



COWBOYS LEAGUES CLUB

ANNUAL REPORT

2018



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NOTICE OF MEETING

Notice is hereby given that the twenty-fifth (25th) Annual General Meeting of Cowboys Leagues Club Limited will be held at the Club Premises, 335 Flinders Street Townsville QLD 4810 at 6.00PM, 27th March 2019.

AGENDA

1. Apologies.
2. To confirm minutes of the twenty-fourth (24th) Annual General Meeting held on 21st March 2018.
3. Chairman's Report.
4. To receive and confirm the Directors' Report, Financial Reports and Auditors' Report for the year ended 31 October 2018.
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 31 October 2019.
8. General Business.

By Order of the Board | **Jade Astorquia** – 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 2019.



MESSAGE FROM THE BOARD OF DIRECTORS

It is a great pleasure and privilege to present the 2018 Cowboys Leagues Club Limited Annual Report on behalf of my fellow Directors.

2018 was a very exciting time for your Club, with many great achievements. Below are just some of the highlights:

1. The Club was crowned North Queensland Medium Employer of the Year at the Queensland Government Training Awards for the second time in the last 3 years.
2. For the third year in a row, Match Restaurant and Grill won the award for People's Choice Best Restaurant in North Queensland at the Restaurant and Caterers Awards.
3. After 12 months of planning and another 12 months of construction, we completed our second renovation in the last 4 years. This latest expansion added an extra 900m² of floor space, including additional social space for our members and improved facilities for our staff, all aimed at improving the experience for members and staff alike.

This latest expansion means the Club has now invested nearly \$15 million in the Townsville CBD over the last 5 years and created more than 30 new ongoing full- and part-time jobs in that time.

Whilst these awards and the renovations are great achievements and a testament to the tremendous job our staff do, we are also committed to making your Club even better. In keeping with that commitment, as you may have seen, the Club has just completed the installation of a 177kw solar system on our roof, plus the new structures that have been built in our middle car park. For some time, we have wanted to provide our members with additional shaded car parking, and we are delighted that we have been able to do this whilst also reducing our impact on the environment.

Along with making improvements to your Club and supporting the North Queensland Toyota Cowboys, every year one of our key goals is to support our local community as much as possible. I am pleased to report that in 2018, your Club contributed a total of nearly \$600,000 to many very worthy community groups, charitable groups, sporting organisations and schools throughout the region. This has taken our total contribution to more than \$9 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.

Whilst our footy team, the North Queensland Toyota Cowboys, didn't finish 2018 how we would have liked, we all look forward to the 2019 season and thank the players and staff for their support and shared love for the Cowboys Leagues Club. I encourage members of the Leagues Club to further support our team and region by also becoming a member of the Cowboys Football Club.

Finally, on behalf of the Board of Directors, I would like to thank all our valued members for your support throughout the past year. The success of any Club relies on the support of its members, and we are fortunate to enjoy tremendous member support. Thank you, and we look forward to your continued support throughout 2019.

Dr Daryl Holmes OBE, 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 2018.

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	Resigned
D Holmes	Chairman	23/03/2002	
J Carey	Deputy Chairman	28/08/2002	
L Lancini	Director	17/01/2000	
S Titmus	Director	23/03/2002	
L Ramsay	Director	03/03/2007	
M Price	Director	31/03/2009	
D Gardiner	Director	06/05/2015	
A Newman	Director	23/03/2017	
A Greaney	Director	29/03/2017	
N Linthwaite	Company Secretary	24/08/1994	06/12/2017
J Astorquia	Company Secretary	15/12/2017	

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 Ltd (parent) during the financial year were to provide support, fund and encourage the aims and objectives of the Cowboys Rugby League Football Ltd 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 Cowboys Holdings Pty Ltd during the financial year was to acquire and control property, plant and equipment on behalf of the Cowboys Leagues Club Ltd and controlled entities.

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

The principal activities of Cowboys Charity Ltd during the financial year consisted of:

- Preparation for and the provision of accommodation for indigenous secondary school students from remote communities and the education, care and development of those children; and
- Delivery of programs for primary school attendance across North Queensland.

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

Short-term objectives

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 2018 expansion, which included the creation of Star Graze Bar and Café, Golden Point Gaming Lounge, Little Legends Children Facilities, Function Facilities, new administration wing, staff facilities and new amenities for members.

Cowboys Holdings' short-term objectives are to:

- Acquire tenants for all available leasable space

Long-term objectives

The parent's long-term objectives are to:

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

Strategy for achieving the objectives

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

- Continuously improve the standard of current services
- Continual improvement of the property to ensure long term viability of the facility
- Identify and introduce additional revenue streams to its core business
- Capitalise on the CBD Stadium
- Review the Cowboys Leagues Club Ltd footprint for the NQ Region when timing is right

Members guarantee

Cowboys Leagues Club Ltd 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 2018 the collective liability of members was \$369,430 (2017: \$452,290).

2. OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating results

The consolidated profit of the Group amounted to \$1,036,768 (2017: loss \$674,299). The profit of Cowboys Leagues Club Ltd (parent) for the year amounted to \$314,834 (2017: profit \$394,506).

The Cowboys Leagues Club Ltd experienced 5% revenue growth on 2018, however this was significantly reduced by additional expenditure incurred with the expansion and associated increase to the Club's human resources. The executive and management team are continuously reviewing club expenditure to ensure it is well controlled.

Cowboys Rugby League Football Limited profit for the 2018 year amounted to \$780,000 (2017: \$1,069,610 loss). 2018 marked the first year of a 5 year NRL club funding model designed to increase the financial sustainability of NRL clubs through greater distribution of NRL broadcast revenues.

Review of operations

The 2018 year marked the Cowboys Leagues Club's 17th full year of trading operations at the Flinders Street site. The club's main source of income is gaming revenue which is driven by 235 poker machines. The club is currently approved to operate 298 poker machines and has acquired entitlements for 261.

Cowboys Leagues Club Ltd contributed benefits totalling \$590,103 (2017: \$693,052) to charitable, sporting, recreational and other community initiatives. The profit of Cowboys Leagues Club Ltd excluding those contributions amounted to \$904,937 (2017: \$1,087,558 profit).

Significant Achievements

Along with the Club's support of Cowboys Rugby League Football Club and the North Queensland Community, throughout the year the Cowboys Leagues Club also notes the following significant achievements:

- Completed an expansion of Club facilities into the previously purchased building at 305-311 Flinders Street. At a cost of \$6.8 million, the expansion included a new Bar and Café, Gaming Room, Kids Room, Function Room, Administration and Staff Room and Staff Amenities. In total an additional 900sqm of CLC floor space and another 200sqm of lettable space was created.
- Finalised negotiations to install a 177kw solar system that will provide electricity savings and additional covered car parking for Club members. At a total cost of approximately \$380,000, the forecast payback period for this investment is 7 years funded by the expected electricity savings.
- Secured the Club's first tenant for the upper level with the space leased being approximately 585sqm.

Review of operations continued

Year Ending	Parent Entity Net Assets	Parent Entity Profit/(loss) After Tax	Consolidated Group Profit/(loss) After Tax
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	118,021
31 October 2008	7,641,025	260,943	319,716
31 October 2009	8,307,534	666,510	742,801
31 October 2010	4,621,694	(9,881)	130,963
31 October 2011	5,087,384	465,690	(352,264)
31 October 2012	5,153,952	574,338	221,671
31 October 2013	5,884,485	730,533	457,973
31 October 2014	7,019,708	1,135,223	994,192
31 October 2015	8,543,063	1,523,350	1,035,040
31 October 2016	9,717,892	1,174,829	1,980,761
31 October 2017	10,112,398	394,506	(674,299)
31 October 2018	10,427,232	314,834	1,036,768

3. OTHER ITEMS

Significant changes in state of affairs

Cowboys Rugby League Football Limited achieved improved financial results in 2018. 2018 marked the first year of a 5 year NRL club funding model designed to increase the financial sustainability of NRL clubs through greater distribution of NRL broadcast revenues.

Cowboys Holdings Pty Ltd purchased 305-311 Flinders Street, Townsville, QLD, 4810 in January 2016. This property purchase was funded via a bank loan. In 2018, the club completed an expansion of the leagues club operations into these premises at an approximate cost of \$6.8 million. \$4.5 million of this was funded via bank loan, with the remainder from cash reserves. This renovation was a key strategic decision that will ensure the long-term growth and future success of the club, in particular with the construction of the new CBD Stadium in close proximity.

Cowboys Charity Limited has agreed with the Queensland Government's Department of Housing & Public Works to lease facilities and land at 272 Hugh Street, Gulliver and 12 Desailly Street, Gulliver. This agreement supersedes a previous lease on facilities and land at 272 Hugh Street, Gulliver, the address at which it operates NRL Cowboys House (a boarding facility initially housing and educating 25 indigenous boys in 2017, growing to 50 indigenous boys in 2018). The facilities and land at 12 Desailly Street, Gulliver are being prepared to add a second wing at NRL Cowboys House to house and educate 25 indigenous girls in 2019, growing to 50 indigenous girls in 2020.

Events after the reporting date

There have been no matters or circumstances that 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 previously announced that it intends to eventually build and operate an additional Club 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 approval to pursue its development plans at the site. The Office of Liquor, Gaming and Racing has granted Liquor and Gaming licenses.

It is unlikely the new club premises will be built and operational before 2020. 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 capitalise on its recent expansion and on the growth it has experienced over the past five years, along with the construction of the CBD Stadium. This focus is aimed at making the Cowboys Leagues Club the premier entertainment venue in Townsville.

Information on directors

D Holmes	Chairman, Director for 17 years (Appointed Chairman 08/05/2014)
J Carey	Deputy Chairman, Director for 16.5 years (Appointed Deputy Chairman on 08/05/2014)
L Lancini	Director for 19 years (Chairman until 08/05/2014)
S Titmus	Director for 17 years
L Ramsay	Director for 11.5 years
M Price	Director for 9.5 years
D Gardiner	Director for 3.5 years
A Newman	Director for 3 years (Previous term – appointed 23/03/2002, end of term 25/03/2015)
A Greaney	Director for 2 years

Meetings of directors

During the financial year, 9 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	9	9	-	-
J Carey	9	9	11	11
L Lancini*	9	-	7	-
S Titmus	9	9	11	11
L Ramsay	9	5	-	-
M Price	9	7	-	-
D Gardiner	9	7	-	-
A Newman	9	7	-	-
A Greaney	9	9	-	-

*L Lancini did not attend any Directors' or FAR Committee meetings during the year due to leave of absence. L Lancini resigned from the FAR Committee after that committee's seventh meeting.

Indemnification and insurance of officers and auditors

During the financial year, the Company paid a premium in respect of a contract insuring the directors and officers of the Company against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The Company has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or auditor of the Company against a liability incurred as such an officer or auditor.



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 2018 has been received and can be found below.

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

D Holmes - Chairman
6 February 2019

J Carey - Deputy Chairman
6 February 2019

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

I declare that, to the best of my knowledge and belief, during the year ended 31 October 2018, 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

Rodger Dunstan - Director
6 February 2019

FINANCIALS

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 October 2018

	Note	Consolidated		Parent	
		2018 \$	2017 \$	2018 \$	2017 \$
Revenue	2	52,889,959	46,419,967	19,205,347	18,440,693
Other income	2	344,355	201,653	344,355	201,653
Total revenue		53,234,314	46,621,620	19,549,702	18,642,346
Cost of sales		(3,172,581)	(2,925,851)	(3,105,340)	(2,925,851)
Employee benefits expense		(26,088,399)	(22,472,499)	(5,172,379)	(4,639,862)
Marketing expenses		(2,912,072)	(2,819,648)	(2,489,130)	(2,436,685)
Depreciation expense	3	(2,252,828)	(1,978,387)	(1,423,346)	(1,306,620)
Sponsorship servicing		(1,983,871)	(2,039,312)	(238,378)	(281,965)
Gaming tax		(3,184,575)	(3,052,958)	(3,152,772)	(3,052,958)
Insurance expense		(619,496)	(559,519)	(184,582)	(178,421)
Rental and game-day expenses		(2,210,538)	(2,137,139)	(64,042)	(67,997)
Motor vehicle expense		(141,963)	(162,915)	-	-
Borrowing costs expense		(362,925)	(378,029)	(381,475)	(360,330)
Other expenses		(9,268,298)	(8,769,662)	(3,023,424)	(2,997,151)
Profit / Loss before income tax		1,036,768	(674,299)	314,834	394,506
Income tax expense		-	-	-	-
Profit / Loss for the year		1,036,768	(674,299)	314,834	394,506
Other comprehensive income, net of income tax		-	-	-	-
Total comprehensive income for the year attributable to members of the parent entity		1,036,768	(674,299)	314,834	394,506

The accompanying notes form part of these financial statements.

Statement of Financial Position
For the Year Ended 31 October 2018

Note	Consolidated		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	2,602,160	2,266,981	514,427	439,012
Trade and other receivables	2,465,906	1,640,648	242,602	223,343
Inventories	413,917	393,741	413,917	393,741
Other assets	1,481,875	2,172,972	315,933	314,288
Total Current Assets	6,963,858	6,474,342	1,486,879	1,370,384
NON CURRENT ASSETS				
Financial assets	-	-	11,179,481	10,103,756
Property, plant and equipment	27,795,177	23,354,615	6,411,178	6,771,915
Deferred tax assets	83,718	83,718	83,718	83,718
Intangible assets	2,238,721	2,054,682	2,217,218	2,033,179
Total Non Current Assets	30,117,616	25,493,015	19,891,595	18,992,568
TOTAL ASSETS	37,081,474	31,967,357	21,378,474	20,362,952
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	3,682,185	3,738,867	1,521,608	1,401,125
Borrowings	6	2,324,471	2,263,671	1,642,740
Employee benefits	1,147,552	1,025,291	385,106	331,091
Other liabilities	1,889,657	1,618,365	189,940	184,647
Total Current Liabilities	9,043,865	8,646,194	3,739,394	2,886,711
NON CURRENT LIABILITIES				
Borrowings	6	18,116,900	14,477,640	7,132,560
Employee benefits	147,655	107,237	79,288	52,643
Total Non Current Liabilities	18,264,555	14,584,877	7,211,848	7,363,843
TOTAL LIABILITIES	27,308,420	23,231,071	10,951,242	10,250,554
NET ASSETS	9,773,054	8,736,286	10,427,232	10,112,398
EQUITY				
Retained earnings	9,329,927	8,293,159	10,427,232	10,112,398
Business combination reserve	4	443,127	-	-
TOTAL EQUITY	9,773,054	8,736,286	10,427,232	10,112,398

Statement of Changes in Equity
For the Year Ended 31 October 2018

	Parent	
	Retained Earnings \$	Total \$
2018		
Balance at 1 November 2017	10,112,398	10,112,398
Profit attributable to members of the entity	314,834	314,834
Balance at 31 October 2018	10,427,232	10,427,232
2017		
Balance at 1 November 2016	9,717,892	9,717,892
Profit attributable to members of the entity	394,506	394,506
Balance at 31 October 2017	10,112,398	10,112,398

Note	Consolidated		
	Retained Earnings \$	Business Combination Reserve \$	Total \$
2018			
Balance at 1 November 2017	8,293,159	443,127	8,736,286
Profit attributable to members of the entity	1,036,768	-	1,036,768
Cowboys Charity Ltd	4	-	-
Balance at 31 October 2018	9,329,927	443,127	9,773,054
2017			
Balance at 1 November 2016	8,967,458	-	8,967,458
Loss attributable to members of the entity	(674,299)	-	(674,299)
Cowboys Charity Ltd	4	-	443,127
Balance at 31 October 2017	8,293,159	443,127	8,736,286

Statement of Cash Flows

For the Year Ended 31 October 2018

Note	Consolidated		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers	53,008,461	46,461,404	19,275,140	18,429,970
Payments to suppliers and employees	(50,017,096)	(45,618,840)	(17,741,442)	(16,568,552)
Interest received	2 70,841	22,506	46,011	639
Finance costs	(362,925)	(384,703)	(381,475)	(360,330)
Net cash provided by/ (used in) operating activities	2,699,281	480,367	1,198,234	1,501,727
CASH FLOWS FROM INVESTING ACTIVITIES				
Acquisition of Cowboys Charity Ltd, net of cash acquired	4 -	1,118,765	-	-
Proceeds from sale of plant and equipment	283,639	225,540	283,639	225,540
Purchase of gaming machine entitlements	(184,039)	-	(184,039)	-
Purchase of property, plant and equipment	(6,763,762)	(3,819,940)	(1,716,671)	(2,314,394)
Net cash provided by/ (used in) investing activities	(6,664,162)	(2,475,635)	(1,617,071)	(2,088,854)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds of borrowings/ finance leases	6,348,535	3,827,132	1,848,905	1,612,593
Repayment of borrowings	(2,048,475)	(1,939,828)	(1,354,653)	(1,283,294)
Net cash provided by/ (used in) financing activities	4,300,060	1,887,304	494,252	329,299
Net increase/(decrease) in cash and cash equivalents held	335,179	(107,964)	75,415	(257,828)
Cash and cash equivalents at beginning of year	2,266,981	2,374,945	439,012	696,840
Cash and cash equivalents at end of year	2,602,160	2,266,981	514,427	439,012

Notes for the Financial Statements

For the Year Ended 31 October 2018

1. BASIS OF PREPARATION OF THE CONCISE FINANCIAL REPORT

The concise financial report relates to Cowboys Leagues Club Ltd and the entities that it controlled during and at the end of the year ended 31 October 2018.

The concise financial report has been prepared in accordance with Australian Accounting Standard AASB 1039: Concise Financial Reports and the Corporations Act 2001. The accounting policies adopted have been consistently applied to all financial periods presented unless otherwise stated.

The presentation currency used in this concise financial report is Australian dollars.

2. REVENUE AND OTHER INCOME

	Consolidated		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
REVENUE FROM CONTINUING OPERATIONS				
- Sale of goods club (net)	7,060,124	6,660,207	7,139,704	6,759,373
- Marketing and operating sales	9,197,752	8,456,500	90,086	97,167
- Match day	7,082,960	7,283,854	-	-
- Commission	121,794	135,819	121,794	135,819
- Interest revenue	70,841	22,506	46,011	639
- Member subscriptions	182,800	228,795	241,324	228,795
- Licensing grant	13,314,500	9,381,709	-	-
- Gaming	11,566,428	11,218,900	11,566,428	11,218,900
- Other revenue	4,292,760	3,031,677	-	-
Total Revenue	52,889,959	46,419,967	19,205,347	18,440,693
OTHER INCOME				
Training rebate	72,754	36,341	72,754	36,341
Gaming rebate	19,797	-	19,797	-
Property Management	37,219	-	37,219	-
Net gain on disposal of property, plant and equipment	214,585	165,312	214,585	165,312
	344,355	201,653	344,355	201,653

Notes for the Financial Statements

For the Year Ended 31 October 2018

3. RESULT FOR THE YEAR

	Consolidated		Parent	
	2018	2017	2018	2017
	\$	\$	\$	\$

(a) EXPENSES

Depreciation expense	2,252,828	1,978,387	1,423,346	1,306,620
Auditor's remuneration	36,000	36,250	24,000	25,900
Bad and doubtful debts	(100,000)	180,683	-	-

4. INTERESTS IN SUBSIDIARIES

Principal place of business / Country of Incorporation	Percentage Owned / Controlled (%)	Percentage Owned / Controlled (%)
	2018	2017

SUBSIDIARIES

Cowboys Rugby League Football Ltd	Australia	100	100
Cowboys Charity Ltd	Australia	100	100
Cowboys Holdings Pty Ltd	Australia	100	100

On 26 May 2017, Cowboys Rugby League Football Ltd became the sole member of Cowboys Charity Ltd and gained control over that entity on the same date. The fair values of identifiable assets acquired and liabilities assumed on the date that control was gained over Cowboys Charity Ltd were as follows:

Cash and cash equivalents	1,118,765
Receivables	75,860
Plant and equipment	263,859
Payables	(1,015,357)
Fair value of identifiable assets acquired and liabilities assumed	<u>443,127</u>

The above assets and liabilities have been consolidated into this financial report with a corresponding entry to the business combination reserve within equity.

Notes for the Financial Statements

For the Year Ended 31 October 2018

5. INTANGIBLE ASSETS**Description of the Groups Intangible Assets**

Cowboys Leagues Club Ltd has the authority to operate 298 (2018: 298) 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 Ltd 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 Rugby League Football Ltd 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 Ltd. At the time of the acquisition Reef League Pty Ltd was the controlling entity of Cowboys Rugby League Football Ltd. As such, consideration was exchanged for 100% share capital of Reef League Pty Ltd, and with this, the right to control Cowboys Rugby League Football Ltd. Each year, upon consolidation, an intangible asset is recognised (Right to Control CRLF). On 4th May 2012 a change was made to the Cowboys Rugby League Football Ltd constitution to provide control by Cowboys Leagues Club Ltd, through their subscribing members, over Cowboys Rugby League Football Ltd, with Reef League Ltd no longer holding a controlling interest. As a result, the initial investment in Reef League Pty Ltd of \$2,719,921 in the Cowboys Leagues Club Ltd balance sheet has been split between \$1,211,420 representing the net assets of Reef League Pty Ltd (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 Ltd 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 Ltd (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 and construction of the new 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; and
- the grant of the National Rugby League licence (NRL) to participate in the National Rugby League competition up to - and including 2023, and receive grants under this licence.

Notes for the Financial Statements

For the Year Ended 31 October 2018

6. BORROWINGS

	Consolidated		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
CURRENT				
Bank loans	600,000	600,000	-	-
Insurance funding	174,739	134,375	174,739	134,375
News Ltd Loan	200,000	200,000	200,000	200,000
NRL Loan	600,000	600,000	-	-
Cowboys RL Loan	-	-	600,000	-
Finance lease obligations	749,732	729,296	668,001	635,473
Total current borrowings	2,324,471	2,263,671	1,642,740	969,848
NON CURRENT				
Bank loans	13,660,533	9,380,904	4,516,000	4,736,000
News Ltd loan	1,350,000	1,550,000	1,350,000	1,550,000
NRL loan	1,800,000	2,400,000	-	-
Finance lease obligations	1,306,367	1,146,736	1,266,560	1,025,200
Total non current borrowings	18,116,900	14,477,640	7,132,560	7,311,200

The land and buildings located at 305 and 313-335 Flinders Street are held as security for a number of commercial loan facilities (disclosed above in "bank loans") owed by the Group. Security held by the financier also includes a security interest and charge over all of the present and future rights, property and undertaking of Cowboys Leagues Club Ltd, Cowboys Holdings Pty Ltd and Cowboys Rugby League Football Ltd and a guarantee given by Cowboys Leagues Club Ltd and Cowboys Holdings Pty Ltd. The bank loan amount disclosed above consists of three facilities with limits of \$4.295m, \$5.306m and \$1.55m at year end.

During 2016 and 2017, the NRL provided advance grants to each of the 16 NRL clubs in the sum of \$1.5m per annum. Under the new 2018 to 2022 NRL club funding structure, each of the 16 NRL clubs will repay this loan evenly over the term at \$600k per annum, by way of offset against grants received from the NRL.

Notes for the Financial Statements

For the Year Ended 31 October 2018

7. COMMITMENTS

(a) Finance leases

	Consolidated		Parent	
	2018 \$	2017 \$	2018 \$	2017 \$
Minimum lease payments:				
- not later than one year	749,732	729,296	668,001	635,473
- between one year and five years	1,306,367	1,146,736	1,266,560	1,025,200
Minimum lease payments	2,056,099	1,876,032	1,934,561	1,660,673

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.

(b) Operating leases

Minimum lease payments under non cancellable operating leases:

- not later than one year	584,429	471,310	-	-
- between one year and five years	1,015,026	1,500,475	-	-
	1,599,455	1,971,785	-	-

Cowboys Rugby League Football Ltd has entered into a lease with Stadiums Queensland for office and training facilities adjoining 1300SMILES Stadium. This lease expires on 31 October 2021.

(c) Capital expenditure

Phoenix Construction Contract

On 27 November 2018, the Group signed a construction contract for a sum of \$1,340,862 excluding GST in relation to the upper level fitout extension of its leagues club at 305 Flinders Street Townsville. The construction expenditure will be funded by an approved NAB bank loan of \$1,300,000 and from cash reserves. The bank loan has not been drawn down as at 31 October 2018.

8. EVENTS OCCURRING AFTER THE REPORTING DATE

There have been no matters or circumstances that 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 Ltd
313-335 Flinders Street
Townsville QLD 4810

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Cowboys Leagues Club Ltd, the directors of the company declare that the concise financial report of Cowboys Leagues Club Ltd and controlled entities for the year ended 31 October 2018 as set out on pages 7 to 15:

1. Complies with Accounting Standard AASB 1039: Concise Financial Reports; and
2. Is an extract from the full financial report for the year ended 31 October 2018 and has been derived from and is consistent with the full financial report of Cowboys Leagues Club Ltd and controlled entities.

D Holmes - Chairman
6 February 2019

J Carey - Deputy Chairman
6 February 2019

INDEPENDENT AUDIT REPORT

REPORT ON THE CONCISE FINANCIAL REPORT

Opinion

The concise financial report, which comprises the statement of financial position as at 31 October 2018, 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, are derived from the audited financial report of Cowboys Leagues Club Ltd and controlled entities (the Group) for the year ended 31 October 2018. In our opinion, the accompanying concise financial report, including the discussion and analysis, is consistent, in all material respects, with the audited financial report, in accordance with AASB 1039: Concise Financial Reports and the Corporations Act 2001.

Concise Financial Report

The concise financial report does not contain all the disclosures required by Australian Accounting Standards applied in the preparation of the audited financial report of Cowboys Leagues Club Ltd and controlled entities (the Group). Reading the concise financial report and the auditor's report thereon, therefore, is not a substitute for reading the audited financial report and the auditor's report thereon. The concise financial report and the audited financial report do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial report.

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 Ltd and controlled entities (the Group), would be in the same terms if given to the directors as at the time of this auditor's report.

The Audited Financial Report and Our Report Thereon

We expressed an unmodified audit opinion on the audited financial report in our report dated xx February 2019.

Directors' Responsibility for the Concise Financial Report

The directors are responsible for the preparation of the concise financial report in accordance with AASB 1039: Concise Financial Reports and the Corporations Act 2001.

Auditor's Responsibility

Our responsibility is to express an opinion on whether the concise financial report is consistent, in all material respects, with the audited financial report based on our procedures, which were conducted in accordance with Auditing Standard ASA 810: Engagements to Report on Summary Financial Statements.

Jessups

Level 1, 19 Stanley Street, Townsville QLD 4810

Rodger Dunstan - Director
6 February 2019

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 2018.

The financial statements and disclosures in the concise financial report have been derived from the 2018 Financial Report of Cowboys Leagues Club Ltd and controlled entities (the Group). 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 Ltd and controlled entities (the Group) consolidated financial statements and the information contained in the concise financial report has been derived from the full 2018 financial report of Cowboys Leagues Club Ltd and controlled entities (the Group).

Statement of Profit or Loss and Other Comprehensive Income

The 2018 year marked the Cowboys Leagues Club's 17th full year of trading operations at the Flinders Street site. The consolidated profit from ordinary activities before income tax for the year was \$1,036,768 (2017: loss \$674,299), the profit after tax was also \$1,036,768 (2017: loss \$674,299). The profit of the Cowboys Leagues Club Ltd (parent) for the year amounted to \$314,834 (2017: profit \$394,506). The Cowboys Leagues Club Ltd experienced 5% revenue growth on 2018, however this was significantly reduced by additional expenditure incurred with the expansion and associated increase to the Club's human resources. The executive and management team are continuously reviewing club expenditure to ensure it is well controlled.

Cowboys Rugby League Football Limited profit for the 2018 year amounted to \$780,000 (2017: \$1,069,610 loss). 2018 marked the first year of a 5 year NRL club funding model designed to increase the financial sustainability of NRL clubs through greater distribution of NRL broadcast revenues.

The key source of revenue for the group is gaming (including 235 poker machines), food and beverage trading and football grant income. Key expenses incurred by the group include depreciation of \$2,252,828 (2017: \$1,978,387) and employee costs of \$26,088,399 to operate the leagues club and the football team (2017: \$22,472,499).

Statement of Financial Position

Assets - total assets have increased by 16% to \$37,081,474 due to the completed expansion of Club's facilities into the previously purchased building at 305-311 Flinders Street. At a cost of \$6.8 million, the expansion included a new Bar and Café, Gaming Room, Kids Room, Function Room, Administration and Staff Room and Staff Amenities. In total an additional 900sqm of CLC floor space and another 200sqm of lettable space was created.

The Cowboys Leagues Club Ltd finalised negotiations to install a 177kw solar system that will provide electricity savings and additional covered car parking for Club members. At a total cost of approximately \$380,000, the forecast payback period for this investment is 7 years funded by the expected electricity savings.

Liabilities - total liabilities increased by 18% to \$27,308,420. The main increase was borrowings due to a draw-down of loans for redevelopment of \$4.5m less repayments during the year.

Statement of Changes in Equity

Equity - equity represents the carried forward results of the company since its inception on 24 August 1994. Total equity has increased by 12% from the 2017 year due to the profit incurred by the Cowboys Rugby League Football Ltd of \$780,000 and profit incurred by the Cowboys Leagues Club Ltd of \$314,834.

Statement of Cash Flows

The company utilised surplus cash from its operating activities of \$2,699,281 to cover its investment in the leagues club redevelopment while its net proceeds from borrowings of \$4,300,060 primarily related to the redevelopment of the Cowboys Leagues Club during the year.





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