

**CRONULLA-SUTHERLAND DISTRICT RUGBY LEAGUE FOOTBALL CLUB LIMITED**

**ABN 86 002 692 186**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2017**

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**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Directors' Report**  
**31 October 2017**

The Directors present their report, together with the financial statements on the company 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 5 April 2017)  
Mark Deutsch (appointed 1 September 2017)

**Objectives**

The objectives of the company are:

- To create a self-funding business model that requires no Leagues Club grants.
- To build financial reserves.
- To be a dominant force in the National Rugby League with regular participation in the finals series.

**Strategy for achieving the objectives**

The company has adopted the following strategies:

- Continuing management focus on improving revenue derived from all sources.
- Pursuing promotional activities designed to retain and build support from fans, sponsors and the community.
- Focussing on identifying and developing local playing talent through the Sharks Academy.

**Principal Activities**

During the financial year the principal continuing activities of the company were to encourage, promote and control the development, playing and interests of Rugby League in the Cronulla-Sutherland District and participate in the National Rugby League competition.

**Performance Measures**

The company measures its performance by the on field success of the various Sharks football teams, the development of its junior talent and revenue generated from operations.

The key performance measures are:

- Performance of NRL squad
- Total revenue
- Memberships and fan base
- Crowds
- Junior league representation in elite squads.

**Information on Directors**

**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

**Cronulla-Sutherland District Rugby League Football Club Limited  
Directors' Report  
31 October 2017**

**Information on Directors (Continued)**

**Name: Darren McConnell**

Title: Director

Qualifications: MBus.

Experience and Expertise: Club Director, Company Director, Human Resources Consultant.

Special responsibilities: Vice Chairman - Board of Directors, 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: Chairman - Board of Directors, 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:

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.

**Name: Dane Sorensen**

Title: Director

Qualifications:

Experience and Expertise: Club Director, NRL past player

Special responsibilities: Director, Member of Disciplinary subcommittee, Director Nominee to Player Education & Welfare Committee.

**Name: Paul O'Neile**

Title: Director

Qualifications: BCom

Experience and Expertise: Club Director, CEO

Special responsibilities: Director, Chairman of Audit, Risk and Compliance Committee.

**Name: Scott Briggs (appointed 5 April 2017)**

Title: Director

Qualifications: B. Juris, LLB

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

Special responsibilities: Director

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Directors' Report**  
**31 October 2017**

**Information on Directors (Continued)**

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

**Title:** Director

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

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

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

**Meetings of Directors**

	<b>Held</b>	<b>Attended</b>
Damian Keogh	8	5
Darren McConnell	14	14
Dino Mezzatesta	14	14
Craig Airey	10	9
Andrew McVeigh	4	4
Kevin Dwyer	0	0
Dane Sorensen	14	13
Paul O'Neile	14	13
Scott Briggs	9	5
Mark Deutsch	2	2

Represents the number of meetings held during the time the director held office.

**Conditions on winding up**

In the event of the company being wound up, each member undertakes to contribute an amount not exceeding five dollars (\$5.00) 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.

**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**

A copy of the auditor's independence declaration as required under section 307C 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

  

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P O'Neile  
Director



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## **Auditor's Independence Declaration to the Directors of Cronulla-Sutherland District Rugby League Football Club Limited**

As lead auditor for the audit of Cronulla-Sutherland District Rugby League Football 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.

Ernst & Young

Daniel Cunningham  
Partner  
30 January 2018

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**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	3,211,079	3,404,400
Revenue from rendering of services	2	1,014,127	1,778,621
NRL Grant Revenue	2	8,583,681	8,334,198
Other Revenue	2	9,866,595	8,696,228
		<u>22,675,482</u>	<u>22,213,447</u>
Other Income	3	1,022,982	1,085,117
Cost of Sales		(2,186,785)	(1,543,354)
Marketing Expenses		(7,489,642)	(6,138,588)
Occupancy Expenses		(1,764,528)	(1,561,763)
Administrative Expenses		(1,866,927)	(1,788,052)
Finance Costs	4	(213,087)	(193,865)
Football Expenses		(14,045,132)	(12,953,938)
<b>(Deficit)/Surplus before tax</b>		<u><b>(3,867,637)</b></u>	<u><b>(880,996)</b></u>
Income Tax Expense		-	-
<b>(Deficit)/Surplus for the year</b>		<u><b>(3,867,637)</b></u>	<u><b>(880,996)</b></u>
Other Comprehensive Income		-	-
<b>Total Comprehensive income/(loss) for the year</b>		<u><u><b>(3,867,637)</b></u></u>	<u><u><b>(880,996)</b></u></u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Statement of Financial Position**  
**As at the 31 October 2017**

	Note	2017 \$	2016 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5	621,379	1,091,126
Trade and Other Receivables	6	2,540,977	2,794,703
Inventories	7	351,145	533,979
<b>Total Current Assets</b>		<u>3,513,501</u>	<u>4,419,808</u>
Property ,Plant and Equipment Investments	8	9,890,695 95	10,447,802 95
<b>Total Non Current Assets</b>		<u>9,890,790</u>	<u>10,447,897</u>
<b>Total Assets</b>		<u><u>13,404,291</u></u>	<u><u>14,867,705</u></u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	9	5,407,679	4,879,493
Financial Liabilities	10	2,444,123	2,460,192
Other Liabilities	11	1,767,954	834,828
Provisions	12	289,074	198,406
<b>Total Current Liabilities</b>		<u>9,908,830</u>	<u>8,372,919</u>
<b>Non Current Liabilities</b>			
Financial Liabilities	10	48,003	1,592,126
Other Liabilities	11	2,400,000	-
Provisions	12	43,031	30,596
Payable to Related party	13	95	95
<b>Total Non Current Liabilities</b>		<u>2,491,129</u>	<u>1,622,817</u>
<b>Total Liabilities</b>		<u><u>12,399,959</u></u>	<u><u>9,995,736</u></u>
<b>Net Assets</b>		<u><u>1,004,332</u></u>	<u><u>4,871,969</u></u>
<b>Equity</b>			
Accumulated Funds		1,004,332	4,871,969
<b>Total Equity</b>		<u><u>1,004,332</u></u>	<u><u>4,871,969</u></u>

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

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Statement of Cashflows**  
**For the year ended 31 October 2017**

	Note	2017 \$	2016 \$
<b>Cashflows from operating activities</b>			
Cash receipts from customers and sponsors		17,254,197	13,825,178
Grants from NRL		9,442,049	9,167,617
Cash paid to suppliers and employees		(28,444,098)	(24,494,213)
Grant in Advance from NRL		1,500,000	-
Interest received	2	16,002	8,548
Interest paid		(11,727)	(11,791)
		<u>(243,577)</u>	<u>(1,504,661)</u>
<b>Cashflows from investing activities</b>			
Purchase for property, plant & equipment		(165,978)	(234,669)
		<u>(165,978)</u>	<u>(234,669)</u>
<b>Net Cash inflow/(outflow) from investing activities</b>			
		<u>(165,978)</u>	<u>(234,669)</u>
<b>Net cashflows from financing activities</b>			
Proceeds/(Repayment) of capital element of leases		(60,192)	(62,854)
Loan from NRL		-	1,500,000
Director Loan		-	900,000
		<u>(60,192)</u>	<u>2,337,146</u>
<b>Net increase/decrease in cash and cash equivalents</b>			
Cash at the beginning of the year		1,091,126	493,310
<b>Cash and cash equivalents at the end of the year</b>	5	<u>621,379</u>	<u>1,091,126</u>

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



**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Statement of Changes in Equity**  
**For the year ended 31 October 2017**

	<b>Accumulated Funds</b> <b>\$</b>
<b>At 1 November 2015</b>	5,752,965
Surplus/(Deficit) for the year	(880,996)
Other comprehensive income/(loss)	-
<b>Total comprehensive income</b>	(880,996)
	<b>4,871,969</b>
 <b>At 1 November 2016</b>	 4,871,969
Surplus/(Deficit) for the year	(3,867,637)
Other comprehensive income/(loss)	-
<b>Total comprehensive income</b>	(3,867,637)
<b>At 31 October 2017</b>	<b>1,004,332</b>

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

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

**Note 1 - Summary of Significant Accounting Policies**

**Corporate Information**

The financial statements of Cronulla-Sutherland District Rugby League Football Club Limited ('the Club') for the year ended 31 October 2017 was authorised for issue in accordance with a resolution of the directors on the 30th day of January 2018 and covers Cronulla-Sutherland District Rugby League Football Club Limited as an individual entity as required by the Corporations Act 2001.

The financial report is presented in the Australian currency.

Cronulla-Sutherland District Rugby League Football Club Limited is a company limited by guarantee.

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:

**(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.

**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.

**(b) 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 football games and merchandising 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.

**Membership and Sponsorship Revenue**

Revenue is taken to account in the period to which the sponsorship and membership relate.

**Interest Revenue**

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

**Grants**

Grants are recognised at their fair value and recognised immediately as revenue where there is reasonable assurance that the grant will be received and the company will comply with all the attached conditions.

**(c) Income tax**

As the Football Club's sole undertaking is the encouragement or promotion of Rugby League, it is income tax exempt pursuant to Section 45-50 of the Income Tax Assessment Act (1997).

**(d) Impairment of Assets**

At each reporting date the company 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.

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

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

**(d) Impairment of Assets (continued)**

Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As the future economic benefits of the Football Club's assets are not primarily dependent upon their ability to operate net cash inflows and if deprived of the assets, the Club would replace the assets' remaining future economic benefits, "value in use" is determined as the depreciated replacement cost of the asset, rather than by using discounted cashflows.

**(e) 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.

**(f) 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 Company 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 debts greater than 90 days. On confirmation that the trade receivables will not be collectible the gross carrying value of the asset is written off against the associated provision.

**(g) Inventories**

**Finished Goods**

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

**(h) Property, Plant and Equipment**

All 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.

Leasehold improvements are depreciated over the shorter of the useful lives of the assets or the term of the lease.

Other fixed assets are depreciated over the estimated useful life of the asset at the following rates:

(i) Plant and equipment	5% - 25%
(ii) Leased plant and equipment	20%
(iii) Leasehold improvements	2.86% - 33.3%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at 31 October each year. 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 disposed.

**(i) Leases**

Leases of property, plant and equipment where the company 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.

**(j) Trade and Other Payables**

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

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

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

**(k) 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 company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

**(l) 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.

**(m) 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.

**(n) 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.

The net operating deficit of the Club for the year was \$3,867,637 (2016: \$880,996 deficit) and at year end current liabilities exceeded current assets by \$6,395,329 (2016: \$3,953,110).

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

- As at year end, the Club secured an undertaking from the lender who provided the Club with a \$1 million loan that they will not seek repayment of the loan until the settlement of Stage 2 of the Woolooware Bay Residential Development, anticipated to be 31st May 2018, if the seeking repayment of the loan would result in the Club not being able to pay its debts as and when they fall due.
- Subsequent to year end the Club negotiated a finance facility to provide access of up to \$2.0 million should it be required, to ensure the Club is able to pay its debts as and when they fall due. The facility matures July 2019.
- Subsequent to year end the Cronulla Sutherland Leagues Club Ltd agreed to the terms upon which a \$1.4 million plus accrued interest loan of the Club will be refinanced with a new lender. This will result in the Club owing the Cronulla Sutherland Leagues Club Ltd \$1.4 million plus accrued interest. The Cronulla Sutherland Leagues Club Ltd 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 Woolooware Bay Residential Development, or 31 July 2018. The terms of the loan provide security over the assets of the Cronulla Sutherland Leagues Club Ltd to the new lender.
- It is expected that the settlement arising from Stage 2 of the Woolooware Bay Residential Development will exceed the current loan balances.
- A letter of support has been provided by Cronulla Sutherland Leagues Club Ltd to assist with meeting the Club's debts as and when they fall due for a period of 12 months from the date of the approval of the financial statements.

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

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

**(n) Going Concern (continued)**

Therefore the directors consider there are reasonable grounds to believe the Club will be able to access necessary funding should it be required, to enable the Club to pay 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.

**(o) 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 Football Club is a 'not for profit' entity, whose activities are to encourage, promote and control the development, playing and interests of rugby league in the Cronulla-Sutherland District. 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 Club's activities. At the reporting date, all of the Football Club's assets have been assessed as held to support the Club's activities.

**(p) New and Revised Standards Effective for these Financial Statements**

The Club 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 Club.

**(q) 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 Club will be required to review and revise presentation, recognition or measurement where required for these Accounting Standards in future years. The Club'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 District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

<b>Note 2 - Revenue</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>From continuing operations</b>		
<i>Sale of goods from operating activities</i>		
Merchandising/Royalties	3,211,079	3,404,400
	<u>3,211,079</u>	<u>3,404,400</u>
<i>Rendering of services from operating activities</i>		
Match revenue	994,189	1,759,196
Stadium Events	19,938	19,425
	<u>1,014,127</u>	<u>1,778,621</u>
NRL Grant	<u>8,583,681</u>	<u>8,334,198</u>
<i>Other revenue from operating activities</i>		
Members subscriptions	1,996,993	1,693,222
Sponsorship	7,853,600	6,994,458
Interest from other persons	16,002	8,548
Grant from Leagues Club	-	-
	<u>9,866,595</u>	<u>8,696,228</u>
<b>Note 3 - Other Income</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Other Income	1,022,982	1,085,117
	<u>1,022,982</u>	<u>1,085,117</u>
<b>Note 4 - Expenses</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Surplus/(deficit) for the year includes the following specific expenses:		
Finances charges under finance leases and hire purchase contracts	11,727	11,791
Interest	201,360	182,074
	<u>213,087</u>	<u>193,865</u>
Depreciation and Amortisation	723,085	726,632
ASADA/Salary Cap related expenses	-	46,297
Bad and doubtful debts	37,418	109,589
	<u>760,508</u>	<u>865,308</u>
<b>Note 5 - Cash and Cash Equivalents</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Cash on hand	2,000	2,000
Cash at bank	619,379	1,089,126
	<u>621,379</u>	<u>1,091,126</u>
<b>Reconciliation of Cash</b>		
The above figures are reconciled to the cash at the end of the financial year as shown in the statement of cashflows as follows:		
Balances as above	<u>621,379</u>	<u>1,091,126</u>
<b>Balances as per cashflow statement</b>	<u>621,379</u>	<u>1,091,126</u>

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

<b>Note 6 - Trade and Other Receivables</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade receivables	2,258,346	1,900,191
Allowance for doubtful debts	<u>(132,343)</u>	<u>(98,205)</u>
	<b>2,126,003</b>	<b>1,801,986</b>
Other debtors	240,265	848,932
Prepayments	<u>174,709</u>	<u>143,785</u>
	<b>2,540,977</b>	<b>2,794,703</b>
 <b>Analysis of Allowance Account</b>	 <b>2017</b>	 <b>2016</b>
	<b>\$</b>	<b>\$</b>
Opening balance	(98,205)	(98,205)
Provisions for doubtful receivables	(37,418)	(109,588)
Receivables written off during the year	3,280	109,588
Reversal of amounts provided	-	-
Closing balance	<u>(132,343)</u>	<u>(98,205)</u>
 <b>Note 7 - Inventories</b>	 <b>2017</b>	 <b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Finished goods		
- at cost	<u>351,145</u>	<u>533,979</u>
<p>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.</p>		
 <b>Note 8 - Property, Plant and Equipment</b>	 <b>2017</b>	 <b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Leasehold improvements</b>		
At cost	15,037,758	14,964,890
Accumulated amortisation	<u>(6,061,604)</u>	<u>(5,622,300)</u>
	<b>8,976,154</b>	<b>9,342,590</b>
<b>Plant and equipment</b>		
At cost	2,910,149	2,728,852
Accumulated amortisation	<u>(2,137,968)</u>	<u>(1,902,021)</u>
	<b>772,181</b>	<b>826,831</b>
<b>Leased Plant and equipment</b>		
At cost	239,176	239,176
Accumulated amortisation	<u>(120,029)</u>	<u>(72,194)</u>
	<b>119,147</b>	<b>166,982</b>
<b>Work in Progress</b>		
At cost	23,213	111,399
Accumulated amortisation	<u>-</u>	<u>-</u>
	<b>23,213</b>	<b>111,399</b>
 <b>Total non-current property, plant and equipment</b>	 <b>9,890,695</b>	 <b>10,447,802</b>

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

**Note 8 - Property, Plant and Equipment (continued)**

	Leasehold Improvements	Plant and Equipment	Leased Plant and Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$
Carrying amount at 1 November 2015	9,738,351	882,630	266,971	52,810	10,940,762
Additions	36,079	140,001	-	58,589	234,669
Disposals	-	-	(998)	-	(998)
Transfers	-	36,903	(36,903)	-	-
Depreciation expenses	(431,840)	(232,704)	(62,088)	-	(726,632)
Depreciation on disposals/recoupment	-	-	-	-	-
	<b>9,342,590</b>	<b>826,831</b>	<b>166,982</b>	<b>111,399</b>	<b>10,447,802</b>
Carrying amount at 1 November 2016	9,342,590	826,831	166,982	111,399	10,447,802
Additions	-	109,792	-	56,186	165,978
Disposals	-	-	-	-	-
Transfers	72,868	71,504	-	(144,372)	-
Depreciation expenses	(439,304)	(235,946)	(47,835)	-	(723,085)
Depreciation on disposals/recoupment	-	-	-	-	-
<b>Carrying amount at 31 October 2017</b>	<b>8,976,154</b>	<b>772,181</b>	<b>119,147</b>	<b>23,213</b>	<b>9,890,695</b>



**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

<b>Note 9 - Trade and Other Payables</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade payables	3,496,682	3,824,907
Other payables	1,751,526	963,994
GST Liability	159,471	90,592
	<u>5,407,679</u>	<u>4,879,493</u>
<b>Note 10 - Financial Liabilities</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
<b>Secured - Interest Bearing</b>		
Lease liability (note 15)	44,123	60,192
Total secured current financial liabilities	<u>44,123</u>	<u>60,192</u>
<b>Unsecured - Interest Bearing</b>		
Director Loan (note 13)	1,000,000	2,400,000
Loan - Private Lender (note 13)	1,400,000	-
	<u>2,400,000</u>	<u>2,400,000</u>
<b>Total current financial liabilities</b>	<u>2,444,123</u>	<u>2,460,192</u>
<b>Non Current</b>		
<b>Secured - Interest Bearing</b>		
Lease liability (note 15)	48,003	92,126
Total secured non-current financial liabilities	<u>48,003</u>	<u>92,126</u>
<b>Secured - Non Interest Bearing</b>		
Loan - NRL	-	1,500,000
	<u>-</u>	<u>1,500,000</u>
<b>Total non-current financial liabilities</b>	<u>48,003</u>	<u>1,592,126</u>

Lease Liabilities are secured over the rights to the leased assets disclosed in Note 8 which will revert to the lessor if the company defaults on the lease agreements.

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.

<b>Note 11 - Other Liabilities</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Income in Advance</b>		
<b>Current</b>		
Season Seats in Advance	1,077,017	804,068
Corporate Hospitality in Advance	90,937	30,760
Grant in Advance - NRL	600,000	-
	<u>1,767,954</u>	<u>834,828</u>
<b>Non Current</b>		
Grant in Advance - NRL	<u>2,400,000</u>	<u>-</u>

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

<b>Note 12 - Provisions</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Provision - Annual Leave	269,142	180,759
Provision - Long Service Leave	19,932	17,647
<b>Total Current Provisions</b>	<u>289,074</u>	<u>198,406</u>
<b>Non-Current</b>		
Provision - Long Service Leave	<u>43,031</u>	<u>30,596</u>
 <b>Note 13 - Related Party Transactions</b>	 <b>2017</b>	 <b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Transactions with related parties</b>		
<b>Transactions with Directors and director related Entities</b>		
Fees paid for legal services	193,672	123,374
Sales of Sponsorship	121,000	122,984
Sales of football corporate hospitality	128,958	122,879
	<u>443,630</u>	<u>369,237</u>

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

#### **Directors Loans**

As at year end, the Club secured an undertaking from the lender who provided the Club with a \$1 million loan that they will not seek repayment of the loan until the settlement of Stage 2 of the Woolooware Bay Residential Development, anticipated to be 31st May 2018, if the seeking repayment of the loan would result in the Club 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 Club negotiated a finance facility to provide access of up to \$2.0 million should it be required, to ensure the Club 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 Cronulla Sutherland Leagues Club Ltd agreed to the terms upon which a \$1.4 million plus accrued interest loan of the Club will be refinanced with a new lender who is not a related party. This will result in the Club owing the Cronulla Sutherland Leagues Club Ltd \$1.4 million plus accrued interest. The Cronulla Sutherland Leagues Club Ltd 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 Woolooware Bay Residential Development, or 31 July 2018. The terms of the loan provide 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.

The Football Club has a 10 x 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.

	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
Transactions between the Football Club and the Leagues Club during the financial year consist of:		
Purchases of alcohol and game day catering from related parties	1,030,188	747,579
Purchases of non game day catering from related parties	190,273	78,055
Purchases of goods from the Leagues Club were made on an arm's length basis at cost. During the 2016 season the Leagues Club undertook catering services for the Chairmans and Terrace areas of the football stadium and supplied all alcohol in the stadium.		
Sales of Services	180,600	-
Sales of merchandise and corporate hospitality	197,401	24,537

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

**Note 13 - Related Party Transactions (continued)**

<b>Transactions with Other Related Entities</b>	<b>2017</b>	<b>2016</b>
<b>Outstanding balances</b>	<b>\$</b>	<b>\$</b>
The following balances are outstanding at reporting date in relation to the parent entity.		
<b>Current receivables from:</b>		
Cronulla-Sutherland Leagues Club Ltd		
<b>Current payable to:</b>		
Cronulla-Sutherland Leagues Club Ltd	1,002,132	878,229
<b>Non-Current payable to:</b>		
Sharks Property Holdings	95	95
<b>Key Management Personnel Compensation</b>		
Key Management Compensation	1,376,616	732,880

**Note 14 - Company Limited by Guarantee**

The Cronulla-Sutherland District Rugby League Football Club Limited is a company limited by guarantee under the Corporations Act 2001. The amount of capital, which is not capable of being called up except in the event of and for the purpose of a winding up of the Club, is not to exceed \$5 per member by virtue of the Club's Memorandum and Articles of Association.

The number of Members total 1,558 (2016: 1,618).

**Note 15 - Commitments**

<b>Lease commitments</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Finance lease - non-cancellable</b>		
Within one year	44,123	60,192
Later than one year but not later than 5 years	48,003	92,126
<b>Total future minimum lease payments</b>	<b>92,126</b>	<b>152,318</b>
<b>Total future finance charges</b>	<b>20,806</b>	<b>32,438</b>
<b>Lease liabilities</b>	<b>112,932</b>	<b>184,756</b>
Lease Liabilities are represented in the financial statements as follows:		
Current (note 10)	44,123	60,192
Non-Current (note 10)	48,003	92,126
	<b>92,126</b>	<b>152,318</b>

The Cronulla-Sutherland District Rugby League Club Ltd has a 10 x 5 year lease with the Cronulla-Sutherland Leagues Club Ltd for the use of the playing field and associated facilities, which commenced 31 October 1994 for nil consideration.

**Cronulla-Sutherland District Rugby League Football Club Limited**  
**Notes to the Financial Statements**  
**For the year ended 31 October 2017**

**Note 16 - Contingencies**

**Contingent Liabilities**

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.

**Note 17 - Subsequent Events**

Other than the refinancing or modification of the Directors Loans detailed in Note 13, 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 18 - Registered Office**

461 Captain Cook Drive, Woolooware New South Wales 2230.

**Cronulla-Sutherland District Rugby League Football Club Limited  
Financial Statement for the year ended 31 October 2017**

**Declaration by Directors**

The Directors declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, 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 Corporations 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 Football Club will be able to pay its debts as and when they become due and payable

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

## **Independent Auditor's Report to the Members of Cronulla-Sutherland District Rugby League Football Club Limited**

### **Opinion**

We have audited the financial report of Cronulla-Sutherland District Rugby League Football Club Limited, which comprises the statement of financial position as at 31 October 2017, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 Company is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Company's financial position as at 31 October 2017 and of its 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(n) in the financial report. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as a going concern and therefore, the company 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 Company 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 is the directors' report accompanying the financial 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

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

Our 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 Company'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 Company'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 Company 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.

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' in a cursive, stylized script.

Ernst & Young

A handwritten signature in black ink that reads 'Daniel Cunningham' in a cursive, stylized script.

Daniel Cunningham  
Partner  
Sydney  
30 January 2018