

**CRONULLA-SUTHERLAND LEAGUES CLUB  
LIMITED AND CONTROLLED ENTITIES**

**ABN: 54 000 202 826**



# **ANNUAL REPORT**

**FINANCIAL REPORT  
FOR THE YEAR ENDED 31 OCTOBER 2017**



# 50 YEARS OF SHARKS

It all began in 1967, before Cronulla and the Sutherland Shire enjoyed the party of all parties some 49 years later as the perfect lead-in to the Club's 50th anniversary celebrations.

Fifty years of the Cronulla Sharks, all memorable in some way or another, a history littered with great players, determined administrators, famous coaches and near misses, culminating in a spectacular victory.

A history that has shaped the Sharks into what they are today as the Club now moves forward, forging ahead and towards what promises to be a long and successful future.

Arguably the biggest story in the Sharks 50 years, undoubtedly the greatest triumph, was the 2016 Grand Final win over Melbourne Storm. It was raw and emotional for many when skipper Paul Gallen hoisted the Provan-Summons Premiership trophy above his head, as cheers mixed with tears, the victory bringing enormous pride, joy and relief to countless fans, past players, coaches and officials.

As a result of the club's greatest-ever on-field success, the proverbial 'porch lights' were switched off all over the Sutherland Shire. But where did it all begin? How did the Cronulla Sharks come to be?

In recounting tales told from long ago, rugby league in the local district was played as early as 1911, just three years

after Dally Messenger had almost singlehandedly launched the game as a breakaway from rugby union.

Games were conducted at various Shire venues during the first half of the 20th century, from Frogs Hollow at Cronulla, to Miranda, to Sutherland, with 'representative' teams of the day playing in jersey colours of chocolate and gold.

The area started getting somewhat more serious about rugby league as the years rolled on, with Cronulla entering teams in the NSWRL second tier and junior rep competitions in 1964, encouraging results giving a clear indication that the talent was available and passion for the game was building.

In 1966 Cronulla would go 'all in' in their bid to join the 'big league', signing Dragons legend Ken Kearney as their coach and St George Premiership winner Monty Porter as captain.

A first-rate submission, put together by then-secretary Kevin McSweyn, was looked upon favourably, with Cronulla chosen ahead of Wentworthville and given the green light to join the Penrith Panthers in the NSWRL First Grade competition in 1967. It was then the sport of rugby league and 'their' team the Sharks, would become entrenched into the hearts and minds of Shire residents.

Visionary figures such as McSweyn, Bob Abbot, Bernie



# SHARKS TEAM OF THE HALF CENTURY

Beck, Dave Poulter, Peter Burns, Alan Milne and Arthur Wynn, in naming just a few, had an enormous influence off the field, men responsible for making the dream of a Cronulla team, competing at the highest level, a reality.

Hard working men with a genuine love for the club in Jack Stewart, Peter Gow and Barry Pierce were other officials to take the baton from the founding fathers and to run with it over the next five decades, leading committed Board's and dedicated staff.

The early days were a struggle, until a 'Pom' named Tommy Bishop, alongside a rugged veteran and fellow Englishman in Cliff Watson, a teenage sensation in Steve Rogers and one of the best of his era in Greg Pierce, battled their way into the 1973 Grand Final.

They didn't win that day, Manly emerging 10-7 victors, but it wasn't through lack of trying, the Sharks putting in the type of effort which has characterised the Cronulla club, both on and off the field ever since.

Norm Provan would guide the Sharks to a second premiership decider in 1978, controversially going down in a midweek Grand Final replay, with giants of the game such as John Raper, Jack Gibson and Arthur Beetson other notables to have coached the First Grade team. Like many others, they too were unable to deliver the success the club and its supporters desperately craved.

For all their efforts, the 1979 Amco Cup victory, with Immortals Rogers and Pierce famously lifting the trophy in unison, the only significant piece of silverware to show for all the Sharks endeavours until the breakthrough season of 2016.

The inspirational Gavin Miller and the great Andrew Ettingshausen did their best over many outstanding seasons, Matt Rogers and David Peachey amongst numerous others who lifted fans from their seats during wonderful Sharks careers, before captain courageous Paul Gallen and a supporting cast including Michael Ennis, Valentine Holmes, Wade Graham, Luke Lewis and Andrew

Fifita, were able to finally bring the trophy home.

It was as much a victory for Shane Flanagan and his 2016 playing group, as it was for the crew who back in 1967 got the ball rolling, the players and officials who sacrificed to keep the club afloat during critical financial hardships in the 1980's and those who fought the good fight during the Super League war of the late 1990's.

They named a Team of the Half Century at the 50th Anniversary Gala Dinner to kick off 2017, with the strength of the side emphasised by the quality of players left out. It was an event which celebrated the success of 2016, while paying tribute to the many to have laid the foundations in those 49 years previous and in honouring the men and women who had made it all possible.

The Sharks stand proud having paid their dues and learned some important lessons over 50 years, with members, fans and all concerned set to be the beneficiaries long into the future.

## SHARKS TEAM OF THE HALF CENTURY

- |                         |                     |
|-------------------------|---------------------|
| 1. David Peachey        | <i>Interchange</i>  |
| 2. Mat Rogers           | 14. Andrew Fifita   |
| 3. Steve Rogers         | 15. Brett Kimmorley |
| 4. Andrew Ettingshausen | 16. Steve Kneen     |
| 5. Valentine Holmes     | 17. Jason Stevens   |
| 6. James Maloney        |                     |
| 7. Tommy Bishop         | <i>Coach</i>        |
| 8. Cliff Watson         | Shane Flanagan      |
| 9. Michael Ennis        |                     |
| 10. Dane Sorensen       |                     |
| 11. Greg Pierce         |                     |
| 12. Gavin Miller        |                     |
| 13. Paul Gallen (c)     |                     |



# CHAIRMAN'S REPORT

The 2017 season has been a celebration of our 50 years in the World's top ranked rugby league competition, the National Rugby League. It all began on April 2, 1967 and we've come a long way since those humble beginnings at Sutherland Oval. We've witnessed many battles on the field and withstood many challenges off it. They have all shaped our Club into what it is today, the 'Club of Choice' for our members, fans, corporate partners, staff and players. While 2017 has been a year to reflect, remember and to honour those who came before us, it has also provided the platform to look forward to the future. 2017 was a celebration of Sharks then, Sharks now, Sharks forever, with all of us looking forward to the journey of the next 50 years. It is my pleasure to present the Cronulla-Sutherland Leagues Club Limited and Controlled Entities 2017 Annual Report.

## LICENCED CLUB

Our Licenced Club has had a productive and busy year with a strong focus not only on being a leading leisure and entertainment provider within the Sutherland Shire, but also being a place for our local community to celebrate, socialise and connect.

With the planned re-development of the Club, there has been little to no capital investment into the venue during the past few years, so the staff and Management should be proud of what they have been able to achieve in light of this.

As a quick snapshot, our 26,000 Licenced Club Members made over 175,000 visits to the Club.

We served over 87,000 meals, 3,500 being the ever-popular chicken schnitzel and poured in excess of 640,000 beverages, coffees and milkshakes across the year both in Southern Cross Group Stadium and the Club.

We hosted over 250 events during the 2017 financial year, our Showroom providing the ultimate event space for significant attractions such as The Wiggles, Playschool, the Sutherland Shire Business Awards, The National Bodybuilding Championships and the Cronulla Sharks Football Club Presentation Night – The Monty Porter Medal.

We again worked closely with our Intra Clubs and provided support to the various sporting and recreational organisations. These included:

- Baseball
- Basketball
- Billiards / Snooker
- Bowls – indoor
- Bowls – outdoor
- Golf – Ladies
- Gold – Men's
- Hockey
- Little Athletics
- Netball
- Photography
- Rugby Leagues
- Swimming
- Toastmasters
- Water polo

Excitingly we were once again finalists in the 2017 ClubsNSW Club and Community Awards. This year we were nominated in 2 categories, Clubs in Collaboration and Education.

The Clubs in Collaboration category recognises the combined efforts of groups of organisations that have developed and implemented projects which have had a vital impact across communities. It showcased our great work with our Development Partner, Capital Bluestone, Sutherland Shire Council and Sutherland Shire Family Services. Sutherland Shire Family Services are a locally based organisation who provide much needed support for victims of domestic violence, as well as providing critical services for families, programs for youth and the indigenous community. The project focussed on raising much needed funds and awareness in both the local and business community, surrounding domestic violence and the importance of not being a by-stander.

The second category was Education, which recognises educational and vocational advances that enhance the lives of those living in the community. Our Club, in partnership with career development organisation 'I Learn I Succeed', created a career-based, self-awareness and transition program for Sutherland Shire Indigenous high school students – Sharks Tomorrow's Stars.

The program sees indigenous students of high school age take part in career development workshops at Sharks Leagues Club, the venue making it an exciting and motivational environment for the students. Students experience a wonderful, action-filled learning atmosphere, meeting club personnel, NRL stars, and engaging with the NRL community. The 2017 program exceeded all expectations with an above 95% completion rate and incredibly positive feedback from students, parents and schools.

Both of these programs are integral to our local community and I am delighted that we are able to work closely with our partners to deliver such amazing outcomes.

**26,000**  
LEAGUES CLUB MEMBERS

**175,000**  
VISITS TO OUR LEAGUES CLUB

**87,000**  
MEALS SERVED

**640,000**  
BEVERAGES Poured

**CLUBS NSW CLUB AND COMMUNITY AWARDS FINALISTS**

## FOOTBALL CLUB

We have seen a successful year on-field across our entire football program. All credit to Head Coach, Shane Flanagan, his football department and coaching staff for instilling the important values of honesty, belief, discipline and consistent playing philosophies throughout the Club.

For only the second time in the Club's history we won the Club Championship. This is determined by season points accumulation between the NRL and NYC teams.

Our NRL team again had a solid year, finishing fifth in the home and away season, once again qualifying to play finals football. Unfortunately, our NRL Finals campaign was short-lived, bowing out in the first round to the Cowboys. Our first week Finals elimination was a timely reminder of the considerable advantage of finishing in the top four.

There have been some outstanding personal performances however across the NRL squad in 2017. We had three champion footballers and clubmen reach the 300-game milestone in Paul Gallen, Chris Heighington and Luke Lewis. An amazing achievement and a testament to their professionalism and hardworking attitude.

Our NYC Under 20's finished the home and away season seven-points clear as Minor Premiers and as standout Premiership favourites. Their Finals campaign however was unfortunately brief, the boys bowing out when defeated by the Sea Eagles in the Week 2, Elimination Final.

Similar to the NRL, there were some outstanding personal performances within the NYC team. Kyle Flanagan smashed the Holden Cup point scoring record achieving an amazing 354 points during the season. Additionally, Sione Katoa was the competition's leading try scorer with 23 tries. Six Sharks NYC players as well as coach John Morris were named in the NYC Team of the Year, while Billy Magoulias won the Players Association NYC Academic Player of the Year.

Our Club represented our state at every level, from 16's, 18's, 20's to the NSW Origin side, where we had four players in Andrew Fifita, Wade Graham, Jack Bird and James Maloney don the Blues' jersey. Valentine Holmes represented our rivals to the North.

At season's end we also contributed numerous players to the various nations competing in the Men's and Women's World Cups.

The success of our Junior Representative teams in 2017 proves we have a strong junior base and an effective pathways program. Our SG Ball (under 18's) team were crowned Minor Premiers, before being beaten in their Grand Final by Parramatta. Our Matthews Cup (under 16's) side, after finishing second, were eliminated in week two of the Finals by Canberra. Lastly our Club's inaugural Tarsha Gale Cup (girls under 18's) team came second after the home and away season and were then beaten by the Bulldogs in the Grand Final qualifier. We have most certainly set the benchmark for NSW Rugby League junior representative competitions, with our success attributed to the dedicated and experienced personnel within the Pathway and Academy Department.

In an NRL first, we launched the Cronulla Sharks inaugural Women's Series and in doing so removed the gap in the local rugby league pathway for women. The Cronulla Sharks Women's Series saw our female players compete in games

**NRL CLUB CHAMPIONS**

**\$30.8MILLION**  
IN MEDIA VALUE DELIVERED TO OUR PARTNERS

**15,000**  
FOOTBALL CLUB MEMBERS

**RANKED #1**  
IN THE NRL FOR MERCHANDISE

**RANKED #1**  
IN THE NRL FOR DIGITAL COMMUNICATIONS

contested under a Nines format and played prior to six NRL home matches at Southern Cross Group Stadium.

Off the field we also achieved great things during 2017. For the first time we exceeded 15,000 football club Members and more importantly we were rated second amongst all NRL clubs in overall Member satisfaction. Our Club maintained our first-place rank for overall member communication and second for social media content and engagement, with more than 333,000 people engaged via our channels. We also ranked first out of all NRL clubs for official NRL merchandise satisfaction.

Commercially we delivered \$30.8million in media value to our partners and had a culminative national TV audience of 12.4million. This represented a 37% year on year growth in TV audience, the highest growth in the NRL during 2017. Sponsorship revenue generated \$7.854million, an increase of 12.3% on 2016.

Our home games, the jewel in our crown, saw over 155,000 fans and Members pass through the Southern Cross Group Stadium turnstiles. Excitingly, our game against the Bulldogs on a Saturday night on May 27, saw the "Sold Out" signs go up with 20,500 rugby league fans in attendance. The same night also saw a record 2,000 young people participate in the renowned Sharks Dance Spectacular on field during half time.

### FINANCIAL PERFORMANCE

Full details of the financial performance can be found in the audited report. The Group reported a loss for the 2017 year of \$2.545 million. On the back of the Grand Final victory in 2016 and positive growth over the 2016 year, the Board made a decision to continue to invest in the business. Key investments that contributed to this cost growth were the Sharks Have Heart Foundation establishment costs, Women's Series and program establishment costs, abnormal staff costs, and write back of excess 2016 merchandise.

Another major factor to the book loss was the change in recognition of \$1.5million of NRL grant in advance negotiated by the 16 Club Chairmen in 2015 from revenue to a loan. When these adjustments are taken into consideration the result is flat to budget.

Football Club expenditure grew 8.4% whilst lower than 2016's 14%, this still outstripped revenue growth.

The Leagues Club also suffered from the reduced game day crowds with a decrease in revenue of 2.54%.

Overall the group had a negative cash flow of \$334k. This was a good result considering the overall performance. We were able to cover this from internal reserves and were not required to increase our external debt. The apparent worsening position of working capital is a reflection of the transitioning of loans from non-current in 2016 to current in 2017 as all the debt will be repaid within the 2018 financial year.

### OUR DEVELOPMENT

There's plenty of activity at our Woollooware Bay residential community next door.

In April, the Stage 2 purchasers will move into the first of the waterfront buildings – Cove and Landings. The two buildings and facilities are almost complete, with final touches being made floor by floor and to the resort-style pool that sits between Stage 1 and the Cove building.

Stage 3, comprised of Pier, Crest, Grove Terraces and Links, is currently on the market and many sales are either from people currently renting at Woollooware Bay, previous buyers or friends of people living there. The Crest building – the tallest on the eastern side of the site and closest to the stadium - will deliver another major facility for the residential community - a 'sky pool' and residents-only rooftop club space.

We're also happy to hear many local first home buyers have put their foot on an apartment in this latest release.

Following intensive consultation with the Club, community, Council and various State Government agencies, the proposed modification to the Concept Masterplan for the next stage of Woollooware Bay Town Centre is currently in the legislative process for a determination by the Planning Assessment Commission (PAC).

#### The proposed changes include:

- A 75-key hotel above the new Club;
- Gross Floor Area equivalent to around 250 apartments in

a mix of one, two and three-bedroom configurations - 5% of which is allocated to key worker/ affordable housing and 5 % allocated to first home buyers only - requiring 5% deposit;

- Additional car parking including the introduction of a carshare scheme and additional bike storage; and
- A \$1.4 million contribution to the upgrade of cycleways and footpaths linking the site throughout Woollooware and to Cronulla.

The next step in the process will be a public meeting and then a determination by the PAC. Each element of the enhancement of the town centre portion of Woollooware Bay is still subject to a DA process, where there will be opportunity for further input and comment.

The Club refurbishment is also progressing, with further design refinement underway. A construction commencement date is yet to be confirmed. We're excited about the detail in the new Club environment and look forward to sharing more information about the plans as they become more final.

### OUR PARTNERS

I would like to give our sincerest thanks to all our valued Major Partners and corporate supporters from the 2017 season - you are an integral part of Club. We receive such incredible support and we would not be able to achieve what we do, both on and off the field, without your commitment and true partnership.

A special welcome and thank you to Major Partners in Opal Solar, Bang & Olufsen, Woolworths and Heavy-Duty Plumbing, all joining us as new partners in 2017. We're delighted to have you as part of the Sharks family and we look forward to working together as we move into the 2018 season and beyond.

### OUR PEOPLE

Our team is geared for success and is consistently striving for excellence. We would not be the Club we are today without our dedicated and passionate staff. I would like to extend my thanks to all of you and would like to let you know your commitment, hard work, positive attitude and amazing output is greatly appreciated.

I would also like to take this opportunity to welcome Barry Russell our new Football Club CEO, and Tim McAleer our new Leagues Club CEO. Both Barry and Tim come to us with incredible experience and knowledge and are the best people to lead our Club into the future. They will provide clear and effective leadership and direction to ensure the foundations of our Club remain strong and that we are positioned for a successful and prosperous next 50 years.

To the board, thank you for giving your time voluntarily and so freely. Your expert advice and leadership is unrivalled and I want to extend my thanks for the support you have given me and to the Club during 2017.

**THANK YOU TO OUR MEMBERS**

These wonderful initiatives and great results would not be possible or meaningful without our devoted, generous and impassioned Members. We do what we do because of you. Our Club exists for you and we thank you for your unwavering support. We will continue to work towards providing you with a resilient and financially viable Club. One that you will continue to be proud of long into the future.



**Dino Mezzatesta**  
Club Chairman





In 2017 the Sharks Community department was rebranded Sharks Have Heart, creating a new identity for our community arm that sits alongside our Football Club.

Sharks Have Heart once again raised the bar in our level of engagement, donations, charity support and programming. Sharks Have Heart received over \$131,633.55 through donations, events and philanthropy which was dispersed back into our various community programs. These programs were targeted at:

- Inclusivity, diversity, anti-violence and anti-bullying
- Improving self-esteem, peer support and responsible decision making
- Positively impacting physical, mental and emotional wellbeing of youth

2017 was a record breaking year for our players who attended over 550 events which equated to a total of 2173 hours in the community. Charities benefited from over \$85,000 of support in the way of signed jerseys, footballs, match day tickets and opportunities to collect at home games and the NRL premiership trophy visited over 117 community events for a total of 378 hours. The Sharks Have Heart team also reached over 200,000+ individuals at the various community events we supported.

Sharks Have Heart did not just maintain and build on existing programs, it developed another two, to further our reach in the community, Mega Jaws and STOPit.

Mega Jaws was launched as a derivative of our school holiday clinics. Mega Jaws is run in partnership with Lifestart Miranda and gives young children with additional needs the opportunity to play a modified version of rugby league at Southern Cross Group Stadium, with the support of Sharks players and staff. The program services over forty kids a year and supports families and carers in need of respite.

# OUR C



Sharks Have Heart formed a partnership with STOPit. STOPit is a simple, fast and powerful solution to anonymously report inappropriate behaviour, deter bullying and mitigate reputational risks to schools and businesses. STOPit is a technology based software designed to complement our Make Bullying History program that will be offered free to Sharks schools and partners for the next three years.

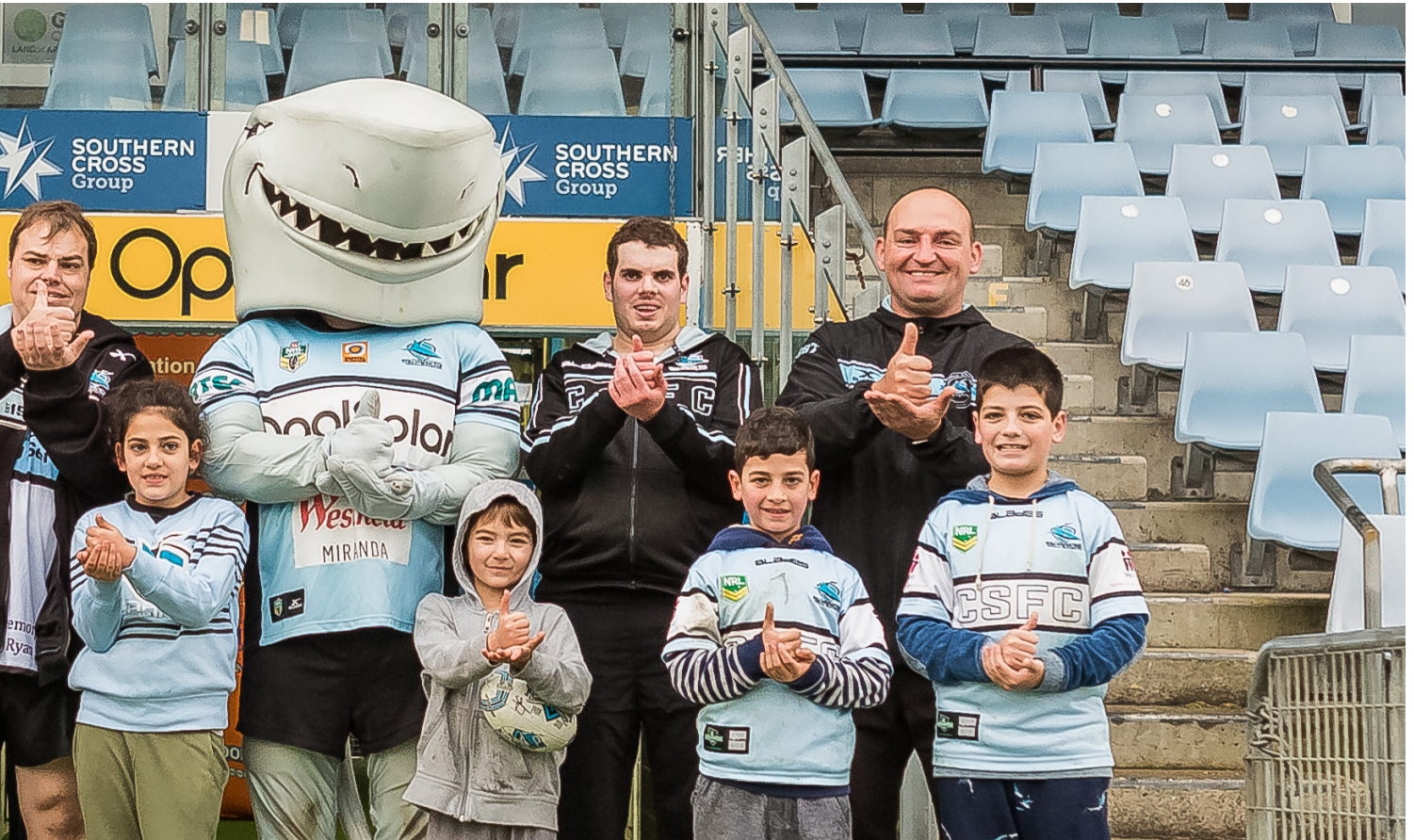
Sharks Have Heart continued to deliver and inspire through our Make Bullying History Initiative which has now been presented to a total of 49 schools and over 19,000 students in the Sutherland Shire since its launch in March 2016.

The Cronulla-Sutherland District Junior Rugby League experienced a spike in numbers during the 2017 season which involved over 4,800 registrations made up by an 11% female participation rate, one of the highest in the Sydney Metropolitan region. This was mainly due to the continuation of League Touch, the non-contact version of rugby league. The Sharks also supported the growth in junior rugby league by hosting a non-competition 6's, 7's and 8's gala day at Southern Cross Group Stadium, which is now set to become a perpetual event.

Cronulla Sharks Touch Reps in partnership with Taren Point Touch featured twelve teams and 140 participants representing men's, mixed, women's and juniors in the annual event in Port Macquarie. The Women's 30's were crowned champions with the under 12 girls also placing strongly, finishing in the top sixteen.

Sharks Have Heart launched the Club's inaugural Reconciliation Action Plan, which was endorsed at an Innovate stage by Reconciliation Australia in January 2017. A Reconciliation Action Plan is a framework that provides us with a structured approach to contribute to reconciliation within our

# COMMUNITY



community. Our existing programs also continued to support our community including Shark Buddies, Beauty Bank, School 2 Work, NRL All Stars Programs, Skills Development Program, Sharks10 Fun Run, school holiday clinics, Game On, Backyard League, all through the support of our Inclusivity and Diversity committee.

The Sharks Women's Series 9's played a total of seven games against other districts represented by NRL Clubs in 2017, six prior to Sharks NRL home games. The popular concept saw the Sharks win six from seven games. Contracted players for the Sharks featured the likes of Jillaroos Captain, Ruan Sims, Allana Ferguson, Corban McGregor, Talesha Quinn, Jessica Sergis and Nita Maynard. The NRL have since proposed a 2018 NRL Women's Premiership competition to align with the later part of the NRL season. The Sharks Women's Series was a key factor in the NRL's decision to fast track women's rugby league at the elite level.

Sam Tagataese was the first Sharks player since Jason Stevens back in 2005 to win the prestigious Ken Stephen Medal. Sam was rewarded for his hard work off the field during the 2017 season providing food hampers to disadvantaged families through a not for profit charity, 'Borderless Communities'. Sam invested over 200 hours of his own time volunteering on his days off from training to support others who are not so fortunate. Tagataese volunteered once a week and joins the likes of former Sharks players including, Jason Stevens, David Peachey and Andrew Ettingshausen as previous winners of the award.

Our Leagues Club offered its support to numerous community organisations throughout 2017, with a total of \$58,252.63 cash and in-kind donations allocated to six vital Sutherland Shire organisations and programs via ClubGRANTS Category 1 funding:

- Make Bullying History Initiative** \$38,900
- The Beauty Bank** \$10,000
- Engadine Dragons Disability JRL Team** \$1,500
- Rainbow Club Australia** \$5,875
- Sutherland Shire Council** \$1,114
- Men of League Foundation (in kind)** \$863.30

Category 2 funding saw over \$189,918 cash and \$153,610 "in kind" support also donated to the following organisations:

- Cronulla Sutherland DRLFC** \$181,818
- Cronulla Sutherland Sports Council** \$6,000
- School donations** \$2,100
- Support of local community organisations and schools (in kind)** \$63,187
- Support of local sporting organisations (in kind)** \$90,423

2017 had a total reach of over 350,000 people within our community. Sharks Have Heart would like to thank Platinum Partners, Capital Bluestone for their continued support and commitment to the Sharks community for the next three seasons. For more information on our programs or to support, visit: [www.sharks.com.au/community](http://www.sharks.com.au/community).

# CONTENTS

**DIRECTORS' REPORT 11**

**AUDITOR'S INDEPENDENCE DECLARATION 15**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 16**

**STATEMENT OF FINANCIAL POSITION 17**

**STATEMENT OF CASH FLOWS 18**

**STATEMENT OF CHANGES IN EQUITY 19**

**NOTES TO THE FINANCIAL STATEMENTS 20**

**DECLARATION BY DIRECTORS 35**

**INDEPENDENT AUDITOR'S REPORT 36**





**CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED  
AND CONTROLLED ENTITIES  
FINANCIAL REPORT FOR THE YEAR  
ENDED 31 OCTOBER 2017**

## **DIRECTORS REPORT**

The Directors present their report, together with the financial statements on the consolidated entity consisting of Cronulla-Sutherland Leagues Club Limited (the "Company", "Club" or the "Leagues Club") and the entities it controlled for the year ended 31 October 2017.

The following persons were Directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

**Damian Keogh** – Chairman (resigned 30 May 2017)  
**Darren McConnell**  
**Dino Mezzatesta** - Chairman (re-elected 23 March 2017)  
**Craig Airey** (resigned 23 March 2017, appointed 8 May 2017)  
**Kevin Dwyer** (resigned 14 November 2016)  
**Dane Sorensen**  
**Paul O'Neile**  
**Andrew McVeigh** (resigned 31 March 2017)  
**Scott Briggs** (appointed 27 July 2016)  
**Mark Deutsch** (appointed 1 September 2017)

### **Strategic Objectives**

**The strategic objectives of the company are to:**

- Seek to grow revenues, enabling a stronger Football Club and more investment into the Leagues Club for the benefit of our Members and the community.
- Provide strong support to the local football club community throughout the Sutherland Shire.

- Optimise the value from the Clubs property assets.
- To ensure the long term future of the National Rugby League Sharks franchise in the Sutherland Shire.

### **Principal Activities**

The principal activities of the company are to provide a licensed club for the benefit of Members and their guests, to operate an NRL franchise and to encourage, promote and control the development, playing and interests of rugby league in the Sutherland Shire.

### **Performance Measures**

The company measures its performance in both the amount of revenue derived and the costs to service for all segments of its trading operations, the financial and non-financial support the Club provides to the Football Club and other sporting clubs and community organisations. Non-financial support includes the provision of venues at no or reduced costs.

**The key performance measures are:**

- Net gaming revenue
- Net food and beverage revenue
- Total wages paid
- Total grants paid to the Football Club and community organisations
- Attendances at the Club

# **CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES**

## **FINANCIAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2017**



**Name:** Damian Keogh AM (resigned 30 May, 2017)  
**Title:** Chairman  
**Qualifications:** BCom.  
**Experience and Expertise:** Club Director, Company Director, CEO  
**Special Responsibilities:** Chairman-Board of Directors, Member of Remuneration subcommittee, Member of Nominations subcommittee.



**Name:** Darren McConnell  
**Title:** Director **Qualifications:** MBus.  
**Experience and Expertise:** Club Director, Company Director, Human Resources Consultant.  
**Special Responsibilities:** Director, Member of Remuneration subcommittee, Member of Development subcommittee, Member of Nominations subcommittee, Director of Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, Sharks Retail Pty Ltd.



**Name:** Dino Mezzatesta (re-elected 23 March, 2017)  
**Title:** Chairman  
**Qualifications:** ADV DIP  
**Experience and Expertise:** Club Director  
**Special Responsibilities:** Director, Member of Development subcommittee, Director of Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, Sharks Retail Pty Ltd.



**Name:** Andrew McVeigh (resigned 31 March, 2017)  
**Title:** Director  
**Qualifications:** BBus, Grad Dip Finance, CPA  
**Experience and Expertise:** Club Director, Company Director, Chief Financial Officer  
**Special Responsibilities:** Director, Chairman of Audit, Risk and Compliance Committee, Chair of Development subcommittee



**Name:** Craig Airey (resigned 23 March, 2017, appointed 8 May, 2017)  
**Title:** Director  
**Qualifications:** NSW LC Elec Con  
**Experience and Expertise:** Company Director, Club Director  
**Special responsibilities:** Director, Member of Disciplinary subcommittee.



**Name:** Kevin Dwyer (resigned 14 November, 2016)  
**Title:** Director  
**Qualifications:** BCom, LLB  
**Experience and Expertise:** Club Director, Company Director, Lawyer  
**Special responsibilities:** Director, Chair of Disciplinary subcommittee.

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## FINANCIAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2017



**Name:** Dane Sorensen (re-elected 31 March, 2016)

**Title:** Director

**Qualifications:** NSW LC Building Con

**Experience and Expertise:** Club Director, past Club elite player

**Special Responsibilities:** Member of Disciplinary subcommittee, Director Nominee to Player Education and Welfare Committee.



**Name:** Paul O'Neile

**Title:** Director

**Qualifications:** BCom

**Experience and Expertise:** Club Director, CEO

**Special Responsibilities:** Director, Member of Audit, Risk and Compliance Committee.



**Name:** Mark Deutsch (appointed 1 September, 2017)

**Title:** Director

**Qualifications:** BA, LLB (UNSW)

**Experience and Expertise:** Company Partner, Solicitor

**Special Responsibilities:** Director, Member of Disciplinary Subcommittee



**Name:** Scott Briggs (appointed 27 July, 2016)

**Title:** Director

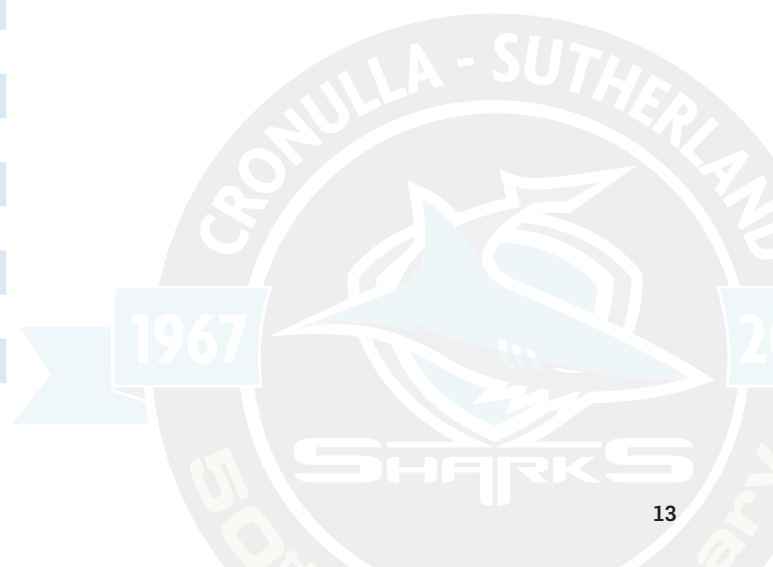
**Qualifications:** B. Juris, LLB

**Experience and Expertise:** Club Director, Company Director, Chief Executive Officer

**Special Responsibilities:** Director

## MEETINGS OF DIRECTORS

	HELD	ATTENDED
Damian Keogh	9	6
Darren McConnell	15	15
Dino Mezzatesta	15	15
Craig Airey	11	10
Andrew McVeigh	5	5
Kevin Dwyer	0	0
Dane Sorensen	15	13
Paul O'Neile	15	14
Scott Briggs	15	10
Mark Deutsch	2	2



# **CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES**

## **FINANCIAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2017**

### **Conditions on winding up**

In the event of the company being wound up, each member undertakes to contribute an amount not exceeding one dollar (\$1.00) if the Club is wound up, while he or she is a member of the Club; or within one year of the date that he or she ceases to be a member for the payment of the debts and liabilities of the Club contracted before the member ceased to be a member; and costs, charges and expenses of winding up. At the date of this report there are 26,416 (2016: 24,410) members of the Leagues Club.

### **Indemnification of auditors**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

### **Indemnification of insurance of directors and officers**

During the financial year the Club paid premiums in respect of a contract insuring all the directors and executives of Cronulla- Sutherland Leagues Club Limited and its controlled entities against legal liability arising for any wrongful act committed, attempted or allegedly committed or attempted in the course of their duties as a director or executive of the Club. The policy prohibits disclosure of the premium paid.

### **Auditor's Independence Declaration**

The auditor's independence declaration as required under section 3070 of the Corporations Act 2001 is set out on the following page.

---

Signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the Corporations Act at Cronulla this 30th day of January 2018.



**D Mezzatesta**  
Chairman



**P O'Neile**  
Director



Ernst & Young  
200 George Street  
Sydney NSW 2000 Australia  
GPO Box 2646 Sydney NSW 2001

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Fax: +61 2 9248 5959  
ey.com/au

## Auditor's independence declaration to the Directors of Cronulla-Sutherland Leagues Club Limited

As lead auditor for the audit of Cronulla-Sutherland Leagues Club Limited for the financial year ended 31 October 2017, I declare 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 of Cronulla-Sutherland Leagues Club Limited and the entities it controlled during the financial year.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham' in a cursive style.

Daniel Cunningham  
Partner  
30 January 2018

**CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED  
AND CONTROLLED ENTITIES**  
**STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2017**

	Note	2017 \$	2016 \$
Revenue from sale of goods	2	7,486,249	8,408,477
Revenue from rendering of services	2	9,415,656	10,453,998
Other revenue	2	19,068,940	18,101,309
<b>Revenue from continuing operations</b>		<b>35,970,845</b>	<b>36,963,784</b>
Other income	3	3,414,558	3,568,601
Cost of sales		(4,521,560)	(4,054,170)
Bar and catering expenses		(2,494,914)	(2,338,836)
Marketing expenses		(7,417,722)	(6,084,516)
Occupancy expenses		(2,776,019)	(2,758,428)
Administrative expenses		(2,671,757)	(2,923,209)
Gaming expenses		(2,419,397)	(2,856,911)
Gaming taxes		(2,519,261)	(2,478,611)
Development expenses		(520,189)	(576,444)
Other expenses		(1,866,486)	(2,009,080)
Football expenses		(14,024,427)	(12,940,961)
<b>(Deficit)/surplus before finance costs</b>		<b>(1,846,329)</b>	<b>1,511,219</b>
Finance costs	4	(651,871)	(643,918)
<b>(Deficit)/surplus before tax</b>		<b>(2,498,200)</b>	<b>867,301</b>
Income tax benefit/(expense)	5	(46,768)	(16,974)
<b>(Deficit)/surplus after tax</b>		<b>(2,544,968)</b>	<b>850,327</b>
<b>Total Other comprehensive income for the year</b>		-	-
<b>Total comprehensive income / (loss) for the year</b>		<b>(2,544,968)</b>	<b>850,327</b>

**CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED  
AND CONTROLLED ENTITIES**  
**STATEMENT OF FINANCIAL POSITION AS AT  
31 OCTOBER 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	1,514,475	1,849,004
Trade and other receivables	7	2,321,909	3,041,736
Inventories	8	478,159	657,909
<b>Total current assets</b>		<b>4,314,543</b>	<b>5,548,649</b>
<b>Non-current assets</b>			
Inventory	8	744,872	744,872
Property, plant and equipment	9	25,599,968	26,178,600
Derivative asset	10	20,946,283	20,136,462
<b>Total non-current assets</b>		<b>47,291,123</b>	<b>47,059,934</b>
<b>Total assets</b>		<b>51,605,666</b>	<b>52,608,582</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	11	5,591,009	5,807,035
Interest bearing liabilities	12	6,201,231	3,224,123
Grant in advance - NRL	15	600,000	-
Short term provisions	14	557,540	434,865
Current tax liability	5	33,629	31,750
Income in advance	15	1,194,913	933,868
<b>Total current liabilities</b>		<b>14,178,322</b>	<b>10,431,641</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	12	629,182	3,745,535
Loan - NRL	13	-	1,500,000
Grant in Advance - NRL	15	2,400,000	-
Deferred tax liabilities	5	813,047	813,047
Long term provisions	14	65,677	53,953
<b>Total non-current liabilities</b>		<b>3,907,906</b>	<b>6,112,535</b>
<b>Total liabilities</b>		<b>18,086,228</b>	<b>16,544,176</b>
<b>Net assets</b>		<b>33,519,438</b>	<b>36,064,406</b>
<b>EQUITY</b>			
Retained earnings		33,519,438	36,064,406
Asset revaluation reserve		-	-
<b>Total equity</b>		<b>33,519,438</b>	<b>36,064,406</b>

The above statement of financial position should be read in conjunction with the accompanying notes.

# **CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES**

## **STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2017**

	Note	2017 \$	2016 \$
<b>Cashflows from operating activities</b>			
Cash receipts from customers and sponsors		32,443,096	31,956,830
Grants		9,442,049	9,167,617
Cash paid to suppliers and employees		(42,784,723)	(41,022,122)
Grant in advance from NRL		1,500,000	-
Other interest received		10,860	9,301
Rent received		35,750	85,800
Interest paid		(446,579)	(461,845)
Income taxes paid		(44,890)	3,024
<b>Net cash inflow/(outflow) from operating activities</b>		<b>155,563</b>	<b>(261,394)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(699,046)	(426,083)
Proceeds from sale of property, plant and equipment		1,158,095	-
<b>Net cash (inflow)/outflow from investing activities</b>		<b>459,049</b>	<b>(426,083)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		-	2,400,000
Repayment of borrowings		(14,957)	-
Capital element of finance lease costs		(934,182)	(903,266)
<b>Net cash (outflow)/inflow from financing activities</b>		<b>(949,139)</b>	<b>1,496,734</b>
Net (decrease)/increase in cash and cash equivalents		(334,529)	809,257
Cash and cash equivalents at beginning of period		1,849,004	1,039,746
<b>Cash and cash equivalents at end of period</b>	6	<b>1,514,475</b>	<b>1,849,004</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED  
AND CONTROLLED ENTITIES**  
**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2017**

	Retained Earnings	Asset Revaluation Reserve	Total Equity
	\$	\$	\$
<b>At 1 November 2015</b>	<b>35,214,079</b>	-	<b>35,214,079</b>
Surplus for the year	850,327	-	850,327
Other comprehensive income:	-	-	-
<b>Total comprehensive income</b>	<b>850,327</b>	-	<b>850,327</b>
<b>At 31 October 2016</b>	<b>36,064,406</b>	-	<b>36,064,406</b>
<b>At 1 November 2016</b>	<b>36,064,406</b>	-	<b>36,064,406</b>
Surplus for the year	(2,544,968)	-	(2,544,968)
Other comprehensive income:	-	-	-
<b>Total comprehensive income</b>	<b>(2,544,968)</b>	-	<b>(2,544,968)</b>
<b>At 31 October 2017</b>	<b>33,519,438</b>	-	<b>33,519,438</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

### **Note 1 - Summary of Significant Accounting Policies Corporate Information**

These consolidated financial statements of Cronulla-Sutherland Leagues Club Limited and its controlled entities for the year ended 31 October 2017 were authorised for issue in accordance with a resolution of the directors on 30th January 2018 and cover the consolidated entity ('the Group') consisting of Cronulla-Sutherland Leagues Club Limited and its controlled entities, Cronulla-Sutherland District Rugby League Football Club Limited, Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, Sharks Retail Pty Ltd, as required by the Corporations Act 2001.

The financial report is presented in the Australian currency.

Cronulla-Sutherland Leagues Club Limited and its controlled entity Cronulla-Sutherland District Rugby League Football Club Limited are companies limited by guarantee. Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd and Sharks Retail Pty Ltd are proprietary companies limited by shares. All shares are owned by the Group.

The address of the registered office and principal place of business is 461 Captain Cook Drive, Woollooware, NSW 2230. The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

#### **a. Basis of Preparation**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis with the exception of financial assets that are measured at fair value.

#### **Statement of compliance**

The Company is a not-for-profit entity which is not publicly accountable. Therefore the financial statements are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporation Act 2001.

The financial statements have been prepared on an accruals basis and are based on historical cost and do not take into

account the changing values of money, except financial assets which are measured at fair value.

#### **b. Basis of Consolidation**

##### **Controlled Entities**

The consolidated financial statements comprise the financial statements of Cronulla-Sutherland Leagues Club Limited and its controlled entities Cronulla-Sutherland District Rugby League Football Club Limited, Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, and Sharks Retail Pty Ltd at 31 October each year ("the Group"). A controlled entity is an entity controlled by the Leagues Club. Control exists where the Leagues Club has the capacity to dominate the decision making in relation to financial and operational policies of the entity so that the entity operates with the Leagues Club to achieve the objectives of the Leagues Club.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated.

#### **c. Revenue Recognition**

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

##### **Sale of Goods**

Revenue from functions, catering, beverages and merchandise is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to the buyer when goods have been delivered to the customer.

##### **Rendering of Services, Membership and Sponsorship Revenue**

Revenue from gaming, advertising and football games together with other services to members and other patrons, along with sponsorship income is recognised when services are provided.

##### **Interest Revenue**

Revenue is recognised as interest accrues taking into account the effective yield on the financial asset.

##### **Rental Income**

Rental Income is accounted for on a straight line basis over the term of the lease.

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

### Note 1 - Summary of Significant Accounting Policies Corporate Information (continued)

#### d. Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. The consolidated entity adopts the above detailed policy however, Cronulla - Sutherland District Rugby League Football Club Limited (the "Football Club") is exempt from income tax pursuant to Section 45-50 of the Income Tax Assessment Act (1997).

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Sharks Property Holdings Pty Ltd, a subsidiary and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

#### e. Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, the recoverable amount is determined and impairment losses are recognised in the profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purpose of assessing value in use for cash generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### f. Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of

three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

#### g. Trade and Other Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 60 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms. Objective evidence of impairment includes financial difficulties of the debtor, default payments or significantly aged debtors. On confirmation that the trade receivables will not be collectible the gross carrying value of the asset is written off against the associated provision.

#### h. Inventories

##### Finished Goods

Inventories are stated at the lower of cost and net realisable value.

#### i. Property, Plant and Equipment

Freehold land and buildings are measured at cost less accumulated depreciation.

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

Increases in the carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset, all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

Buildings	1.6% - 36%
Plant and equipment	5% - 33.3%
Leased Plant and equipment	6.7% - 33.3%

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

### **Note 1 - Summary of Significant Accounting Policies Corporate Information (continued)**

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the profit or loss in the year that the item is derecognised.

#### **j. Leases**

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

#### **k. Trade and Other Payables**

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30 - 90 day payment terms.

#### **l. Interest Bearing Liabilities**

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and redemption amount is recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

#### **m. Borrowing Costs**

Borrowing costs include interest on bank loans and overdrafts and finance charges in respect of finance leases.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

#### **n. Employee Benefits**

##### *Wages and Salaries, Annual Leave and Sick leave*

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting sick leave expected to be settled within 12 months of reporting date are recognised in respect of services provided by employees to the reporting

date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-vesting sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

##### *Retirement Benefit Obligations*

The group has several defined contribution superannuation funds. Contributions are recognised as expenses as they become payable. The company has no legal or constructive obligation to fund any deficit.

##### *Long Service Leave*

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the reporting date. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national corporate bond rates at reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

#### **o. GST**

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Cashflows are included in the statement of cashflows on a gross basis and the GST component of cashflows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cashflows.

#### **p. Comparative Figures**

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current financial year.

#### **q. Going Concern**

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

At year end the Leagues Club's current liabilities exceeded its current assets by \$3,422,018 (2016: \$883,222) and the consolidated entity's current liabilities exceeded its current assets by \$9,863,779 (2016: \$4,882,992). During the year ended 31 October 2017 the consolidated entity incurred an operating loss of \$2,544,968 (2016: \$850,327 operating profit).

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

### Note 1 - Summary of Significant Accounting Policies Corporate Information (continued)

The Club's ability to continue as a going concern is contingent on the following key factors;

- As at year end, the Group secured an undertaking from the lender who provided the Group with a \$1 million loan that they will not seek repayment of the loan until the settlement of Stage 2 of the Woollooware Bay Residential Development, anticipated to be 31st May 2018, if the seeking repayment of the loan would result in the Group not being able to pay its debts as and when they fall due.
- Subsequent to year end the Group negotiated a finance facility to provide access of up to \$2.0 million should it be required to ensure the Group is able to meet its debts as and when they fall due. The facility matures July 2019.
- Subsequent to year end the Group has agreed terms upon which a \$1.4 million plus accrued interest loan will be refinanced with a new lender. The Group has agreed with the new lender that they will not seek repayment of the loan until the latter of 31st May 2018, being the anticipated settlement of Stage 2 of the Woollooware Bay Residential Development, or 31st July 2018. The terms of the loan provide a security over the assets of the Cronulla Sutherland Leagues Club Ltd to the new lender.
- As at year end, the Group secured an undertaking from the lender who provided the Club with a \$3 million loan that they will not seek repayment of the loan until the settlement of Stage 2 of the Woollooware Bay Residential Development, anticipated to be 31st May 2018.
- It is expected that the settlement arising from Stage 2 of the Woollooware Bay Residential Development will exceed the current loan balances.

Therefore the directors consider there are reasonable grounds to believe the Group will be able to access necessary funding should it be required to enable it to meet its debts as and when they fall due and continue as a going concern.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as going concern.

#### r. Financial Instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity

instrument of another entity.

#### Financial assets

##### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

##### Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two categories:

1. Financial assets at fair value through profit or loss
2. Loans and receivables

##### 1. Financial assets at fair value through profit or loss

Financial assets at fair value are financial assets designated upon initial recognition at fair value through profit or loss.

The Group has designated one financial asset at fair value through profit or loss, this being the expected proceeds from the sale of the residential units. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

##### 2. Loans and Receivables

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

#### s. Critical Accounting Estimates and Judgments

The Directors' estimates and judgments incorporated into the financial report are based on historical results and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data from internal and external sources.

The Directors have assessed that the consolidated entity is a 'not for profit' entity, whose activities are:

1. To provide a Licensed Club for the benefit of members and their guests; and
2. To encourage, promote and control the development, playing and interests of rugby league in the Cronulla-Sutherland district.

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

### **Note 1 - Summary of Significant Accounting Policies Corporate Information (continued)**

In carrying out the assessment at the reporting date as to whether individual assets are impaired, the Directors are required to consider and identify assets which are held exclusively to generate cash and those which are held to support the consolidated entity's activities.

At the reporting date:

- The Club's poker machines and related equipment are assessed as held exclusively to generate cash.
- All other assets are assessed as held to support the Club's activities.
- All of the Football Club's assets have been assessed as held to support the Club's activities.

### *Assessment of Impairment and remaining useful lives of property, plant & equipment owned by the Leagues Club*

The Directors have considered whether any indicators of impairment exist which would require the performance of an impairment review in respect of the property, plant and equipment owned by the Leagues Club. In addition management has considered whether the useful lives of any such assets should be revised as a result of the anticipated development. Management have determined that as at the year-end date no such indicators exist.

### *Directors' assessment of fair value of land at directors' valuation*

The Directors have assessed the fair value of residential freehold land at Directors' valuation on the basis of an internally prepared discounted cash flow model. The model takes into account the relevant characteristics and restrictions on the sale or use of the asset, which market participants, would take into account when pricing the asset

at the measurement date. These characteristics include the current development plans and Part 3A approval obtained in respect of this parcel of land, as well as factors associated with the development and financing agreements and the fact that the developer partner's financier holds a mortgage over the land.

### *Assessment of fair value of the financial asset*

The model used to derive the fair value of the financial asset is consistent with that used to derive the fair value of Land at Director's valuation.

### **t. New and Revised Standards Effective for these Financial Statements**

The Group has adopted all of the new and revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial position of the Group.

### **t. Accounting Standards and Interpretations Issued but not yet effective**

Certain new Accounting Standards and Interpretations have been published that are not mandatory for 31 October 2017 reporting periods. The Group will be required to review and revise presentation, recognition or measurement where required for these Accounting Standards in future years. The Group's assessment of the impact of these new standards and interpretations, set out below, is still being determined.

AASB 9 Financial Instruments  
AASB 1058 Income of Not for Profit Entities  
AASB 16 Leases

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

	2017	2016
	\$	\$
<b>Note 2 - Revenue From continuing operations</b>		
<i>Sale of goods from operating activities</i>		
Sale of goods	4,275,170	5,437,903
Merchandising/Royalties	3,211,079	3,404,400
	<b>7,486,249</b>	<b>8,842,303</b>
<i>Rendering of services from operating activities</i>		
Gaming revenue	8,407,201	8,640,122
Match revenue	988,517	1,757,147
Stadium Events	19,938	19,474
	<b>9,415,656</b>	<b>10,416,743</b>
<i>Other revenue from operating activities</i>		
Functions revenue	700,777	461,400
Members subscriptions	2,050,127	1,735,592
Sponsorship	7,582,590	7,012,951
Interest from other persons	10,860	9,301
Rent received	32,500	78,000
Commission - Keno	108,405	36,041
NRL Grant	8,583,681	8,334,198
	<b>19,068,940</b>	<b>17,667,483</b>
<b>Note 3 - Other Income</b>		
Finance Income - gain on revaluation of financial asset (Note 10)	1,975,477	1,895,941
Other income	1,439,081	1,485,971
	<b>3,414,558</b>	<b>3,381,912</b>
<b>Note 4 - Expenses</b>		
(Deficit)/surplus before income tax includes the following specific expenses:		
<i>Bad and doubtful debts</i>		
Trade receivables	121,862	109,588
	<b>121,862</b>	<b>109,588</b>
<i>Finance costs</i>		
Interest paid/payable	517,631	500,847
Finance charges under finance leases and hire purchase contracts	134,240	143,071
	<b>651,871</b>	<b>643,918</b>
ASADA/salary cap related expense	-	48,115
Depreciation and amortisation expense	2,002,857	2,114,264

# **CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 5 - Income Tax</b>		
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 the entity.		
<b>Current Tax Expense</b>		
Current tax (benefit)/expense	46,768	34,775
Under provision for previous years	-	(17,801)
Total current income tax expense/(benefit)	46,768	16,974
<b>Deferred Tax Expense</b>		
<b>Total income tax expense/(benefit) in profit or loss</b>	<b>46,768</b>	<b>16,974</b>
<b>Reconciliation of the effective tax rate</b>		
(Deficit)/Surplus before income tax expense	(2,498,200)	867,301
Tax at the Australian tax rate of 30% (2016: 30%)	(749,460)	260,190
Tax effect of (benefit)/deficit in the Football Club (Income Tax exempt)	1,160,291	(264,299)
Income and expenditure of the Leagues Club subject to mutuality principal adjusted for non-deductible and specifically deductible items	(364,063)	38,884
	46,768	34,775
Under provision in prior years	-	(17,801)
Income tax expense/(benefit) in profit or loss	<b>46,768</b>	<b>16,974</b>
<b>Deferred Tax Liabilities</b>		
Deferred tax liabilities comprise temporary differences attributable to:		
Amounts recognised directly in Equity		
Revaluation of Property Plant and Equipment	813,047	813,047
Total Deferred Tax Liabilities	<b>813,047</b>	<b>813,047</b>
An unrecognised deferred tax asset arising from the difference between the tax and accounting bases of the residential land of \$4,298,672 has not been brought to account as its realisation is not probable.		
<b>Current Tax Liabilities</b>		
Current Tax Liability	<b>33,629</b>	<b>31,750</b>
<b>Note 6 - Cash and Cash Equivalents</b>		
Cash on hand	353,000	303,000
Cash at bank	1,161,475	1,546,004
	<b>1,514,475</b>	<b>1,849,004</b>

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 7 - Trade and Other Receivables</b>		
<b>Current</b>		
Trade receivables	1,865,079	2,040,633
Allowance for doubtful debts	(132,343)	(98,205)
	1,732,736	1,942,428
Other debtors	307,654	862,687
Prepayments	281,519	236,621
	<b>2,321,909</b>	<b>3,041,736</b>

### Analysis of Allowance Account

Opening balance	(98,205)	(98,205)
Provisions for doubtful receivables	(121,862)	(109,588)
Receivables written off during the year	87,724	109,588
Reversal of amounts provided	-	-
Closing balance	<b>(132,343)</b>	<b>(98,205)</b>

### Note 8 - Inventories

#### Current

Finished goods - at cost	<b>478,159</b>	<b>657,909</b>
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Write downs of inventories to net realisable value recognised as an expense during the year amounted to \$114,407 (2016:\$ 13,968). The expense has been included in cost of sales in the statement of profit or loss.

#### Non Current

Land	<b>744,872</b>	<b>744,872</b>
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The Group has entered into a number of agreements to develop the retail complex. The Group transferred the cost value of the land from Property, Plant and Equipment to Inventory in 2014. It is classified as Non-Current as the Group does not expect the retail development to be completed within the next 12 months.

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 9 - Property, Plant and Equipment</b>		
<b>Freehold Land</b>		
At deemed cost	1,076,436	1,076,436
<b>Total land</b>	<b>1,076,436</b>	<b>1,076,436</b>
<b>Buildings</b>		
At deemed cost	6,520,000	6,520,000
Accumulated depreciation	(2,635,713)	(2,531,393)
	<b>3,884,287</b>	<b>3,988,607</b>
<b>Building improvements</b>		
At cost	27,281,718	26,962,143
Accumulated amortisation	(9,644,475)	(9,027,117)
	<b>17,637,243</b>	<b>17,935,026</b>
<b>Total buildings</b>	<b>21,521,530</b>	<b>21,923,633</b>
<b>Total freehold land and buildings</b>	<b>22,597,966</b>	<b>23,000,069</b>
<b>Plant and equipment</b>		
At cost	16,683,106	16,831,118
Accumulated depreciation	(15,400,381)	(15,330,955)
	<b>1,282,725</b>	<b>1,500,163</b>
<b>Leased plant and equipment</b>		
At cost	3,741,994	3,061,662
Accumulated amortisation	(2,287,100)	(1,508,357)
	<b>1,454,894</b>	<b>1,553,305</b>
<b>Total plant and equipment</b>	<b>2,737,619</b>	<b>3,053,468</b>
<b>Work in Progress</b>		
At cost	264,383	125,063
	<b>264,383</b>	<b>125,063</b>
<b>Total non-current property, plant and equipment</b>	<b>25,599,968</b>	<b>26,178,600</b>

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

### Note 9 Property, Plant & Equipment (Continued)

#### Reconciliations

<b>2017</b>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Leased Plant and Equipment</b>	<b>Work in Progress</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Group</b>						
<b>Carrying amount at beginning of financial year</b>	<b>1,076,436</b>	<b>21,923,633</b>	<b>1,500,163</b>	<b>1,553,305</b>	<b>125,063</b>	<b>26,178,600</b>
Additions	-	233,443	168,648	725,598	296,956	1,424,645
Transfers	-	86,132	86,980	(15,476)	(157,636)	-
Disposals	-	-	(433,429)	-	-	(433,429)
Depreciation	-	(721,678)	(39,638)	(808,531)	-	(1,569,847)
<b>Carrying amount at end of financial year</b>	<b>1,076,436</b>	<b>21,521,530</b>	<b>1,282,725</b>	<b>1,454,894</b>	<b>264,383</b>	<b>25,599,968</b>
<b>2016</b>	<b>Freehold Land</b>	<b>Buildings</b>	<b>Plant and Equipment</b>	<b>Leased Plant and Equipment</b>	<b>Work in Progress</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
<b>Group</b>						
<b>Carrying amount at beginning of financial year</b>	<b>1,076,436</b>	<b>22,587,904</b>	<b>1,739,396</b>	<b>1,554,496</b>	<b>56,211</b>	<b>27,014,443</b>
Additions	-	51,048	260,446	955,212	71,852	1,338,558
Revaluations	-	-	(2,296)	(5,145)	-	(7,441)
Disposals	-	-	(2,114)	(47,582)	(3,000)	(52,696)
Depreciation	-	(715,319)	(495,269)	(903,676)	-	(2,114,264)
<b>Carrying amount at end of financial year</b>	<b>1,076,436</b>	<b>21,923,633</b>	<b>1,500,163</b>	<b>1,553,305</b>	<b>125,063</b>	<b>26,178,600</b>

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 10 - Financial Asset</b>		
Expected Proceeds from Sale of Residential Land	<b>20,946,283</b>	<b>20,136,462</b>

The underlying asset is pledged as security to the Developer's financier, ANZ Bank. As at 31 October 2017, the Group revalued its financial asset and recognised a gain of \$1,975,477 (2016: \$1,895,941) in the statement of comprehensive income. This gain represents the unwinding of the discounted expected proceeds the Group is to receive upon completion of the development of the residential units.

### **Note 11 - Trade and Other Payables**

Trade Payables	2,909,198	2,890,091
Other Payables	2,489,660	2,737,661
GST Liability	192,151	179,283
	<b>5,591,009</b>	<b>5,807,035</b>

### **Note 12 - Interest Bearing Liabilities**

#### **Current**

##### **Unsecured**

Members Deposits	66,675	81,632
Directors Loans (Note 17)	1,000,000	2,400,000
Loan - Private Lender (1)	1,400,000	-
	<b>2,466,675</b>	<b>2,481,632</b>

##### **Secured**

Loan - Private Lender (1)	3,000,000	-
Lease Liabilities	734,556	742,491
	<b>3,734,556</b>	<b>742,491</b>

#### **Total Current Financial Liabilities**

	<b>6,201,231</b>	<b>3,224,123</b>
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#### **Non-Current**

##### **Secured**

Loan Private Lender (1)	-	3,000,000
Lease Liabilities	629,182	745,535
	<b>629,182</b>	<b>3,745,535</b>

(1) During the financial year ended 31 October 2014 the Group entered into a loan agreement to borrow \$3,000,000 with interest charged at 10% per annum. The loan is repayable upon the receipt of the settlement of Stage 2 of the Woollooware Bay Residential Development, anticipated to be 31st May 2018 and is subject to arms length commercial terms and conditions.

For more information on the remaining \$1,400,000 Loan - Private Lender, refer Note 17.

# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 12 - Interest Bearing Liabilities (continued)</b>		
The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:		
<b>NON-CURRENT</b>		
<b>First mortgage</b>		
Freehold land	1,076,436	1,076,436
Buildings	12,311,933	12,581,044
	13,388,369	13,657,480
Finance leases		
Plant and equipment	1,335,747	1,349,419
<b>Total assets pledged as security against borrowings of the consolidated entity</b>	<b>14,724,116</b>	<b>15,006,899</b>

In addition to the above, the land underlying the financial asset is pledged as security for the borrowings of the development partner.

### Loans against which assets are pledged as security

Current	3,000,000	-
Non-current	-	3,000,000
	<b>3,000,000</b>	<b>3,000,000</b>

### Note 13 - Loans Non-Current

<b>Loan - NRL</b>	-	<b>1,500,000</b>
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During the year the Company entered into a Deed of Agreement (the "Deed") with the National Rugby League Limited with respect to the Company's existing licence agreement to participate in the NRL competition. As a result of entering into the agreement the National Rugby League Limited converted the prior year loan advanced to the Company of \$1,500,000 to a grant in advance. In addition, during the current year the National Rugby League Limited provided an additional \$1,500,000 grant in advance. The \$3,000,000 advance grants will be recognised as income over the 5 year period from 2018 to 2022.

### Note 14 - Provisions

#### Current

Provision for annual leave	444,669	345,128
Provision for long service leave	112,871	89,737
<b>Total Current Provisions</b>	<b>557,540</b>	<b>434,865</b>

#### Non-Current

Provision for long service leave	<b>65,677</b>	<b>53,953</b>
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Non-current long service leave comprises amounts which are not vested at balance date and current long service leave represents the amount which has vested. The timing and amount of payments to be made when leave is taken is uncertain.

# **CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 15 - Income in Advance</b>		
<b>Current</b>		
Grants in advance - NRL	600,000	-
Subscriptions in advance	14,773	35,863
Season seats in advance	1,077,017	804,068
Corporate hospitality in advance	103,123	72,459
Commission in advance	-	21,477
	<b>1,194,913</b>	<b>933,867</b>

### **Non-Current**

Grants in advance - NRL	<b>2,400,000</b>	-
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### **Note 16 - Cash Flow Information**

Non-cash Financing and Investing Activities

Acquisition of Plant and Equipment by means of Finance Lease	<b>725,598</b>	<b>955,212</b>
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### **Note 17 - Related Party Transactions**

#### **Cronulla- Sutherland Leagues Club Limited - Parent Entity**

Cronulla-Sutherland Leagues Club Limited is the parent entity of the Group. Cronulla-Sutherland District Rugby League Football Club Limited, Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Retail Pty Ltd and Sharks Club Retail Pty Ltd are the controlled entities of the Leagues Club.

#### **Transactions with Related Parties**

##### *Transactions with Directors and Director Related Entities*

The Group occasionally enters into contracts with other entities that are controlled or significantly influenced by one of its directors. All contracts are based on arms length, normal commercial terms.

The following transactions were on normal terms and conditions:

Fees paid for legal services	256,204	212,014
Fees paid for Maintenance Services	17,717	20,840
Fees paid for Consulting	-	21,900
Sales of Sponsorship of Football Club	121,000	122,984
Sales of Corporate Hospitality	133,608	122,879

#### **Key management personnel compensation for non-disclosing entity**

Key Management Compensation	<b>1,959,005</b>	<b>1,373,421</b>
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# CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017

### Directors Loans

As at year end, the Group secured an undertaking from the lender who provided the Group with a \$1 million loan that they will not seek repayment of the loan until the settlement of Stage 2 of the Woollooware Bay Residential Development, anticipated to be 31st May 2018, if the seeking repayment of the loan would result in the Group not being able to pay its debts as and when they fall due. Interest is charged at 7.5% per annum.

Subsequent to year end the Group negotiated a finance facility to provide access of up to \$2.0 million should it be required, to ensure the Group is able to pay its debts as and when they fall due. The facility matures July 2019 and interest is charged on the drawn amounts at a rate of 7.5% per annum.

### Loan - Private Lender

Subsequent to year end the Group has agreed terms upon which a \$1.4 million plus accrued interest loan will be refinanced with a new lender who is not a related party. The Group has agreed with the new lender that they will not seek repayment of the loan until the latter of 31st May 2018, being the anticipated settlement of Stage 2 of the Woollooware Bay Residential Development, or 31st July 2018. The terms of the loan provide a security over the assets of the Cronulla Sutherland Leagues Club Ltd to the new lender. Interest is charged on the loan at 10% per annum.

### Note 18 - Contingencies

At 31 October 2017, the Leagues Club and Controlled Entities had contingent liabilities as set out below:

### Securities Held Over Assets

ANZ Bank has a secured mortgage over the land owned by Sharks Residential Pty Ltd, under which Bluestone Capital borrowed funds for the residential development. If Bluestone Capital were to default on the mortgage, ANZ could sell the land to recoup its loan.

### Contingent Liability

The Group had previously been served with a Statement of Claim by former players, the Directors have considered this and sought legal advice. Taking into consideration this advice the Directors expect that there will be no financial impact to the Club with 12 out of the 13 claims in settlement at the date of this report.

	2017	2016
	\$	\$

### Note 19 - Commitments

#### Lease Commitments

##### Finance lease - non-cancellable

Within one year	734,556	742,491
Later than one year but not later than 5 years	629,182	745,535
<b>Total future minimum lease payments</b>	<b>1,363,738</b>	<b>1,488,026</b>
Total future finance charges	226,089	245,473
Lease liabilities	<b>1,589,827</b>	<b>1,733,499</b>

# **CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2017**

	<b>2017</b>	<b>2016</b>
	\$	\$
<b>Note 19 - Commitments (continued)</b>		
<b>Lease Commitments</b>		
Lease liabilities are represented in the financial statements as follows:		
Current (note 12)	734,556	742,491
Non-current (note 12)	629,182	745,535
	<b>1,363,738</b>	<b>1,488,026</b>
	<b>1,363,738</b>	<b>1,488,026</b>

The Football Club has a 10 by 5 year lease with the Leagues Club for the use of the playing field and associated facilities, which commenced 31 October 1994, for nil consideration.

### **Note 20 - Parent Entity**

Information Relating to Cronulla-Sutherland Leagues Club Limited

Statement of Financial Position

Current Assets	3,372,784	2,078,429
Total Assets	37,761,750	37,134,388
Current Liabilities	6,794,801	2,961,651
Total Liabilities	8,212,578	7,452,369
Retained Earnings	29,549,172	29,682,019

### **Statement of Comprehensive Income**

Deficit/surplus for the Year	(132,621)	411,828
Other Comprehensive Income		
<b>Total Comprehensive Income</b>	<b>(132,621)</b>	<b>411,828</b>
	<b>(132,621)</b>	<b>411,828</b>

### **Note 21 - Subsequent Events**

Other than the extension of the Directors and Private Lender Loans, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may affect the operations of the club, the results of those operations, or the state of affairs of the club in future financial years.

### **Note 22 - Members Guarantee**

The Group is limited by guarantee. If the Group is wound up, the constitution states that each member is to contribute a maximum of \$1 towards meeting any outstanding obligations of the Group. At 31 October 2017 the number of financial members totalled 26,360 (2016: 24,410).

### **Note 23 - Registered Office**

The registered office of the Group is 461 Captain Cook Drive, Woollooware, New South Wales 2230.

**CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED  
AND CONTROLLED ENTITIES**  
**FOR THE YEAR ENDED 31 OCTOBER 2017**  
**DECLARATION BY DIRECTORS**

**Declaration by Directors**

The Directors declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and;
  - a. comply with Accounting Standards - Reduced Disclosure Requirements and the Corp Regulations 2001;
  - b. give a true and fair view of the entity's financial position as at 31 October 2017 and its performance for the year ended on that date.
2. At the date of this declaration there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:



**D Mezzatesta**  
Chairman



**P O'Neile**  
Director

Dated this 30th day of January 2018



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## Independent Auditor's Report to the Members of Cronulla-Sutherland Leagues Club Limited

### Opinion

We have audited the financial report of Cronulla-Sutherland Leagues Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### ***Emphasis of Matter***

Without qualifying our opinion, we draw attention to Note 1(p) in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. 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 Group in accordance with the auditor independence requirements of 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 also fulfilled our other ethical responsibilities in accordance with the Code.

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

## Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report accompanying the financial report, but does not include the annual report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham'.

Daniel Cunningham  
Partner  
Sydney  
30 January 2018





SHARKS