

CRONULLA-SUTHERLAND LEAGUES CLUB
LIMITED AND CONTROLLED ENTITIES
ABN: 54 000 202 826

ANNUAL REPORT 2018





2018 CRONULLA SHARKS CHAIRMAN'S REPORT

The 2018 season was one with challenges, with successes and the odd disappointment, but again it was a clear display of the resilience of our Club and the Sharks brand.

We dealt head on with whatever was thrown at us, making decisions and instigating initiatives that will ultimately put our Club in a much better place long term and I am genuinely proud of the efforts of the Board, management, staff and the playing group for the way they conducted themselves and represented our Club during the past 12 months.

Our NRL team being knocked out just one week shy of another Grand Final appearance was disappointing on the one hand but an outstanding achievement on the other, and when coupled with premiership victories for our Jersey Flegg boys and Tarsha Gale girls, on the field our football program is in good shape.

Off the field our Sharks Leagues Club went through a significant upgrade and is trading strongly, while the Woollooware Bay Development continues to take shape. I am hoping you can keep supporting the Sharks and as I present the Cronulla Sutherland Leagues Club Limited and Controlled Entities 2018 Annual Report, continue to look forward to what promises to be a positive future.

Licensed Club

As a quick snap shot, during the 2018 financial year, our 26,000 Licenced Club Members made over 182,000 visits to the Club.

We hosted over 340 events, our showroom providing the ultimate event space for significant attractions such as The Wiggles, Play school, Sutherland Shire and St George Small Business Awards, Grand final Luncheon and the National Body Building Championships.

We served over 89,500 meals, with over 11,000 being the ever popular chicken schnitzel and poured more than 600,000 beverages, coffees and milkshakes across the year both in the Stadium and in Club.

We would like to thank those Members who have participated in our Sharks reward program. We hope all have enjoyed our player Elite 'swipe and win' kiosks which have been used excessively and hope you enjoyed this new way of being rewarded for your loyalty to Sharks.

During the year our members played 6,427 games of bingo, took home 4,400 raffle prizes, and for those who have not been into the Club recently, you might have missed the significant upgrade to our Bistro dining area and the rebirth of the Immortals Lounge.

We again were recognised for our efforts in supporting community initiatives with award nominations at the prestigious ClubsNSW Community Awards and were excited to be a finalist in Disability, Welfare and Social Inclusion for Skillz4Me and to have won first place for our Sharks Make Bullying History initiative in the category of Health and Wellbeing.

Running over 40 weeks, Skillz4Me caters predominantly for children who cannot participate in mainstream sports due to their needs. It consists of a free weekly sports session at Taren Point Youth Centre, offering a wide range of activities while exposing the children to a variety of sporting experiences.

Delivered by Sharks Have Heart (the Sharks Community arm), in partnership with the Make Bullying History Foundation, the Sharks Make Bullying History initiative aims to eradicate bullying in the Sutherland Shire and beyond, by delivering whole school and community day intensives, programs and follow ups.

Since 2016 the program has been delivered to over 11,000 students within the local area across 49 primary and high schools.

Both programs are integral to our local community and we are delighted to be a part of such fantastic initiatives.

Football Club

The Football Club performed exceptionally well under the leadership of CEO Barry Russell and with much credit going to our Head Coach Shane Flanagan, his football department and coaching staff. There were certainly a number of highlights and key moments during the 2018 season.

In emphasising our achievements, we again played Finals football after finishing the home and away season in fourth place on equal points with the Roosters, Storm and Rabbitohs, only to bow out of the premiership race with a loss to the Storm one week before the 2018 Grand Final.

In addition to our senior squad, we proved to have a strong junior base and pathways program, with our Tarsha Gale Cup (girls under 18's) the 2018 Premiers after defeating Newcastle Knights 32 -22 in the Grand Final, with the Sharks Jersey Flegg team (under 20's) also crowned 2018 champions after defeating Penrith 22-12 in their competition decider.

The SG Ball (under 18's) Sharks just missed out on making it to back to back Grand Finals, going down in extra time to eventual champions Penrith, while the Harold Matthews Cup (under 16's) team performed strongly, only to be eliminated in week two of the Finals.

The Sharks supplied State of Origin Representatives in Valentine Holmes (QLD) and Matt Prior (NSW) during the 2018 series, with Matt making his Origin debut in Game 2, while we had NSW representatives in U16s, U18s, U20s and in the NSW Residents ISP team, where we had five players named including Aaron Gray, Blayke Brailey, Kyle Flanagan, Kurt Dillion and Scott Sorensen.

On the international scene, congratulations to Valentine Holmes and Aaron Woods for being members of the Kangaroos team for the end of season Test matches, to Andrew Fifita who represented Tonga and to James Segeyaro on his selection for the PNG Kumuls.

Sharks Immortal Steve Rogers was an extremely worthy inductee into the NSWRL Hall of Fame, while Luke Lewis, the Clive Churchill Medallist in our Grand Final victory of 2016, retired after 18 seasons at the top level. We thank Luke for his outstanding service to our Club and to the game of rugby league.

It was also a successful year for the membership team with 2018 marking the fifth consecutive year the Club has broken the Membership record. Thanks to our 15,784 Members for your support.

It was also a year in which we launched FINS (Female Inclusive Network of Sharks), created to give our female Members and fans a voice in their Club and to provide a network where likeminded females can gather to share thoughts and attend events. The group totalled more than 150 in 2018 with a target of over 300 members next season.

In an extremely difficult sponsorship market our Commercial team worked tirelessly to achieve some fantastic results, with the club attracting a number of new partnerships.

Included amongst them were ITP as Game Day Partner, Sydney Freezers, AutoCraze and Whale Logistics as Shorts partners, M&J

Chickens joined us in a supplier partnership, Bet 365 as Gaming Partner, EISS Super were proud supporters of our Tarsha Gale team and Stewart Toyota as our Automotive Partner

From a football performance point of view, we entered into partnership arrangements with Chobani (Yoghurt), Remedy (Health drinks), Grill'd (Post game meals), Budgy Smugglers (apparel/swimmers) and Engine Room (Data analytics), while from a hospitality perspective, I'm pleased to report the Monty Porter and Gavin Miller Suites were 100 per cent sold, with the ET Suites at 92 per cent capacity.

Our Player Sponsorships saw all 17 properties sold and we hosted an exclusive player sponsor event for the first time

In relation to Media Values, our total net value earned by partners in 2018 season was \$39.55million, a 22 per cent increase on 2017 (\$30.8million) and our dedicated TV net value for partners rose by 63 per cent.

Our front of jersey, sleeve and top back of jersey assets are in the top five across all NRL clubs for most exposure and in 2018 the Sharks had the sixth largest cumulative Australian TV audience, which was 17 per cent above the average.

In terms of Digital and Brand, we had numerous key focuses and highlights throughout the last season and significantly the Sharks were announced the number one team in fan engagement through digital marketing platforms (Source), rated #1 by Members for communication satisfaction, (NRL Wave 3 Membership Report) and rated #1 by Members for social media satisfaction (NRL Wave 3 Membership Report).

With 2018 the first year of NRL and Club investment into the NRL Network, we rolled out a new website, club app and data management platform with encouraging results.

From Nov 1, 2017 - Sep 30, 2018 we had 4.2M website and app views, 1.8M user sessions (1.4M mobile) 596K users and 270K video views, while from Feb - Sep Sharks Media produced over 240 social videos with a total of 1.8M views, as well as 77 Live Stream Shows, with total of 384,000 views

On the Community front, Sharks Have Heart invested considerable time and resources throughout the past year. Pages dedicated to Sharks Have Heart, to the work carried out and the footprint they have in Community with their programs and initiatives, will be detailed on pages 4 and 5 of this financial report.

I won't steal their thunder, other than to say Sharks Have Heart, their staff, volunteer helpers, along with the players and coaches, have made substantial and positive contributions to the local and wider community throughout 2018.

Financial

Full details of the financial performance can be found in the audited report however I can highlight that the Group reported a profit for the 2018 year of \$0.421million, a significant improvement on 2017's loss of \$2.545million

The profit was driven by the recognition of the increased discounted cash flowing from the Stage 2 and 3 residential projects. The Football Club improved its position marginally with a reduction of the 2017 loss of \$3.867million to 2018's loss of \$3.262million. From an operational perspective this reduction was the result of strong cost control delivering a \$0.966million saving, which partially compensated for the \$1.45million of reduced sponsor revenue.

The NRL grant increased substantially however this was offset by an increase in player costs under the newly negotiated CBA.

The Leagues Club reported a turnaround of \$0.375million, going from a 2017 loss of \$0.132million to a 2018 profit of \$0.242million on the back of improved gaming revenue (\$0.38million increase). Food and beverage revenue were down \$0.379million, primarily due to reduced game day revenues, however strong cost controls have been implemented and these have delivered \$0.268million in savings.

Overall the Group was marginally cash flow positive at \$45,256 in comparison to the 2017 cash deficit of \$334,529. This included the repayment of \$2.4million of debt and working capital improved by \$2.33million.

The Club financials are provided in greater detail in this Annual Report and Financial Report, which covers the year ending October 31, 2018.

Our Development

It has been a big year for the Woollooware Bay Development.

Stage 2 settled in May of 2017 with 178 new apartments completed and wonderful new families joining our community.

Stage 3 construction commenced on site in May of 2017 and is progressing extremely well, with expected completion February 2020.

Sales for Stage 3 are also tracking well with 191 of 238 apartments having exchanged. Completion of Stage 3 will bring many wonderful amenities to Woollooware Bay including the workshop and Crest Club, which has an infinity pool at level 15 looking over the Bay as well as an indoor entertainment facility with BBQs and a catering kitchen. A great opportunity for our residents, their friends and families to come together.

We hope to commence landscaping works later in 2019 to the residential foreshore and behind Family Hill. It is anticipated that these works will be complete alongside Stage 3 in February 2020.

The last stage of the Woollooware Bay development involves the development of the new Sharks Leagues Club, retail shopping centre, 255 residential apartments, a hotel or serviced apartment building and a select number of commercial suites. This new town centre will be unlike anything the Shire has seen before with the DA currently in Council. We are targeting construction commencing on this stage after the 2019 rugby league season and will take approximately two years to complete.

In tribute

Over the last year we lost a handful of past Sharks players and officials, men who will forever be remembered. We mourned the passing of Grand Final heroes from the 1970's in John McMartin and Cliff Watson, player and first grade coach Noel Thornton, outstanding clubmen in Mick Rassmussen, Ken Marshall and Les Anderson, as well as Lance Thompson a young man taken from us far too soon.

While special mention must be made of Bob Abbott, a former director, founding father of the Sharks and one of the game's most astute administrators.

From all at the Sharks we offer our condolences and assure their families these men will always hold a special place in the Club's history.

Our people and our Members

I would like to personally extend my thanks to our dedicated management and staff for their hard work and positive attitude. Your knowledge, expertise and loyalty doesn't go unnoticed, is greatly appreciated and you have helped steer the Club through the hurdles we have faced. As a result of your efforts we are pushing forward into a successful and prosperous future.

And to my board, a group who give their time voluntarily for the betterment of the Club and its Members, I thank you for the support you have given to me and the commitment you have shown to the Sharks in 2018.

Finally, none of what we do would have the meaning it does without our devoted and passionate members. We thank you for your support and guarantee we will do all we can to continue to provide a club you will be proud of.

OUR COMMUNITY



2018 was yet another record breaking year for Sharks Have Heart, achieving some incredible goals off the field through their three pillars; Inclusivity and Diversity, Social Impact and Have Heart.

Sharks Have Heart received \$43,357.20 in donations, philanthropy and event fundraising, which was dispersed back into various community initiatives. These focus areas included;

- Mentoring 'at risk' local Indigenous students within our community
- Creating career transitional pathways for Indigenous students
- Increasing Indigenous cultural awareness education within schools
- Supporting families and children with additional needs
- Providing social inclusion opportunities
- Reducing rates of bullying within schools
- Building resilience within children
- Educating our community on positive health and wellbeing lifestyle choices

Grassroots junior Rugby League development and support

2018 was also a big year for our players who attended over 600 events which equated to total of 2,364 hours in the community. Charities benefited from \$159,689 of in-kind support in the way of signed jerseys, footballs, match day tickets and game day fundraising. The Sharks Have Heart team also reached over 343,036 individuals through various community events and program delivery.

Sharks Have Heart partnered with three new charities in 2018. Skillz4Me, Deadly Choices and School for Living were added to the extensive list of supported charities.

Skillz4Me is a program aimed to reduce social isolation through inclusive social interaction for children on the autism spectrum or with additional needs. The program facilitates social interaction through sporting activities as well as fun and therapy. The program runs every Tuesday afternoon for 40 weeks of the year at no cost to participants of their families. In 2018, 108 children attended the program.

Deadly Choices is an initiative that aims to improve the knowledge, attitudes and behaviours of Aboriginal and Torres Strait Islander people around living healthy lifestyles. Deadly Choices incorporates a number of behavioural change initiatives to improve the health and wellbeing of the community. Activities include tobacco cessation and healthy lifestyle education programs, community events, sport and recreation inclusion, nutrition programs, leadership camps and social media engagement. The program is endorsed by several professional athletes who are also ambassadors for the organisation, including a number of Sharks players. Members of the community are incentivised with a unique Deadly Choices t-shirt upon completion of a program or health check.

The Sharks partnered with School for Living to develop a resilience resource for schools - Game On. The book and program have been designed and mapped to the National Health and Education Curriculum and the International Grotberg Resilience Framework. This resource contains resilience learning opportunities that enable both teachers and readers to extract resilience opportunities





with confidence. This resource is empowering, fun and engaging and has demonstrated sustainable behaviour change in children. Game On is free to schools in the Sutherland Shire with the aim to educate children from pre-school – Year 2.

The Cronulla-Sutherland District Junior Rugby League experienced an increase in numbers during the 2018 season with a total of over 4,400 registrations. Most excitingly, this number comprises a 16% female participation rate, a record for the district and the second highest in the NSWRL metropolitan region. This was largely due to the continuation and growth of League Touch, the non-contact version of Rugby League.

The Olsens Sharkcrew returned for a fourth year with over 60 volunteers contributing their valuable time to undertake tasks to support the club off the field. A total of 1,382 hours was donated by the Sharkcrew which also featured 8 university students who completed internships within the Sharks Have Heart team.

Our Leagues Club offered its support to numerous community organisations throughout 2018, with a total of \$56,724.99 cash and in-kind donations allocated to two important Sutherland Shire organisations and programs via ClubGrants Category 1 funding:

Make Bullying History Initiative

\$30,000

Sutherland Shire Family Services

\$23,981

Category 2 funding contributed \$11,800 cash and \$142,417.93 in-kind support was also donated to the following organisations:

Cronulla Sutherland Sports Council

\$6,000

School donations

\$1,000

Local community organisations

\$4,800

Support of local community organisations and schools (in kind)

\$34,586.32

Support of local sporting organisations (in kind)

\$107,831.61

Sharks Have Heart would like to thank Platinum Partners, Capital Bluestone for their continued support and commitment to the Sharks and Sutherland Shire community.

For more information on our programs or to support, visit: www.sharkshaveheart.com.au



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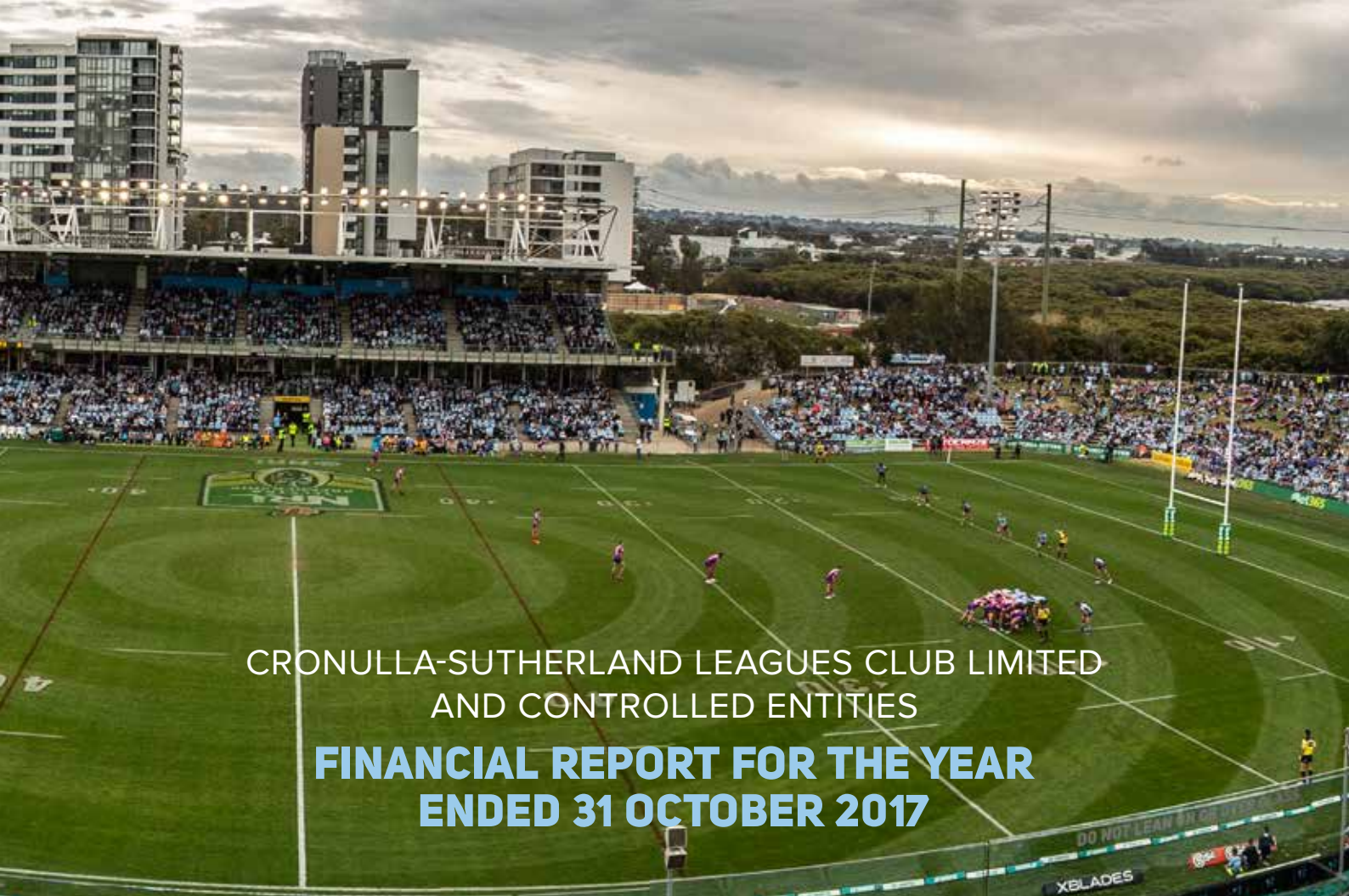
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CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES FINANCIAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2017

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 2018.

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:

Dino Mezzatesta – Chairman
Darren McConnell (resigned 14 December 2018)
Craig Airey (resigned 28 October 2018)
Paul McCarthy (resigned 11 December 2018)
Dane Sorensen
Paul O'Neile (resigned 21 November 2018)
Gregg Taylor (elected 22 March 2018)
Scott Briggs
Mark Deutsch
Steve Mace (appointed 11 December 2018)
Martin Kennedy (appointed 13 December 2018)

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 2018 DIRECTORS REPORT



Name: Dino Mezzatesta
Title: Chairman
Qualifications: ADV DIP.
Experience and Expertise: Club Director, Company Director, COO
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: Darren McConnell (resigned 14 December 2018)
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: Craig Airey (resigned 28 October 2018)
Title: Director
Qualifications:
Experience and Expertise: Company Director, Club Director
Special responsibilities: Director, Member of Disciplinary subcommittee.



Name: Paul McCarthy (elected 22 March 2018, resigned 11 December 2018)
Title: Director
Qualifications: BEc, MSAA
Experience and Expertise: Company Director. Club Director, Financial Analyst
Special Responsibilities: Director, member of Audit, Risk and Compliance Committee.



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 (resigned 21 November 2018)
Title: Director
Qualifications: BCom
Experience and Expertise: Club Director, CEO
Special responsibilities: Director, Chairman of Audit, Risk and Compliance Committee.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

FINANCIAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2018 DIRECTORS REPORT



Name: Gregg Taylor (elected 22 March 2018)

Title: Director

Qualifications: BCom (Economics & Finance), CFA Charter holder

Experience and Expertise: Executive Director of Bombora Investment Management, Non Executive Director of Acrow Formwork & Construction Services

Special Responsibilities: Director, Member of Development subcommittee, Member of Investment subcommittee.



Name: Scott Briggs

Title: Director

Qualifications: BJuris, LLB

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

Special Responsibilities: Director



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: Martin Kennedy (appointed 13 December 2018)

Title: Director

Qualifications: Cert IV in Banking Services

Experience and Expertise: Head Of Corporate & Property NSW, Bank of Queensland

Special Responsibilities: : Investment subcommittee



Name: Steve Mace (appointed 11 December 2018)

Title: Director

Qualifications: ADV DIP Electrical Engineering, ADV DIP Facilities Management, AICD (CDC)

Experience and Expertise: Investor & Executive Chairman at Multi Services Solutions Group ANZ

Special Responsibilities: : Investment subcommittee

MEETINGS OF DIRECTORS

	HELD	ATTENDED
Dino Mezzatesta	12	11
Darren McConnell	12	12
Craig Airey	12	9
Paul McCarthy	8	6
Dane Sorensen	12	12
Paul O'Neile	12	12
Gregg Taylor	8	8
Scott Briggs	12	5
Mark Deutsch	12	12

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

FINANCIAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2018 DIRECTORS REPORT

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 26,127 (2017: 26,416) 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 30 day of January 2019.



D Mezzatesta
Chairman



G Taylor
Director



Ernst & Young
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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 2018, 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.

Ernst & Young

James Higgins
Partner
30 January 2019

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	2018 \$	2017 \$
Revenue from sale of goods	2	5,963,596	7,486,249
Revenue from rendering of services	2	9,940,702	9,415,656
Other revenue	2	22,910,625	19,068,940
Revenue from continuing operations		38,814,923	35,970,845
Other income	3	5,063,375	3,414,558
Cost of sales		(3,185,143)	(4,521,560)
Bar and catering expenses		(2,488,696)	(2,494,914)
Marketing expenses		(6,945,278)	(7,417,722)
Occupancy expenses		(2,717,484)	(2,776,019)
Administrative expenses		(3,204,061)	(2,671,757)
Gaming expenses		(2,644,895)	(2,419,397)
Gaming taxes		(2,634,590)	(2,519,261)
Development expenses		(605,119)	(520,189)
Other expenses		(1,889,580)	(1,866,486)
Football expenses		(16,637,892)	(14,024,427)
(Deficit)/surplus before finance costs		925,560	(1,846,329)
Finance costs	4	(504,718)	(651,871)
(Deficit)/surplus before tax		420,842	(2,498,200)
Income tax benefit/(expense)	5	-	(46,768)
(Deficit)/surplus after tax		420,842	(2,544,968)
Total Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		420,842	(2,544,968)

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2018

	Note	2018 \$	2017 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,559,731	1,514,475
Trade and other receivables	7	686,932	2,321,909
Inventories	8	222,974	478,159
Total current assets		2,469,637	4,314,543
Non-current assets			
Inventory	8	744,872	744,872
Property, plant and equipment	9	25,362,785	25,599,968
Derivative asset	10	18,412,741	20,946,283
Total non-current assets		44,520,398	47,291,123
Total assets		46,990,035	51,605,666
LIABILITIES			
Current liabilities			
Trade and other payables	11	4,145,620	5,591,009
Interest bearing liabilities	12	3,597,375	6,201,231
Grant in advance - NRL	14	600,000	600,000
Short term provisions	13	529,108	557,540
Current tax liability	5	5,395	33,629
Income in advance	14	1,125,132	1,194,913
Total current liabilities		10,002,630	14,178,322
Non-current liabilities			
Interest bearing liabilities	12	362,087	629,182
Grant in Advance - NRL	14	1,800,000	2,400,000
Deferred tax liabilities	5	813,047	813,047
Long term provisions	13	71,991	65,677
Total non-current liabilities		3,047,125	3,907,906
Total liabilities		13,049,755	18,086,228
Net assets		33,940,280	33,519,438
EQUITY			
Retained earnings		33,940,280	33,519,438
Total equity		33,940,280	33,519,438

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 2018

	Note	2018 \$	2017 \$
Cashflows from operating activities			
Cash receipts from customers and sponsors		28,586,109	32,443,096
Grants		15,063,459	9,442,049
Cash paid to suppliers and employees		(45,424,764)	(42,784,723)
Grant in advance from NRL		-	1,500,000
Other interest received		10,312	10,860
Rent received		-	35,750
Interest paid		(1,099,136)	(446,579)
Income taxes paid		(34,555)	(44,890)
Net cash inflow/(outflow) from operating activities		(2,898,575)	155,563
Cash flows from investing activities			
Purchase of property, plant and equipment		(582,678)	(699,046)
Proceeds from sale of property, plant and equipment		6,586,866	1,158,095
Net cash (inflow)/outflow from investing activities		6,004,188	459,049
Cash flows from financing activities			
Proceeds from borrowings		4,450,000	-
Repayment of borrowings		(6,856,547)	(14,957)
Capital element of finance lease costs		(653,810)	(934,182)
Net cash (outflow)/inflow from financing activities		(3,060,357)	(949,140)
Net (decrease)/increase in cash and cash equivalents		45,256	(334,529)
Cash and cash equivalents at beginning of period		1,514,475	1,849,004
Cash and cash equivalents at end of period	6	1,559,731	1,514,475

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 2018

	Retained Earnings	Total Equity
	\$	\$
At 1 November 2016	36,064,406	36,064,406
Surplus for the year	(2,544,968)	(2,544,968)
Other comprehensive income:	-	-
Total comprehensive income	(2,544,968)	(2,544,968)
At 31 October 2017	33,519,438	33,519,438
At 1 November 2017	33,519,438	33,519,438
Surplus for the year	420,842	420,842
Other comprehensive income:	-	-
Total comprehensive income	420,842	420,842
At 31 October 2018	33,940,280	33,940,280

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 2018

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 2018 were authorised for issue in accordance with a resolution of the directors on 30 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 Corporations 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.

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')

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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

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, 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. As the future economic benefits of the Group's assets are not primarily dependent upon their ability to operate net cash inflows and if deprived of the assets, the Group 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.

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 2018

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.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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

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 assets exceeded its current liabilities by \$3,285,796 (2017: \$3,422,018 current liabilities exceeded current assets) and the consolidated entity's current liabilities exceeded its current assets by \$7,532,993 (2017: \$9,863,779). During the year ended 31 October 2018 the consolidated entity incurred an operating profit of \$420,820 (2017: \$2,544,968 operating loss). The financial report has been prepared on a going concern basis. In arriving at this position, the directors have had regard to the fact that, based on the matters noted below, the Group has, or in the directors' opinion will have, access to sufficient cash to meet its debts as and when they fall due and fund its ongoing operations for a period of not less than 12 months from the date of approval of the financial statements.

In forming this view the directors have taken into consideration the following:

- As at year end, the Group had a loan of \$500,000 with a private lender at an interest rate of 7.5% which was due and payable on demand. Subsequent to year end, the Club has agreed with the lender to repay this loan by the 15 March 2019.
- As at year end, the Group had a loan of \$2,500,000 with a private lender at an interest rate of 7.5% which was due and payable on demand. The Club has agreed with the lender to repay this loan by the 20 March 2020.
- Subsequent to year end, the Group secured an undertaking from a private lender to fund \$1.0 million on interest free terms, in consideration for reduced rate hiring charges for corporate hospitality. The Group has agreed with the lender to repay the loan by the 15 March 2019.
- Subsequent to year end, the Football Club was issued a Breach Notice by the National Rugby League Limited ('the NRL') regarding the alleged breach by the Football Club and the Football Club's Head Coach of the NRL Rules. With respect to the alleged breach, the NRL has proposed to impose a fine of \$800,000. The Football Club has until 30 January 2019 to respond to the NRL with respect to the Breach Notice. Subsequently the NRL may, after considering the Football Club's response determine the breach and impose a fine.

- The Football Club generating an operating loss in the 2019 financial year.
- The possible financial outcomes of the ongoing NRL Salary Cap investigation.
- Subsequent to year end, the Group entered into two non-binding heads of agreement and a short term funding facility with a third party developer to buy out the Group's interest in the Woollooware Bay development. The consideration for entering into these agreements, includes immediate short term funding of \$2 million, secured by an existing mortgage the developer has over the Stage 3 land. The repayment of these funds will be offset against the Group's entitlement to proceeds from the Stage 3 development, which is expected to complete in April 2020.

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

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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

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.

For more information on financial assets at fair value through profit or loss, refer to Note 10.

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.

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.

- 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 the financial asset

The Directors have assessed the fair value of the financial asset 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.

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 2018 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 2018

	2018	2017
	\$	\$
Note 2 - Revenue From continuing operations		
<i>Sale of goods from operating activities</i>		
Sale of goods	4,345,424	4,275,170
Merchandising/Royalties	1,618,172	3,211,079
	5,963,596	7,486,249
<i>Rendering of services from operating activities</i>		
Gaming revenue	8,792,464	8,407,201
Match revenue	973,042	988,517
Stadium Events	175,197	19,938
	9,940,702	9,415,656
<i>Other revenue from operating activities</i>		
Functions revenue	885,912	700,777
Members subscriptions	2,092,248	2,050,127
Sponsorship	6,132,961	7,582,590
Interest from other persons	10,312	10,860
Rent received	-	32,500
Commission - Keno	95,138	108,405
NRL Grant	13,544,054	8,583,681
NSWRL Grant	150,000	-
	22,910,625	19,068,940
Note 3 - Other Income		
Finance Income - gain on revaluation of financial asset (Note 10)	4,045,763	1,975,477
Other income	1,017,612	1,439,081
	5,063,375	3,414,558
Note 4 - Expenses		
(Deficit)/surplus before income tax includes the following specific expenses:		
<i>Bad and doubtful debts</i>		
Trade receivables	270,894	121,862
	270,894	121,862
<i>Finance costs</i>		
Interest paid/payable	362,053	517,631
Finance charges under finance leases and hire purchase contracts	142,664	134,240
	504,718	651,871
Depreciation and amortisation expense	2,061,467	2,002,857

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

2018

2017

\$

\$

Note 5 - Income Tax

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.

Current Tax Expense

Current tax (benefit)/expense	-	46,768
Over provision for previous years	-	-
Total current income tax expense/(benefit)	-	46,768

Deferred Tax Expense

Total income tax expense/(benefit) in profit or loss	-	46,768
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Reconciliation of the effective tax rate

(Deficit)/Surplus before income tax expense	420,842	(2,498,200)
Tax at the Australian tax rate of 30% (2017: 30%)	126,253	(749,460)
Tax effect of (benefit)/deficit in the Football Club (Income Tax exempt)	978,689	1,160,291
Income and expenditure of the Leagues Club subject to mutuality principal adjusted for non-deductible and specifically deductible items	(1,104,942)	(364,063)
	-	46,768
Over provision in prior years	-	-
Income tax expense/(benefit) in profit or loss	-	46,768

Deferred Tax Liabilities

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	813,047	813,047

Current Tax Liabilities

Current Tax Liability	5,395	33,629
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Note 6 - Cash and Cash Equivalents

Cash on hand	428,000	353,000
Cash at bank	1,131,731	1,161,475
	1,559,731	1,514,475

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

	2018	2017
	\$	\$
Note 7 - Trade and Other Receivables		
Current		
Trade receivables	595,850	1,865,079
Allowance for doubtful debts	(283,250)	(132,343)
	312,600	1,732,736
Other debtors	113,561	307,654
Prepayments	260,771	281,519
	686,932	2,321,909
Analysis of Allowance Account		
Opening balance	(132,343)	(98,205)
Provisions for doubtful receivables	(270,894)	(121,862)
Receivables written off during the year	119,987	87,724
Reversal of amounts provided	-	-
Closing balance	(283,250)	(132,343)

Note 8 - Inventories

Current		
Finished goods - at cost	222,974	478,159
<p>During the year the company recorded an \$8,250 reversal of a previously recognised impairment expense associated with reducing inventory to its Net Realisable Value (NRV). This reversal was recorded as a reduction of the cost of sales expense in the profit or loss. In the 2017 financial year, the company recognised a \$114,407 expense to record inventory at the lower of cost & NRV.</p>		
Non Current		
Land	744,872	744,872
<p>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.</p>		

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

	2018	2017
	\$	\$
Note 9 - Property, Plant and Equipment		
Freehold Land		
At deemed cost	1,076,436	1,076,436
Total land	1,076,436	1,076,436
Buildings		
At deemed cost	6,520,000	6,520,000
Accumulated depreciation	(2,809,604)	(2,635,713)
	3,710,396	3,884,287
Building improvements		
At cost	27,339,885	27,281,718
Accumulated amortisation	(10,264,771)	(9,644,475)
	17,075,114	17,637,243
Total buildings	20,785,510	21,521,530
Total freehold land and buildings	21,861,946	22,597,966
Plant and equipment		
At cost	18,799,088	16,683,106
Accumulated depreciation	(17,477,786)	(15,400,381)
	1,321,302	1,282,725
Leased plant and equipment		
At cost	2,330,260	3,741,994
Accumulated amortisation	(1,447,565)	(2,287,100)
	882,695	1,454,894
Total plant and equipment	2,203,997	2,737,619
Work in Progress		
At cost	1,296,842	264,383
	1,296,842	264,383
Total non-current property, plant and equipment	25,362,785	25,599,968

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

Note 9 Property, Plant & Equipment (Continued)

Reconciliations

2018	Freehold Land	Buildings	Plant and Equipment	Leased Plant and Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
Group						
Carrying amount at beginning of financial year	1,076,436	21,521,530	1,282,725	1,454,894	264,383	25,599,968
Additions	-	-	413,385	327,409	1,090,625	1,831,419
Revaluations	-	-	-	-	-	-
Transfers	-	58,166	118,522	(118,522)	(58,166)	-
Disposals	-	-	-	(7,136)	-	(7,136)
Depreciation	-	(794,186)	(493,330)	(773,951)	-	(2,061,467)
Carrying amount at end of financial year	1,076,436	20,785,510	1,321,302	882,694	1,296,842	25,362,784

2017	Freehold Land	Buildings	Plant and Equipment	Leased Plant and Equipment	Work in Progress	Total
	\$	\$	\$	\$	\$	\$
Group						
Carrying amount at beginning of financial year	1,076,436	21,923,633	1,500,163	1,553,305	125,063	26,178,600
Additions	-	233,443	168,648	725,598	296,956	1,424,645
Transfer	-	86,132	86,980	(15,476)	(157,636)	-
Disposals	-	-	(433,429)	-	-	(433,429)
Depreciation	-	(721,678)	(39,638)	(808,531)	-	(1,569,847)
Carrying amount at end of financial year	1,076,436	21,521,530	1,282,725	1,454,894	264,383	25,599,968

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

	2018	2017
	\$	\$

Note 10 - Financial Asset

Expected Proceeds from Sale of Residential Land	18,412,741	20,946,283
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Analysis of Movement in Financial Asset

Opening balance	20,946,283	20,136,462
Proceeds received	(6,586,866)	(1,158,095)
Accrued charge	7,561	(7,561)
Unwinding of Discounted Proceeds	4,045,763	1,975,477
Closing Balance	18,412,741	20,946,283

The underlying asset is pledged as security to the Developer's financier, ANZ Bank. As at 31 October 2018, the Group revalued its financial asset and recognised a gain of \$4,045,763 (2017: \$1,975,477) 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	1,182,253	2,909,198
Other Payables	2,706,629	2,489,660
GST Liability	256,738	192,151
	4,145,620	5,591,009

Note 12 - Interest Bearing Liabilities

Current

Unsecured

Members Deposits	60,128	66,675
Directors Loans (Note 16)	-	1,000,000
Loan - Private Lender (1)	500,000	1,400,000
	560,128	2,466,675

Secured

Loan - Private Lender (2)	2,500,000	3,000,000
Lease Liabilities	537,247	734,556
	3,037,247	3,734,556

Total Current Financial Liabilities

	3,597,375	6,201,231
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Non-Current

Secured

Lease Liabilities	362,087	629,182
	362,087	629,182

(1) During the financial year ended 31 October 2018 the Group entered into a loan agreement to borrow \$500,000 with interest charged at 7.5% per annum. The loan is repayable by 15 March 2019 and is subject to arms length commercial terms and conditions.

(2) During the financial year ended 31 October 2018 the Group entered into a loan agreement to borrow \$2,500,000 with interest charged at 7.5% per annum. The loan is repayable by 20 March 2020 and is subject to arms length commercial terms and conditions.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

	2018	2017
	\$	\$

Note 12 - Interest Bearing Liabilities (continued)

The carrying amounts of assets pledged as security for current and non-current interest bearing liabilities are:

NON-CURRENT

First mortgage

Freehold land	1,076,436	1,076,436
Buildings	12,190,592	12,311,933
	13,267,028	13,388,369
Finance leases		
Plant and equipment	844,527	1,335,747
Total assets pledged as security against borrowings of the consolidated entity	14,111,555	14,724,116

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	2,500,000	3,000,000
	2,500,000	3,000,000

Note 13 - Provisions

Current

Provision for annual leave	441,887	444,669
Provision for long service leave	87,221	112,871
Total Current Provisions	529,108	557,540

Non-Current

Provision for long service leave	71,991	65,677
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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.

Note 14 - Income in Advance

Current

Grants in advance - NRL	600,000	600,000
Subscriptions in advance	12,633	14,773
Season seats in advance	971,927	1,077,017
Corporate hospitality in advance	140,572	103,123
Commission in advance	-	-
	1,125,132	1,194,913

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

Note 14 - Income in Advance (continued)

Non-Current

Grants in advance - NRL	1,800,000	2,400,000
	2018	2017
	\$	\$

Note 15 - Cash Flow Information

Current

Non-cash Financing Investing Activities	-	-
Acquisition of Plant and Equipment by means of Finance Lease	327,409	725,598

Note 16 - 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
Fees paid for Maintenance Services	-	17,717
Fees paid for Hospitality	80,981	-
Fees paid for Commissions	1,500	
Sales of Sponsorship of Football Club	25,000	121,000
Sales of Corporate Hospitality	74,599	133,608

Key management personnel compensation for non-disclosing entity

Key Management Compensation	1,522,846	1,959,005
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Directors Loans

During the year the Club repaid \$500,000 of the Director loan. Following the resignation of the director as at year end the loan has been reclassified as Private Lender.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

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

Note 17 - Contingencies

At 31 October 2018, 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

As outlined in note 1(q), on 19 December 2019 the Football Club received a Breach Notice from the NRL with respect to the Football Club's alleged breach of the NRL Rules. With respect to the alleged breach, the NRL has proposed to impose a fine of \$800,000. The Football Club has until 30 January 2019 to respond to the NRL with respect to the Breach Notice. Subsequently the NRL may, after considering the Football Club's response, determine the breach and impose a fine. The Football Club is also still the subject of ongoing investigations by the NRL with respect to a self-reported breach and other suspected breaches of the NRL salary cap rules and regulations. Subject to the conclusion of the NRL's investigations a financial penalty and or other sanctions may be imposed upon the Football Club.

	2018	2017
	\$	\$

Note 18 - Commitments

Lease Commitments

Finance lease - non-cancellable

Within one year	537,247	734,556
Later than one year but not later than 5 years	362,088	629,182
Total future minimum lease payments	899,335	1,363,738

Total future finance charges	187,890	226,089
Lease liabilities	1,087,225	1,589,827

Lease liabilities are represented in the financial statements as follows:

Current (note 12)	537,247	734,556
Non-current (note 12)	362,087	629,182
	899,334	1,363,738

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.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

	2018	2017
	\$	\$
Note 19 - Parent Entity		
Information Relating to Cronulla-Sutherland Leagues Club Limited		
Statement of Financial Position		
Current Assets	2,668,241	3,372,784
Total Assets	35,888,349	37,761,750
Current Liabilities	4,906,199	6,794,801
Total Liabilities	6,096,684	8,212,578
Retained Earnings	29,791,665	29,549,172
Statement of Comprehensive Income		
Surplus for the Year	242,493	(132,621)
Other Comprehensive Income	-	-
Total Comprehensive Income	242,493	(132,621)

Note 20 - Subsequent Events

Other than the events detailed in Note 1(q), there are no matters which 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 21 - 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 2018 the number of financial members totalled 26,127 (2017: 26,630).

Note 22 - 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 2018
DECLARATION BY DIRECTORS

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 2018 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.

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



G Taylor
Director

Dated this 30th day of January 2019



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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 2018, the consolidated statement of profit or loss and other 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 2018 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*.

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.

Material Uncertainty Relating to Going Concern

Without qualifying our opinion, we draw attention to Note 1(q) 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.



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 the directors' 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

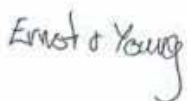
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that 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.



Ernst & Young



James Higgins
Partner
Sydney
30 January 2019



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