

ANNUAL REPORT

2015



COWBOYS LEAGUES CLUB LTD.



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Notice of Meeting

Notice is hereby given that the twenty-second (22nd) Annual General Meeting of Cowboys Leagues Club Limited will be held at the Club Premises, 335 Flinders Street Townsville QLD 4810 at 6.00PM, 23rd March 2016.

Agenda

1. Apologies.
2. To confirm minutes of twenty-first (21st) Annual General Meeting held on 25th March 2015.
3. Chairman's Report.
4. To receive and confirm the Directors' Report, Financial Reports and Auditors' Report for the year ended 31 October 2015.
5. Appointment of Auditors.
6. Declaration of Ballot for election of Directors as per Article 8.6(f) of the Constitution.
7. To consider, and if thought fit, pass the Special Resolution that the combined Directors annual remuneration be no greater than \$60,000 for the year ending 31st October 2016.
8. General Business.

By Order of the Board | **N.A. Linthwaite** Company Secretary

Proxy Information

Members have a right to appoint a proxy. The proxy must be a member of the Club. A member is not permitted to hold a proxy for more than 1 member. An instrument appointing a proxy must be deposited with the Company Secretary not less than 24 hours before the time for the meeting.

Proposed First Special Resolution

The members resolve, by way of special resolution that the combined Directors' Annual Remuneration be in total no greater than \$60,000 for the year ending 31 October 2016.

Message from the Board of Directors

It is once again a privilege and with great pleasure that I present on behalf of my fellow Directors, the 2015 Cowboys Leagues Club Limited Annual Report.

I would firstly like to congratulate our team, the North Queensland Toyota Cowboys, on their first NRL Premiership win. To my fellow members, you have contributed to this win through your support of our Club, and I congratulate and thank you for your contribution. We are very proud to be part of such a magnificent and historic achievement, and look forward to being there with you during the team's title defence in 2016.

While our team has been winning on the field, the last 12 months has felt like a premiership year off the field too. A highlight has been completion of the \$6.5 million renovation that has transformed the Club's facilities and earned us recognition through our "Best Club Redevelopment" award from Clubs Queensland. I would like to thank all members for their patience during this period. I was delighted by the strong support received by our Club from members throughout the renovation, and invite any member who has not already done so to come back in to the Club and survey the finished product. I would also like to thank our tremendous staff for the job they have done during this time. Renovations always present some challenges, and our team has once again done an outstanding job throughout this period.

We always thought we had the best Club General Manager around, and we received confirmation of this in 2015 when our very own Clint Williams was named as winner of the prestigious Clubs Queensland "Manager of the Year" award.

Every year, one of our key goals is to support our local community as much as possible. During the year, your Club contributed nearly \$650,000 to many very worthy community groups, charitable groups and schools throughout the region. This has taken our total contribution to over \$6 million since the Club first began trading in the CBD. I hope all members are as proud as I am of their Club and the role we play in the community.

On behalf of the Board of Directors, I would like to thank all our valued members for your support throughout the past year. The achievements mentioned above would not have been possible without you. We hope you will continue to enjoy our facilities, which at the same time supports our team and the whole North Queensland region – a win, win, win. Finally, I encourage you to further support our team and region by becoming a member of the Cowboys Football Club, in addition to the Cowboys Leagues Club, if you have not already so.

Daryl Holmes, Chairman

Directors' Report

The directors present their report, together with the financial statements of the Group, being the Company and its controlled entities, for the financial year ended 31 October 2015.

1. General Information

Information on Directors

The names of each person who has been a director during the year and to the date of this report are:

| Name | Position | Appointed | End of term / Resigned |
|---------------------|-----------|------------|------------------------|
| D Holmes | Chairman | 23/03/2002 | |
| J Carey | Director | 28/08/2002 | |
| L Lancini | Director | 17/01/2000 | |
| A Newman | Director | 23/03/2002 | 25/03/2015 |
| B Peters | Director | 15/04/1997 | |
| S Titmus | Director | 23/03/2002 | |
| L Ramsay | Director | 03/03/2007 | |
| J Gleeson | Director | 31/03/2009 | |
| M Price | Director | 31/03/2009 | |
| G Brimelow | Director | 25/03/2015 | 10/04/2015 |
| D Gardiner | Director | 06/05/2015 | |
| N Linthwaite | Secretary | 24/08/1994 | |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the Cowboys Leagues Club Limited (parent) during the financial year were to provide support, fund and encourage the aims and objectives of the Cowboys Rugby League Football Limited by operation of a licensed club ('the club'). The club facilities include bar, restaurant, cafe, poker machines, merchandise shop, Keno and TAB.

The principal activity of the Cowboys Rugby League Football Limited during the financial year was fostering, encouragement, promotion, development and playing of Rugby League in North Queensland.

The principal activity of Cowboys Holdings Pty Ltd during the financial year was to acquire and control property, plant and equipment on behalf of the Cowboys Leagues Club Limited and controlled entities.

No significant change in the nature of these activities occurred during the year.

The parent's short-term objectives are to:

- Grow its membership base
- Continually look to improve its business and service to members
- Improve market share in all departments
- Capitalise on the recent \$6.5m refurbishment

Cowboys Holdings' short-term objectives are to:
Acquire tenants for all available leasable space

The parent's long-term objectives are to:

- Increase its offerings to members and the broader community
- Bolster its balance sheet
- Commence construction of Mount Louisa premises

To achieve these objectives, the parent has adopted the following strategies:

- Continuously improve the standard of current services
- Completion of the current CBD premises redevelopment and continual improvement of the property to ensure long-term viability of the facility
- Identify and introduce additional revenue streams to its core business
- Establish an additional premises when the timing is right for its business

Members guarantee

Cowboys Leagues Club Limited is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$ 10 each towards meeting any outstanding obligations of the entity. At 31 October 2015 the collective liability of members was \$ 362,300 (2014: \$ 285,650).



2. Operating results and review of operations for the year

Operating Results

The consolidated profit of the Group amounted to \$ 1,035,040 (2014: \$994,192). The profit/(loss) of Cowboys Leagues Club Limited (parent) after providing for income tax amounted to \$1,523,350 (2014: \$1,135,223).

Review of Operations *(figures displayed below)*

The 2015 year marked the Cowboys Leagues Club's 14th full year of trading operations at the Flinders Street site.

The club's main source of income is gaming revenue which is driven by 212 poker machines.

| Year Ending Tax | Parent Entity Net Assets | Parent Entity Profit (Loss) After |
|-----------------|-----------------------------|--------------------------------------|
| 31 October 2002 | (1,124,367) | 196,967 |
| 31 October 2003 | (784,068) | 340,299 |
| 31 October 2004 | (325,760) | 458,307 |
| 31 October 2005 | 1,512,384 | 1,838,144 |
| 31 October 2006 | 2,400,855 | 888,472 |
| 31 October 2007 | 2,939,045 | 538,192 |
| 31 October 2008 | 7,641,025 | 260,943 |
| 31 October 2009 | 8,307,534 | 666,510 |
| 31 October 2010 | 4,621,694 | (9,881) |
| 31 October 2011 | 5,087,384 | 465,690 |
| 31 October 2012 | 5,153,952 | 574,338 |
| 31 October 2013 | 5,884,485 | 730,533 |
| 31 October 2014 | 7,019,708 | 1,135,223 |
| 31 October 2015 | 8,543,063 | 1,523,350 |

3. Other Items

Significant Changes in State of Affairs

The club recently underwent major redevelopment to both the interior of the club and the external building. The redevelopment was funded by a bank facility of \$5.395m and cash reserves. The renovations are aimed at improving the long-term viability of the business by offering a first-class venue to the members and the community as well as to strengthen the Club's overall financial position, with the previously unused upper level now being accessible, creating diversification opportunities.

Events After the Reporting Date

Cowboys Holdings Pty Ltd has contracted to purchase 305-311 Flinders Street, Townsville, QLD, 4810 with settlement due to occur in late January 2016. This property purchase will be funded via a bank loan.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Future Developments and Results

The club has announced that it intends to eventually build and operate an additional facility. To date, a controlled entity has settled on a parcel of land on the corner of Dalrymple Road and Thuringowa Drive, Mt Louisa.

The Townsville City Council has granted the Cowboys Leagues Club unconditional approval to pursue its development plans at Mount Louisa. The Office of Liquor, Gaming and Racing has granted Liquor and Gaming licenses.

Despite these developments, it is unlikely the new club premises will be built and operational before 2018. Whilst the Club still has long-term plans to build an additional premises at the Mount Louisa site, the current focus is to improve the Flinders Street facilities to ensure the Club provides members with a first class venue. Over the next 12 months, the Club will endeavour to capitalise on the growth it has experienced over the past four years along with the renewed confidence in the CBD. These changes are aimed at making the Cowboys Leagues Club the premier entertainment venue in Townsville.

Information on Directors

| | |
|---------------------------------|---------------------------------|
| D Holmes, Chairman | Director for 14 years |
| J Carey, Deputy Chairman | Director for 13.5 years |
| L Lancini | Director for 16 years |
| A Newman | Director for 14 years |
| B Peters | Director for 19 years |
| S Titmus | Director for 14 years |
| L Ramsay | Director for 8.5 years |
| J Gleeson | Director for 6.5 years |
| M Price | Director for 6.5 years |
| G Brimelow | Director for 1 month (Resigned) |
| D Gardiner | Director for 6 months |

Meetings of Directors

During the financial year, 8 meetings of directors and 11 Finance Audit & Risk Committee meetings were held. Attendances by each director during the year were as follows:

| | Directors' Meetings | | FAR Committee Meetings | |
|-------------------|---------------------------|-----------------|---------------------------|-----------------|
| | Number Eligible to Attend | Number Attended | Number Eligible to Attend | Number Attended |
| D Holmes | 8 | 8 | - | - |
| J Carey | 8 | 7 | 11 | 11 |
| L Lancini | 8 | 3 | 11 | 3 |
| A Newman | 3 | 3 | - | - |
| B Peters | 8 | 8 | - | - |
| S Titmus | 8 | 8 | 11 | 11 |
| L Ramsay | 8 | 7 | - | - |
| J Gleeson | 8 | 8 | - | - |
| M Price | 8 | 4 | - | - |
| D Gardiner | 4 | 4 | - | - |

Indemnification and Insurance of Officers and Auditors

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 31 October 2015 has been received and can be found on page 5 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

D Holmes - Chairman
3 February 2016

J Carey - Deputy Chairman
3 February 2016

Auditors Declaration

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Cowboys Leagues Club Limited and Controlled Entities

I declare that, to the best of my knowledge and belief, during the year ended 31 October 2015, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Jessups

Level 1, 19 Stanley Street, Townsville QLD 4810

Roger Dunstan - Director

3 February 2016



FINANCIAL



Discussion and Analysis of the Financial Statements

The concise financial report is an extract from the full financial report for the year ended 31 October 2015. The financial statements and disclosures in the concise financial report have been derived from the 2015 Financial Report of Cowboys Leagues Club Limited and its controlled entities. A copy of the full financial report and auditor's report will be sent to any member, free of charge upon request.

This discussion and analysis is provided to assist members in understanding the concise financial report. The discussion and analysis is based on Cowboys Leagues Club Limited and controlled entities' consolidated financial statements and the information contained in the concise financial report has been derived from the full 2015 financial report of Cowboys Leagues Club Limited and controlled entities.

Statement of Comprehensive Income

2015 marked the club's fourteenth full year of trading operations. The profit from ordinary activities before income tax for the year was \$1,523,350 (2014: \$1,135,223), the profit after tax was also \$1,523,350 (2014: \$1,135,223). The result has been itemised below.

The key source of revenue for the club is gaming (including 212 poker machines). Key expenses incurred by the club include depreciation of \$1,148,518 (2014: \$1,147,029) and employee costs of \$4,154,582 (2014: \$3,809,551).

Balance Sheet

Assets - total assets have increased by 34% to \$23,955,452. Cash assets decreased as a result of the club using cash reserves to fund the redevelopment of the club. Capital additions for the year totalled \$6,008,175 which predominantly consisted of capital expenditure for the club redevelopment (approximately \$4,300,000) and the purchase of poker machine equipment.

Liabilities - total liabilities increased by 42% to \$15,412,388. The increase was attributable to liabilities associated with the club redevelopment, including a loan facility to partially fund the redevelopment.

Equity - equity represents the carried forward results of the company since its inception on 24 August 1994. Total equity has increased by 22% from 2014.

Statement of Cash Flows - the company utilised surplus cash to fund the redevelopment and finance capital asset purchases, club improvements and early stages of the relocation.

Statement of Profit or Loss and Other Comprehensive Income

| | 2015 CONSOLIDATED | 2014 CONSOLIDATED | 2015 PARENT | 2014 PARENT |
|---|----------------------|----------------------|------------------|------------------|
| Revenue | 42,864,325 | 37,762,714 | 18,253,895 | 15,812,880 |
| Other Income | 165,285 | 217,733 | 165,285 | 217,733 |
| | 43,029,610 | 37,890,447 | 18,419,180 | 16,030,613 |
| Cost of sales | (2,980,029) | (2,071,853) | (2,791,541) | (2,071,853) |
| Employee benefits expense | (19,571,101) | (17,321,282) | (4,154,582) | (3,809,551) |
| Marketing expense | (2,724,424) | (2,240,778) | (2,391,766) | (1,900,615) |
| Depreciation expense | (1,492,196) | (1,493,155) | (1,148,518) | (1,147,029) |
| Sponsorship servicing | (2,871,055) | (2,206,735) | (375,585) | (351,585) |
| Gaming tax | (3,143,332) | (2,820,997) | (3,143,332) | (2,820,997) |
| Insurance expense | (471,290) | (451,650) | (144,491) | (143,781) |
| Rental expense | (1,846,475) | (1,793,133) | (26,487) | (26,995) |
| Motor vehicle expense | (183,093) | (249,766) | - | - |
| Borrowing costs expense | (511,022) | (388,421) | (498,221) | (388,924) |
| Other expenses | (6,200,553) | (5,858,485) | (2,221,307) | (2,234,060) |
| Profit before income tax | 1,035,040 | 994,192 | 1,523,350 | 1,135,223 |
| Income tax expense | - | - | - | - |
| Profit for the year | 1,035,040 | 994,192 | 1,523,350 | 1,135,223 |
| Comprehensive income, net of income tax | - | - | - | - |
| Total comprehensive income for the year attributable to members of the parent entity | 1,035,040 | 994,192 | 1,523,350 | 1,135,223 |

Statement of Financial Position

| Assets | 2015 CONSOLIDATED | 2014 CONSOLIDATED | 2015 PARENT | 2014 PARENT |
|---------------------------------|----------------------|----------------------|-------------------|-------------------|
| Current Assets | | | | |
| Cash and cash equivalents | 2,063,892 | 1,632,809 | 592,514 | 673,155 |
| Trade and other receivables | 2,229,936 | 747,897 | 666,217 | 264,739 |
| Inventories | 376,370 | 214,783 | 329,286 | 214,783 |
| Other assets | 257,974 | 1,110,435 | 257,974 | 291,362 |
| Total current assets | 4,928,172 | 3,705,924 | 1,845,991 | 1,444,039 |
| Non-Current Assets | | | | |
| Financial Assets | - | - | 14,871,925 | 8,971,421 |
| Property, plant and equipment | 19,236,507 | 14,667,947 | 5,120,639 | 5,357,156 |
| Deferred tax assets | 83,718 | 83,718 | 83,718 | 83,718 |
| Intangible assets | 2,054,682 | 2,043,679 | 2,033,179 | 2,033,179 |
| Total non current assets | 21,374,907 | 16,795,343 | 22,109,461 | 16,445,473 |
| Total assets | 26,303,079 | 20,501,267 | 23,955,452 | 17,889,512 |

Statement of Financial Position

| Liabilities | 2015 CONSOLIDATED | 2014 CONSOLIDATED | 2015 PARENT | 2014 PARENT |
|--------------------------------------|----------------------|----------------------|-------------------|-------------------|
| Current Liabilities | | | | |
| Trade and other payables | 4,531,790 | 3,932,012 | 2,043,389 | 1,705,226 |
| Borrowings | 1,393,557 | 1,184,655 | 1,481,955 | 1,329,128 |
| Employee benefits | 641,056 | 524,437 | 258,294 | 213,398 |
| Other financial liabilities | 1,058,758 | 1,211,432 | 100,600 | 90,765 |
| Total current liabilities | 7,625,161 | 6,852,536 | 3,884,238 | 3,338,517 |
| Non-Current Liabilities | | | | |
| Borrowings | 11,501,293 | 7,550,607 | 11,499,728 | 7,500,440 |
| Employee benefits | 189,928 | 146,466 | 28,422 | 30,847 |
| Total non current liabilities | 11,691,221 | 7,697,073 | 11,528,150 | 7,531,287 |
| Total liabilities | 19,316,382 | 14,549,609 | 15,412,388 | 10,869,804 |
| Net assets | 6,986,697 | 5,951,658 | 8,543,063 | 7,019,708 |
| Equity | | | | |
| Retained earnings | 6,986,697 | 5,951,658 | 8,543,063 | 7,019,708 |
| Total equity | 6,986,697 | 5,951,658 | 8,543,063 | 7,019,708 |

Statement of Changes in Equity

| | Retained Earnings | Total |
|--|-------------------|------------------|
| 2015 Parent | | |
| Balance at 1 November 2014 | 7,019,708 | 7,019,708 |
| Profit attributable to members of the entity | 1,523,350 | 1,523,350 |
| Balance at 31 October 2015 | 8,543,063 | 8,543,063 |
| 2014 Parent | | |
| Balance at 1 November 2013 | 5,884,485 | 5,884,485 |
| Profit attributable to members of the entity | 1,135,223 | 1,135,223 |
| Balance at 31 October 2014 | 7,019,708 | 7,019,708 |
| 2015 Consolidated | | |
| Balance at 1 November 2014 | 5,951,658 | 5,951,658 |
| Profit attributable to members of the entity | 1,035,040 | 1,035,040 |
| Balance at 31 October 2015 | 6,986,697 | 6,986,697 |
| 2014 Consolidated | | |
| Balance at 1 November 2013 | 4,963,818 | 4,963,818 |
| Shares issued during the year | (6,352) | (6,352) |
| Profit attributable to members of the entity | 994,192 | 994,192 |
| Balance at 31 October 2014 | 5,951,658 | 5,951,658 |

Statement of Cash Flows

| | Consolidated | | Parent | |
|---|--------------|--------------|--------------|--------------|
| | 2015 | 2014 | 2015 | 2014 |
| Cash flows from operating activities | | | | |
| Receipts from customers | 41,907,709 | 38,180,008 | 18,024,903 | 15,601,928 |
| Payments to suppliers and employees | (39,081,355) | (34,689,900) | (14,955,460) | (12,775,256) |
| Interest received | 20,658 | 29,921 | 2,635 | 13,837 |
| Finance costs | (514,733) | (388,421) | (492,327) | (388,924) |
| Net cash provided by /used in operating activities | 2,332,279 | 3,131,608 | 2,579,751 | 2,451,585 |
| Cash flows from investing activities | | | | |
| Proceeds from sale of plant and equipment | - | 230,770 | - | 230,770 |
| Purchase of property, plant and equipment | (6,092,292) | (3,371,700) | (6,009,042) | (3,194,992) |
| Net cash used by investing activities | (6,092,292) | (3,140,930) | (6,009,042) | (2,964,222) |
| Cash flows from financing activities | | | | |
| Proceeds from borrowings / finance leases | 4,757,359 | 1,529,511 | 3,637,294 | 1,666,379 |
| Repayment of borrowings | (566,262) | (1,556,363) | (288,643) | (1,418,992) |
| Net cash used by financing activities | (4,191,097) | (26,852) | 3,348,651 | 247,387 |
| Net increase / (decrease) in cash and cash equivalents held | 431,084 | (36,174) | (80,640) | (265,250) |
| Cash and cash equivalents at beginning of year | 1,632,809 | 1,668,983 | 673,156 | 938,405 |
| Cash and cash equivalents at end of financial year | 2,063,893 | 1,632,809 | 592,516 | 673,155 |



NOTES

Notes to the Financial Statements

1. Basis of Preparation of the Concise Financial Report

The concise financial report relates to Cowboys Leagues Club Limited and the entities that it controlled during and at the end of the year ended 31 October 2015.

The concise financial report has been prepared in accordance with the Australian Accounting Standard 1039 Concise Financial Reports and the Corporations Act 2001.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and Directors' Report have been rounded to the nearest dollar.



2. Revenue and Other Income

| | Consolidated | | Parent | |
|---|-------------------|-------------------|-------------------|-------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Revenue from continuing operations | | | | |
| Sale of goods club (net) | 6,333,360 | 4,844,134 | 6,347,402 | 4,868,113 |
| Marketing and operating sales | 6,552,851 | 6,898,205 | 116,998 | 160,274 |
| Match day | 7,792,731 | 5,521,881 | - | - |
| Commission | 139,675 | 124,281 | 139,675 | 124,281 |
| Interest revenue | 11,054 | 29,921 | 2,635 | 13,837 |
| Rental revenue | 1,461,305 | 116,068 | - | 27,600 |
| Member subscriptions | 137,306 | 134,522 | 166,141 | 162,429 |
| Licensing grant | 8,954,999 | 7,550,000 | - | - |
| Grant revenue | 1,413,611 | 1,681,263 | - | - |
| Gaming | 11,481,043 | 10,454,262 | 11,481,043 | 10,454,262 |
| Other revenue | - | 228,177 | - | 2,084 |
| Total revenue | 42,864,325 | 37,672,714 | 18,253,895 | 15,812,880 |
| Other income | | | | |
| Training rebate | 42,000 | - | 42,000 | - |
| Net gain on disposal of property, plant and equipment | 123,285 | 217,733 | 123,285 | 217,733 |
| Total other income | 165,285 | 217,733 | 165,285 | 217,733 |

3. Result for the Year

The result for the year includes the following specific expenses:

| | 2015 CONSOLIDATED | 2014 CONSOLIDATED | 2015 PARENT | 2014 PARENT |
|--------------------|----------------------|----------------------|----------------|----------------|
| Depreciation | 1,492,196 | 1,493,155 | 1,148,518 | 1,147,029 |
| Audit remuneration | 51,720 | 55,760 | 32,320 | 38,080 |
| Bad debts | 17,384 | (909) | - | (909) |

4. Interests in Subsidiaries

| Cowboys Leagues Club Limited | Principal place of business or Country of Incorporation | Percentage Owned and/or Controlled (%) | Percentage Owned and/or Controlled (%) |
|---|---|--|--|
| | | 2015 | 2014 |
| Subsidiaries | | | |
| Cowboys Rugby League Football Limited | Australia | 100 | 100 |
| Cowboys Holdings PTY LTD | Australia | 100 | 100 |

5. Intangible Assets

Description of the Groups Intangible Assets

Cowboys Leagues Club Limited have the authority to operate 212 poker machines at their venue for the purpose of generating revenue for the group. The Australian Government restrict the amount of poker machine authorities available in each state. As such the authorities purchased by Cowboys Leagues Club Limited have been purchased over time and carried at cost. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group.

In 2014, Cowboys Football Club Limited purchased the copyright to a team song. This asset has been recognised with an indefinite useful life.

On 27th August 2007, the Group purchased 100% share capital in Reef League Pty Limited. At the time of the acquisition Reef League Pty Limited was the controlling entity of Cowboys Rugby League Football Limited.

As such, consideration was exchanged for 100% share capital of Reef League Pty Limited, and with this, the right to control Cowboys Rugby League Football Limited. Each year, upon consolidation, an intangible asset was recognised (Right to Control CRLF). On 4th May 2012 a change was made to the Cowboys Rugby League Football Limited constitution to provide control by Cowboys Leagues Club Limited, through their subscribing members, over Cowboys Rugby League Football Limited, with Reef League Limited no longer holding a controlling interest. As a result, the initial investment in Reef League Pty Limited of \$2,719,921 in the Cowboys Leagues Club Limited balance sheet has been split between \$1,211,420 representing the net assets of Reef League Pty Limited (and therefore the fair value of the investment), and recognition of the intangible asset (Right to Control CRLF) of \$1,508,501, following the direct line of control.

Impairment Assessment of Intangibles with Indefinite Useful Lives

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Cowboys Leagues Club Limited performs its impairment testing as at 31 October each year for indefinite life intangible assets (Poker Machine Authorities and Rights). The Group's intangible asset Right to Control CRLF is used in the operation and management of the North Queensland Cowboys Rugby League Football Team and all revenue streams are dependent and reliant upon these operations i.e. gate takings, season tickets, corporate sponsorships, corporate sales and National Rugby League grant monies. It is therefore considered that the cash generating unit to which the right belongs is Cowboys Rugby League Football Limited (as a cash generating unit) and its operations, and as such, the future maintainable earnings of the cash generating unit, excluding interest income, has been used to support the recoverable amount of the intangible asset.

For the purpose of determining whether the carrying amount of the Right is impaired, management has considered the future maintainable earnings of the Company based on financial budgets and forecasts. Factors considered in the calculation of future maintainable earnings were:

- the success of the North Queensland Cowboys Rugby league Team since its inception;
- the long-term tenancy at 1300SMILES Stadium;
- the success of government funded projects;
- the level of current sponsorship and corporate memberships;
- the growth trend of crowd attendance, gate takings and season memberships;
- the grant of the National Rugby League licence (NRL) to participate in the National Rugby League competition up to and including 2017, and receive grants under this licence.

6. Borrowings

| | Consolidated | | Parent | |
|-------------------------------------|-------------------|------------------|-------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Current | | | | |
| Bank loans | 565,587 | 330,782 | 565,587 | 413,747 |
| News Ltd loan | 200,000 | 200,000 | 200,000 | 200,000 |
| Loan from Cowboys Holdings PTY LTD | - | - | 137,000 | 137,000 |
| Finance lease obligations | 627,970 | 653,873 | 579,368 | 578,381 |
| Total current borrowings | 1,393,557 | 1,184,655 | 1,481,955 | 1,329,129 |
| Non-current | | | | |
| Bank Loans | 9,101,812 | 4,879,453 | 9,101,812 | 4,879,453 |
| News Ltd Loan | 1,950,000 | 2,150,000 | 1,950,000 | 2,150,000 |
| Finance lease obligations | 449,481 | 521,154 | 447,916 | 470,987 |
| Total non-current borrowings | 11,501,293 | 7,550,607 | 11,499,728 | 7,500,440 |

The land and buildings located at 313-335 Flinders Street are held as security for a commercial loan facility (disclosed above in "bank loans") held by Cowboys Holdings Pty Ltd. The following facility arrangements exist: Mortgage Debenture - Commercial Freehold Property situated at 313-335 Flinders Street, Townsville - Letter of subordination.

The bank loan amount disclosed above consists of two facilities. One facility has an approved limit of \$5.395million. The second facility had an undrawn amount of \$600,000 at 31 October 2015.

7. Leasing Commitments

| | Consolidated | | Parent | |
|--|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 |
| Finance leases - minimum lease payments | | | | |
| Not later than one year | 627,970 | 653,873 | 579,368 | 578,381 |
| Between one year and five years | 449,481 | 521,154 | 447,916 | 470,987 |
| Minimum lease payments | 1,077,451 | 1,175,027 | 1,027,284 | 1,049,368 |

Finance leases are in place for gaming machine upgrades and major equipment and normally have a term between 1 and 5 years with ownership of the underlying asset passing upon expiration of the lease.

| | Consolidated | | Parent | |
|---|----------------|----------------|----------|----------|
| | 2015 | 2014 | 2015 | 2014 |
| Operating leases - minimum lease payments under non-cancellable operating leases | | | | |
| Not later than one year | 477,237 | 463,337 | - | - |
| Between one year and five years | - | 477,237 | - | - |
| Minimum lease payments | 477,237 | 940,574 | - | - |

Cowboys Rugby League Football Limited have entered into leases with Stadiums Queensland for 1300SMILES Stadium and adjoining office and training facilities. The expiry of these leases is 31 October 2016. Future leasing charges for the office and training facilities only have been quantified. Charges relating to the hire of the stadium are subject to crowd attendance. At the date of this report, a reasonable estimate of future stadium hire charges subsequent to the 2015 season has not been able to be determined as such these have not been disclosed. Cowboys Rugby League Football Limited also has leasing arrangements for motor vehicles, photocopiers and computers.

8. Events Occurring After the Reporting Date

Cowboys Holdings Pty Ltd has contracted to purchase 305-311 Flinders Street, Townsville, QLD, 4810 with settlement due to occur in late January 2016. This property purchase will be funded via a bank loan.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

9. Company Details

The registered office of the company is:

Cowboys Leagues Club Limited
313-335 Flinders Street
Townsville, Queensland, 4810

Directors' Declaration

In accordance with a resolution of the directors of Cowboys Leagues Club Limited, the directors of the company declare that the concise financial report of Cowboys Leagues Club Limited and controlled entities for the financial year ended 31 October 2015 as set out on pages 10 to 23:

1. Complies with Accounting Standard AASB 1039 Concise Financial Reports.
2. Is an extract from the full financial report for the year ended 31 October 2015 and has been derived from and is consistent with the full financial report of Cowboys Leagues Club Limited and controlled entities.

D Holmes - Chairman
3 February 2016

J Carey - Deputy Chairman
3 February 2016

Independent Audit Report to the members of Cowboys Leagues Club Limited

Report on the Concise Financial Report

We have audited the accompanying concise financial report of Cowboys Leagues Club Limited, which comprises the statement of financial position as at 31 October 2015, 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, and related notes, derived from the audited financial report of Cowboys Leagues Club Limited for the year ended 31 October 2015, as well as the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 Concise Financial Reports, and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the concise financial report.

Auditor's Responsibility

Our responsibility is to express an opinion on the concise financial report based on our procedures which were conducted in accordance with Auditing Standard ASA 810: Engagements to Report on Summary Financial Statements. We have conducted and independent audit in accordance with Australian Auditing Standards, of the financial report of Cowboys Leagues Club Limited and Controlled Entities for the year ended 31 October 2015. We expressed an unqualified opinion on that financial report dated 3 February 2016. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the concise financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Our procedures included testing that the information on the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of audit evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion on whether, in all material respects, the concise financial report complies with AASB 1039 Concise Financial Reports and whether the discussion and analysis complies with the requirements laid down in AASB 1039 Concise Financial Reports.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Cowboys Leagues Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion the concise financial report including the discussion and analysis of Cowboys Leagues Club Limited for the year ended 31 October 2015 complies with Accounting Standard AASB 1039 Concise Financial Reports.

Jessups

Level 1, 19 Stanley Street, Townsville QLD 4810

Roger Dunstan Director

3 February 2016



COWBOYS LEAGUES CLUB LTD.

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