in the ordinary course of operations		42,995,541	47,361,525
Cash payments in the course of operations		(37,181,913)	(37,999,121)
Grants to football clubs		(3,080,000)	(2,750,000)
Community development and support expenditure		(500,425)	(581,211)
Rent received		176,915	120,992
Interest received	2	39,534	53,414
Income taxes paid	5(b)	(51,435)	(80,420)
Income taxes refunded	5(b)	118,415	124,956
		<hr/>	<hr/>
Net cash inflow from operating activities		2,516,632	6,250,135
		<hr/>	<hr/>
Cash Flow from Investing Activities			
Proceeds from sale of property, plant and equipment		41,926	25,911
Payment for property, plant and equipment		(7,108,446)	(7,131,343)
Payment for intangible assets		(120,000)	-
Capital contribution – Narellan Properties		(15,000)	(100,000)
Loan to Rugby League Country Club		(35,000)	-
Loan to Narellan Properties		(30,000)	-
		<hr/>	<hr/>
Net cash outflow from investing activities		(7,266,520)	(7,205,432)
		<hr/>	<hr/>
Cash Flow from Financing Activities			
Finance lease payments		(82,640)	(20,820)
Proceeds from borrowings		4,404,306	-
Proceeds from hire purchase agreements		-	34,710
Hire purchase payments		(8,081)	(19,526)
		<hr/>	<hr/>
Net cash inflow/(outflow) from financing activities		4,313,585	(5,636)
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(436,303)	(960,933)
Cash and cash equivalents at the beginning of the financial year		3,535,580	4,496,513
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	6	3,099,277	3,535,580
		<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 12 to 36.

St George Leagues Club Limited and its Controlled Entity

Notes to the Financial Statements

For the Year Ended 31 October 2010

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001*.

In preparing the financial report the company has taken the exemptions available to non profit entities.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements

The financial statements of the St George Leagues Club Limited and its Controlled Entity comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

Historical Cost Convention

These financial statements have been prepared on an accruals basis and are based on historical costs modified where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(b) Principles of Consolidation

A controlled entity is any entity over which St George Leagues Club Limited has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 26 to the financial statements.

As at reporting date, the assets and liabilities of the controlled entity have been incorporated into the consolidated financial statements as well as their results for the year then ended.

All inter-group balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation.

(c) Revenue Recognition – Note 2

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised when the services are provided.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(c) Revenue Recognition – Note 2 (continued)

Interest Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Sale of Property, Plant and Equipment

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as revenue at the date control of the asset passes to the buyer.

Contribution of Assets

Contributions of assets and contributions to assist in the acquisition of assets, being non-reciprocal transfers, are recognised as revenue at the fair value of the asset received when the company gains control of the contribution, except when the contributions are by owners.

(d) Goods and Services Tax

Revenues, 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 Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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, except for the GST component of investing and financing activities which are disclosed as operating cash flows.

(e) Income Tax – Note 5

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the Statement of Financial Position date.

Deferred tax is accounted for using the comprehensive Statement of Financial Position liability method whereby:

- The tax consequences of recovering (settling) all assets (liabilities) are reflected in the financial statements;
- Current and deferred tax is recognised as income or expense except to the extent that the tax relates to equity items or to a business combination;
- A deferred tax asset is recognised to the extent that it is probable that future taxable profit will be available to realise the asset;
- Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(e) Income Tax – Note 5 (continued)

The parent entity adopts the principle of mutuality and is liable for income tax only on income derived from non-members and from investments.

The controlled entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(f) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(g) Cash and Cash Equivalents - Note 6

Cash and cash equivalents include cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts.

(h) Trade and Other Receivables – Note 7

Trade debtors and other receivables represent the principal amounts due at balance date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

(i) Inventories – Note 8

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(j) Leased Assets

Leases under which the company assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases – Note 16

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

Operating Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

St George Leagues Club Limited and its Controlled Entity

Notes to the Financial Statements

For the Year Ended 31 October 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(k) Financial Assets – Note 9

The economic entity classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(l) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available-for-sale securities is based on quoted market prices at the Statement of Financial Position date. The quoted market price used for financial assets held by the economic entity is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

(m) Property, Plant and Equipment – Note 12

All property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company/group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Leasehold improvements	10 years
Plant and equipment	10 years
Poker machines	5 years
Motor vehicles	6 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(n) Investment Property – Note 13

Investment property, principally comprising freehold buildings, is held for long-term rental yields and is not occupied by the company. Investment property is carried at fair value.

(o) Intangible Assets – Note 14

Poker Machine Entitlements

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

(p) Trade and Other Payables – Note 15

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(q) Employee Benefits – Note 17

Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Superannuation Plans

The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

1 Summary of Significant Accounting Policies (continued)

(r) Financial Liabilities— Note 16

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of borrowings using the effective interest method.

Borrowings are classified as non-current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of Financial Position date.

(s) Comparatives

Comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) Customer Loyalty Program

The company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

(u) New Accounting Standards and Interpretations

Adoption of New Accounting Standards

Early adoption of standards

The entity has elected to apply the following pronouncements to the annual reporting period beginning 1 November 2009:

- AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The early adoption of AASB 1053 enables the entity to be part of the Tier 2 reporting requirements for general purpose financial statements. The Tier 2 reporting framework comprises the recognition and measurement requirements of Tier 1 but substantially reduced disclosure requirements. The entity is eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements and has adopted the requirements of the standard effective from the financial year ended 31 October 2010.

(v) Interest in Joint Ventures

The joint venture is jointly controlled by the consolidated entity and other entity. The economic entity's interest is accounted for by using the equity accounting principles in the consolidated financial statements.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

2 Revenue from Continuing Operations

	2010 \$	2009 \$
Operating Activities		
Sale of Goods Revenue		
Bar sales	1,797,149	1,846,418
Catering sales	3,902,303	3,863,675
Merchandise sales	61,089	38,824
	5,760,541	5,748,917
Rendering of Services Revenue		
Poker machine net clearances	31,912,426	33,807,103
Members' subscriptions	113,425	287,967
Commission received	351,848	351,605
Other revenue	671,485	680,944
	33,049,184	35,127,619
Other Revenues		
Grant received	-	47,195
Interest received	39,534	53,414
Rent received	166,515	115,792
Sundry income	18,950	23,796
	224,999	240,197
Total other revenue	224,999	240,197
Total revenue from continuing operations	39,034,724	41,116,733

3 Expenses

	2010 \$	2009 \$
Loss before income tax expense includes the following specific items:		
Interest paid	94,623	-
Hire purchase charges	2,260	2,625
	96,883	2,625
Finance costs	96,883	2,625

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

3 Expenses (continued)

	2010 \$	2009 \$
Loss before income tax expense includes the following specific items (continued):		
Depreciation and amortisation		
Buildings depreciation	525,548	89,940
Plant and equipment depreciation	2,239,486	2,091,536
Leased assets amortisation	65,058	17,489
	<hr/>	<hr/>
	2,830,092	2,198,965
	<hr/>	<hr/>
Leasehold improvements	40,087	220,621
	<hr/>	<hr/>
Write down of inventories to net realisable value	9,800	10,925
	<hr/>	<hr/>
Net expense from movements in provision for		
Employee benefits	(13,467)	100,755
Impairment of receivables	2,000	-
	<hr/>	<hr/>
Net loss on disposal of non-current assets	4,869	79,629
	<hr/>	<hr/>
Impairment losses - intangible assets	30,667	-
	<hr/>	<hr/>
Net gain on revaluation of investment properties	295,000	-
	<hr/>	<hr/>
Share in loss from Narellan Properties Partnership	39,964	823,966
	<hr/>	<hr/>
Defined contribution superannuation expense	1,086,108	1,109,143
	<hr/>	<hr/>

4 Football Clubs and Community Development and Support Expenditure

Amortisation of improvements to Jubilee Oval	40,087	220,621
Community development and support expenditure	500,425	581,211
Grant to St George Illawarra District Rugby League Football Club Pty Ltd	2,800,000	3,700,000
	<hr/>	<hr/>
	3,340,512	4,501,832
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

5 Income Tax

St George Leagues Club Limited is liable for income tax, based upon income derived from non-members and from investments in outside entities. In view of these special circumstances, it is not appropriate to compare income tax payable with the net profit disclosed in the Statement of Comprehensive Incomes.

The consolidated entity, St George District Rugby League Football Club Limited, is exempt from income tax under Section 50-45 of the Income Tax Assessment Act (1997).

(a) Income Tax Expense

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.

	2010	2009
	\$	\$
The amount set aside for income tax in the Statement of Comprehensive Incomes has been calculated as follows:		
Portion of income attributable to non-members	6,832,188	7,775,643
Less: Portion of expenses attributable to non-members	(5,653,031)	(6,114,713)
	<hr/>	<hr/>
Add: Other assessable income	1,179,157	1,660,930
Less: Other deductible expenses	612,549	569,687
Tax loss carried forward	(1,857,789)	(2,354,037)
	66,083	123,420
	<hr/>	<hr/>
Net income subject to tax	-	-
	<hr/>	<hr/>
Current income tax applicable to above at 30%	-	-
Increase in deferred tax liability	156,213	27,475
Increase in deferred tax asset	(9,418)	(47,283)
Under/(overprovided) in prior year	-	(50,136)
	<hr/>	<hr/>
Income tax attributable to operating profit	146,795	(69,944)
	<hr/> <hr/>	<hr/> <hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

5 Income Tax (continued)

	2010	2009
	\$	\$
(b) Current Tax (Asset)/Liabilities		
Movements during the year:		
Balance at beginning of year	(104,436)	(98,836)
Income tax paid	(51,435)	(80,420)
Refunds received	118,415	124,956
Current year's income tax expense on profit	-	-
Over provision in prior year	-	(50,136)
	<hr/>	<hr/>
	(37,456)	(104,436)
	<hr/>	<hr/>
(c) Deferred Tax Assets		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	136,529	146,735
Accruals	2,379	2,581
Tax losses	56,853	37,027
	<hr/>	<hr/>
Net deferred tax assets	195,761	186,343
	<hr/>	<hr/>
Movements		
Opening balance	186,343	139,060
Credited to the Statement of Comprehensive Incomes	9,418	47,283
	<hr/>	<hr/>
Closing balance	195,761	186,343
	<hr/>	<hr/>
(d) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
Depreciation	260,251	192,538
Revaluation of investment properties	230,638	142,138
	<hr/>	<hr/>
Net deferred tax liabilities	490,889	334,676
	<hr/>	<hr/>
Movements		
Opening balance	334,676	307,201
Charged to Statement of Comprehensive Incomes	156,213	27,475
	<hr/>	<hr/>
Closing balance	490,889	334,676
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

6 Cash and Cash Equivalents

Reconciliation of cash

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2010	2009
	\$	\$
Cash at bank and on hand	3,099,277	3,535,580
	<hr/>	<hr/>

7 Trade and Other Receivables

Current

Trade debtors	117,753	79,684
Provision for impairment of receivables	(2,000)	-
Goods and Services Tax (GST) receivable	-	3,225
Other debtors	-	1,741
Amounts receivable from:		
St George Illawarra Rugby League Football Club Pty Limited	-	300,000
	<hr/>	<hr/>
	115,753	384,650
	<hr/>	<hr/>

Non-Current

Other debtors	7,429	7,429
	<hr/>	<hr/>

8 Inventories

Current

Finished goods:		
Publications - at net realisable value	-	10,950
	<hr/>	<hr/>
Bar and catering stock	343,354	364,741
Memorabilia stock	33,363	46,539
	<hr/>	<hr/>
Finished goods at cost	376,717	422,230
	<hr/>	<hr/>

Write down of inventories to net realisable value recognised as an expense during the year ended 31 October 2010 amounted to \$9,800 (2009: \$10,925).

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

9 Financial Assets

	2010	2009
	\$	\$
Equity accounted investments		
Non-Current		
Share in Narellan Properties		
Current account	(705,380)	(665,416)
Capital account	713,762	698,762
	<hr/>	<hr/>
	8,382	33,346
Unsecured loan		
Rugby League Country Club Ltd	135,000	100,000
Narellan Properties	30,000	-
Interest in Joint Venture	100	100
	<hr/>	<hr/>
	173,482	133,446
	<hr/> <hr/>	<hr/> <hr/>

The parent entity has an interest in Narellan Properties Partnership, the principal activity of which is the rental of land ownership. During the year a capital contribution of \$15,000 was made. The interest held at 31 October 2010 was 8.50% (2009: 8.33%).

The interest in the partnership resulted in a share of loss of \$39,964 (2009: \$707,299 loss) to the entity.

10 Assets and Liabilities Classified as Held for Sale and Discounted Operation

(a) Assets classified as held for sale

Investment property	695,000	-
	<hr/>	<hr/>

During the year the residential premises located at 23 Lobb Crescent Beverley Park, NSW 2217 was placed on the open market for sale.

The property was sold 13 November 2010 for \$695,000. The directors are of the opinion the amount reflects the value at 31 October 2010.

11 Other Assets

Current		
Prepayments	381,401	338,550
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

12 Property, Plant and Equipment

	2010	2009
	\$	\$
Land and Buildings		
At cost	34,126,441	28,169,436
Accumulated depreciation	(927,037)	(401,489)
	<hr/>	<hr/>
	33,199,404	27,767,947
	<hr/>	<hr/>
Leasehold Improvements		
At cost	2,158,245	2,152,861
Less: Accumulated amortisation	(2,118,393)	(2,078,306)
	<hr/>	<hr/>
	39,852	74,555
	<hr/>	<hr/>
Total Land, Buildings and Leasehold Improvements	33,239,256	27,842,502
	<hr/>	<hr/>
Poker Machines		
At cost	14,929,881	13,289,661
Less: Accumulated depreciation	(10,215,599)	(8,975,913)
	<hr/>	<hr/>
	4,714,282	4,313,748
	<hr/>	<hr/>
Leased Poker Machines		
At cost	375,420	249,840
Less: Accumulated amortisation	(82,547)	(17,489)
	<hr/>	<hr/>
	292,873	232,351
	<hr/>	<hr/>
Plant and Equipment		
At cost	19,066,954	18,559,736
Less: Accumulated depreciation	(12,825,092)	(11,954,437)
	<hr/>	<hr/>
	6,241,862	6,605,299
	<hr/>	<hr/>
Motor Vehicles		
At cost	241,794	275,639
Less: Accumulated depreciation	(101,908)	(123,396)
	<hr/>	<hr/>
	139,886	152,243
	<hr/>	<hr/>
Total Plant and Equipment	11,388,903	11,303,641
	<hr/>	<hr/>
Capital Work In Progress	163,532	1,328,496
	<hr/>	<hr/>
Total Property, Plant and Equipment	44,791,691	40,474,639
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

12 Property, Plant and Equipment (continued)

Valuation

An independent valuation of the company's land and buildings was carried out as at 13 December 2010 on the basis of open market value for existing use resulted in a valuation of \$33,320,000. The directors are of the opinion the amount reflects the value at 31 October 2010. As land and buildings are recorded at cost the valuation has not been brought to account.

	2010	2009
	\$	\$
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Land and Buildings		
Carrying amount at beginning of year	27,767,947	22,318,648
Additions	4,628,509	978,585
Depreciation expense	(525,548)	(89,940)
Transfer from Capital Work in Progress	1,328,496	4,560,654
	<hr/>	<hr/>
Carrying amount at end of year	33,199,404	27,767,947
	<hr/> <hr/>	<hr/> <hr/>
Leasehold Improvements		
Carrying amount at beginning of year	74,555	295,176
Additions	5,384	-
Amortisation expense	(40,087)	(220,621)
	<hr/>	<hr/>
Carrying amount at end of year	39,852	74,555
	<hr/> <hr/>	<hr/> <hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

12 Property, Plant and Equipment (continued)

	2010	2009
	\$	\$
Reconciliations (continued)		
Poker Machines		
Carrying amount at beginning of year	4,313,748	4,100,301
Additions	1,735,245	1,615,622
Disposals	(16,455)	(81,439)
Depreciation expense	(1,318,256)	(1,320,736)
	<hr/>	<hr/>
Carrying amount at end of year	4,714,282	4,313,748
	<hr/> <hr/>	<hr/> <hr/>
Leased Poker Machines		
Carrying amount at beginning of year	232,351	-
Additions	125,580	249,840
Amortisation expense	(65,058)	(17,489)
	<hr/>	<hr/>
Carrying amount at end of year	292,873	232,351
	<hr/> <hr/>	<hr/> <hr/>
Plant and Equipment		
Carrying amount at beginning of year	6,605,299	5,272,672
Additions	522,498	2,067,678
Disposals	(2,452)	-
Depreciation expense	(883,483)	(735,051)
	<hr/>	<hr/>
Carrying amount at end of year	6,241,862	6,605,299
	<hr/> <hr/>	<hr/> <hr/>
Motor Vehicles		
Carrying amount at beginning of year	152,243	104,500
Additions	53,278	107,593
Disposals	(27,888)	(24,101)
Depreciation expense	(37,747)	(35,749)
	<hr/>	<hr/>
Carrying amount at end of year	139,886	152,243
	<hr/> <hr/>	<hr/> <hr/>
Capital Work In Progress		
Carrying amount at beginning of year	1,328,496	3,527,285
Additions	163,532	2,361,865
Transfer to Land and Buildings	(1,328,496)	(4,560,654)
	<hr/>	<hr/>
Carrying amount at end of year	163,532	1,328,496
	<hr/> <hr/>	<hr/> <hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

12 Property, Plant and Equipment (continued)

The following are core properties:

- 124 Princes Highway, Kogarah NSW 2217

The following are non-core properties:

- 23 Lobb Crescent, Beverley Park NSW 2217
- 27 Lobb Crescent, Beverley Park NSW 2217
- 29 Lobb Crescent, Beverley Park NSW 2217

13 Investment Property

	2010	2009
	\$	\$
Balance at the beginning of the year	2,050,000	2,050,000
Fair value adjustments	295,000	-
Classified as held for sale	(695,000)	-
	<hr/>	<hr/>
Balance at the end of the year	1,650,000	2,050,000
	<hr/> <hr/>	<hr/> <hr/>

(a) Valuation Basis

The investment properties held by the group were valued by an independent registered valuer at 13 December 2010 for \$1,650,000. The directors are of the opinion the valuation reflects the value at 31 October 2010.

(b) Leasing Arrangements

Investment properties comprise a number of residential properties that are leased to third parties. No leases contain an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. Properties' interests held under operating leases are classified as investment properties. No contingent rents are charged.

The investment properties are leased to tenants under short term operating leases with rentals payable monthly.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

14 Intangible Assets

	2010	2009
	\$	\$
Poker machine entitlements - at cost	196,000	76,000
Accumulated Impairment	(62,667)	(32,000)
	<hr/>	<hr/>
Net book amount	133,333	44,000
	<hr/>	<hr/>
Reconciliation		
Opening net book amount	44,000	44,000
Additions	120,000	-
Impairment	(30,667)	-
	<hr/>	<hr/>
Net book amount	133,333	44,000
	<hr/> <hr/>	<hr/> <hr/>

15 Trade and Other Payables

Current		
Unsecured liabilities		
Trade creditors	1,300,396	776,769
Goods and Services Tax (GST) payable	145,077	106,085
Sundry creditors and accruals	2,488,482	2,560,780
	<hr/>	<hr/>
	3,933,955	3,443,634
	<hr/> <hr/>	<hr/> <hr/>
Non-Current		
Sundry creditors and accruals	28,708	100,349
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

16 Financial Liabilities

	2010 \$	2009 \$
Current		
Secured		
Commercial bill	757,782	-
Finance lease liabilities	125,140	83,280
Hire purchase liabilities	6,756	6,226
	<hr/>	<hr/>
	889,678	89,506
	<hr/>	<hr/>
Non-Current		
Secured		
Commercial bill	3,646,524	-
Finance lease liabilities	146,820	145,740
Hire purchase liabilities	17,785	24,136
	<hr/>	<hr/>
	3,811,129	169,876
	<hr/>	<hr/>

Financing Arrangements

The company has access to the following lines of credit:

Total facilities available:		
Commercial bill	5,500,000	5,500,000
	<hr/>	<hr/>
Facilities utilised at reporting date:		
Commercial bill	4,404,306	-
	<hr/>	<hr/>
Facilities not utilised at reporting date:		
Commercial bill	1,095,694	5,500,000
	<hr/>	<hr/>

Security

The security for the commercial bill facility is:

1. First registered real property mortgage by St George Leagues Club Limited over the Commercial property located at 124 Princes Highway, Kogarah NSW 2217.
2. First registered fixed and floating charge over the assets and undertaking of St George Leagues Club Limited.
3. Charge over the liquor licence of the Club given by St George Leagues Club Limited.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

17 Employee Benefits

	2010	2009
	\$	\$
Current	2,440,986	2,392,597
Non-Current	99,310	161,166
(a) Aggregate employee benefit liability	2,540,296	2,553,763

Superannuation Plans

Contributions

The company is under a legal obligation to contribute 9% of each employee's salary base salary to a superannuation fund.

18 Other Liabilities

Current		
Income received in advance	442,257	394,296
Non-Current		
Income received in advance	183,776	142,449

19 Reserves

Financial Assets Reserve	1,473,762	1,473,762
Movements During the Year		
Asset Revaluation		
Balance at beginning of year	1,473,762	-
Revaluation increment	-	1,473,762
Balance at end of year	1,473,762	1,473,762

Nature and Purpose of Reserves

Financial Asset Reserve

The financial asset reserve records the entity's share of the revaluation arising from the Narellan Properties Partnership. Refer to Note 9.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

20 Retained Profits

	2010	2009
	\$	\$
Retained profits at the beginning of the financial year	38,978,992	40,083,613
Loss attributable to members of the entity	(1,116,142)	(1,104,621)
	<hr/>	<hr/>
Retained profits at the end of the financial year	37,862,850	38,978,992
	<hr/>	<hr/>

21 Commitments

	2010	2009
	\$	\$
Capital expenditure commitments		
Buildings		
Contracted but not provided for and payable		
Within one year	-	3,300,000
	<hr/>	<hr/>
	-	3,300,000
	<hr/>	<hr/>
Operating Lease Payable Commitments		
Future non-cancellable operating lease rentals of property, plant and equipment, not provided in the financial statements and payable:		
Within one year	75,000	75,000
One year or later and no later than five years	300,000	300,000
Later than five years	25,000	100,000
	<hr/>	<hr/>
	400,000	475,000
	<hr/>	<hr/>
Hire Purchase Commitments		
Hire purchase payments are payable as follows:		
Within one year	8,485	8,485
One year or later and no later than five years	19,496	27,577
	<hr/>	<hr/>
Minimum hire purchase payments	27,981	36,062
	<hr/>	<hr/>

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

21 Commitments (continued)

	2010	2009
	\$	\$
Finance Lease Commitments		
Finance lease commitments are payable:		
Within one year	125,140	83,280
One year or later and no later than five years	146,820	145,740
	<hr/>	<hr/>
Minimum lease payments	271,960	229,020
	<hr/> <hr/>	<hr/> <hr/>

22 Contingent Liabilities

Estimates of the potential financial effect of contingent liabilities that may become payable:

Bank Guarantees

Contingent liabilities with respect to bank guarantees given to third parties

86,300	50,000
<hr/>	<hr/>

Financial Support

The parent entity has given an undertaking of continued financial support to the St George District Rugby League Football Club Ltd and St George Illawarra Rugby League Football Club Pty Ltd.

At balance date the former had total member funds of \$49,313 (2009: \$6,567) and the latter had total members' funds of \$(158,818), (2009: \$(570,553)).

Mutuality Principle

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

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

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

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

23 Key Management Personnel

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Harvey Lockwood
 Ralph Piggott
 Peter Doust
 Brian Johnston
 Bruce Spaul
 Peter Black
 James Farmer
 Craig Young
 Martin Newman

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Danny Robinson	General Manager
Michael Derrig	Assistant General Manager
Garry Carr	Gaming Operations Manager

(c) Management Personnel Compensation

	2010	2009
	\$	\$
Benefits and payments made to the Directors and other Key Management Personnel named in (a) and (b) above	1,079,001	1,065,453
	<hr/>	<hr/>

24 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 23.

Transactions with the Company

Grants paid to St George Illawarra Rugby League Football Club Pty Ltd	2,800,000	3,700,000
Loan – St George Illawarra Rugby League Football Club Ltd	-	300,000
Sundry debtor – St George Illawarra Rugby League Football Club Pty Ltd	22,331	19,097

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchase re on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

25 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee.

The registered office of the company is:

St George Leagues Club Limited
124 Princes Highway
Kogarah NSW 2217

26 Controlled Entity

Subsidiary:	St George District Rugby League Football Club Ltd
Country of Incorporation:	Australia

27 Events Subsequent to Reporting Date

Apart from the sale of the investment property disclosed in Note 10, there are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

28 Parent Entity Financial Information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts.

	2010	2009
	\$	\$
Statement of Financial Position		
Current assets	4,570,226	4,696,465
Total assets	51,411,105	47,441,207
Current liabilities	7,556,487	6,153,701
Total liabilities	12,123,806	6,995,020
Members' funds		
Reserves	1,473,762	1,473,762
Retained earnings	37,813,537	38,972,425
	<hr/>	<hr/>
Total members' funds	39,387,299	40,446,187
	<hr/>	<hr/>
Loss for the year	(1,158,888)	(1,054,813)
	<hr/>	<hr/>
Total comprehensive income	(1,158,888)	418,949
	<hr/> <hr/>	<hr/> <hr/>

(b) Contingent liabilities of the parent entity

Refer to Note 22 for details of the contingent liabilities of the parent entity.

(d) Contractual commitments for the acquisition of property, plant and equipment

Refer to Note 21 for details of the commitments for capital expenditure of the parent entity.

St George Leagues Club Limited and its Controlled Entity
Notes to the Financial Statements
For the Year Ended 31 October 2010 (continued)

29 Customer Loyalty Program

Interpretation 13 - "Customer Loyalty Programmes" issued by the Australian Accounting Standards Board is effective for the financial reporting periods commencing from 1 January 2011. However, the company has early adopted the interpretation during the financial year ended 31 October 2010. Refer to note 1(t) for the basis of accounting of the points accumulated by the customers under the loyalty program.

The management estimates that the fair value of award credits by reference to the fair value of the award for which these award credits can be redeemed. The management also performs a reasonable assessment of the award credits that are expected to be redeemed based on the past history and the actual pattern of redemption of award credits.

In accordance with Interpretation 13 - "Customer Loyalty Programmes" adoption of this new interpretation would be in accordance with AASB 108 - "Accounting Policies, Changes in Accounting Estimates and Errors". Accordingly, retrospective application has to be done with effect from 1 October 2008.

The fair value of the accumulated points liability as at 31 October 2008 and 2009 are \$208,557 and \$284,910 respectively. Accordingly, the value as at 31 October 2008 amounting to \$208,557 has been adjusted to the opening retained earnings and the movement in the points liability of \$76,353 has been reduced from the poker machine net clearances for the year ended 31 October 2009.