



COWBOYS LEAGUES CLUB

ANNUAL REPORT

2019



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NOTICE OF MEETING

Notice is hereby given that the twenty-sixth (26th) Annual General Meeting of Cowboys Leagues Club Limited will be held at the Club Premises, 335 Flinders Street Townsville QLD 4810 at 6.00PM, 25th March 2020.

AGENDA

1. Apologies.
2. To confirm minutes of the twenty-fifth (25th) Annual General Meeting held on 27th March 2019.
3. Chairman's Report.
4. To receive and confirm the Directors' Report, Financial Reports and Auditors' Report for the year ended 31 October 2019.
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 2020.
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 2020.



MESSAGE FROM THE BOARD OF DIRECTORS

On behalf of my fellow Directors, it is my great pleasure to present the 2019 Cowboys Leagues Club Limited Annual Report

2019 was a very challenging year for Townsville, with the February weather event having a major impact on our City. We are a community owned and community focussed Club, and almost every member of the community was affected by this natural disaster in some way, shape or form. Whilst we were lucky enough to not sustain substantial building damage, we had many staff and members impacted, and it was very important to us that we did everything we could to assist.

Part of our assistance involved a partnership with Team Rubicon Australia, a veteran-led disaster response organisation, which saw staff and members alike hit the ground to help clean houses, fix roofs and move furniture. The Club also made a direct financial contribution by donating \$10 from every Jersey sold at the Cowboys v Dragons season opener and by offering a special \$2 membership, with all proceeds committed to North Queensland Flood relief initiatives. In total, your Club raised nearly \$20,000.

Whilst 2019 had its challenges, there were also some tremendous achievements. Below is a list of just some of the highlights:

1. For the fourth year in a row, Match Restaurant and Grill won the award for People's Choice Best Restaurant in Queensland at the Restaurant and Caterers Association Awards.
2. Match Restaurant and Grill also won the award for Best Restaurant in a Pub, Club or Tavern at the same awards.
3. Star Graze Café won the award for Best Café in Queensland at the 2019 Clubs Queensland Awards.
4. Our amazing staff then won the award for Excellence in Customer Experience (Pubs, Clubs and Casual Dining) at the 2019 North Queensland Tourism and Events Awards.

We are very proud of our outstanding staff, and it is wonderful to have their hard work honoured in this way.

We also completed a renovation to the upper level of our Club building, in order to accommodate our first tenant for that level. This was a key project that has unlocked nearly 2300sqm of leasable space that will help to further bolster our Club's financial position and improve our Club for the benefit of current and future generations of members.

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 2019, your Club contributed a total of \$790,022 to many very worthy community groups, charitable groups, sporting organisations and schools throughout the region. We hope you are as proud as we are of your Club and the contribution we make to the North Queensland Community.

I would like to thank the players and staff of the North Queensland Toyota Cowboys for their support and shared love for the Cowboys Leagues Club. Whilst 2019 was a tough year on the field, we all look forward to the 2020 season - our first in the new Queensland Country Bank Stadium. This new facility is sure to provide our members and fans with one of the best live sporting experiences in the country. With its proximity to your Club, we hope all members will take advantage of the opportunity to visit more often.

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 done so.

On behalf of the Board of Directors, I would like to thank all our valued members for your support throughout the past year. We hope you will continue to enjoy our facilities, which in turn enables us to support Our Team and the whole North Queensland region.

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 2019.

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	21/05/2019
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	23/03/2016	
A Greaney	Director	29/03/2017	
L Shepherd	Director	21/05/2019	
J Astorquia	Company Secretary	15/12/2019	

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, control and lease property, plant and equipment on behalf of the Cowboys Leagues Club Ltd and controlled entities.

The principal activities 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, facilities and service to members
- Continually look at cost saving initiatives (such as solar), to reduce overheads and increase profit
- Improve market share in all departments
- Capitalise on the new Stadium and all economic and social opportunities it presents

Cowboys Holdings' short-term objectives are to:

- Secure tenants for all available leasable space and optimise its income and profitability

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 the 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
- Be aware of trends and make adjustments to ensure the Club's offering is up to date with the wants and needs of its members
- Review the Cowboys Leagues Club Ltd footprint across the NQ Region

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 2019 the collective liability of members was \$453,960, (2018: \$369,430).

2. OPERATING RESULTS AND REVIEW OF OPERATIONS FOR THE YEAR

Operating results

The consolidated profit of the Group amounted to \$1,409,277, (2018: \$1,036,768), an increase of 36%.

The profit of Cowboys Leagues Club Ltd (parent) for the year amounted to \$966,154 (2018: \$314,834), an increase of 207%.

The Cowboys Leagues Club Ltd experienced 20% revenue growth on 2018, with major contributors being in Gaming and Food & Beverage sectors. This growth was reduced by higher Payroll Costs (17%), Government Taxes (29%) and Marketing/Promotions (28%), which were all linked to the increase in Gaming revenue. The executive and management team are continuously reviewing club expenditure to ensure it is well controlled.

Cowboys Rugby League Football Limited profit for the 2019 year amounted to \$400,000 (2018: \$780,000). 2019 was the second 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.

Significant Achievements

Cowboys Rugby League Football Limited achieved improved financial results in 2018 and 2019, following the 2 years 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 secured its first tenant for part of the previously unoccupied upper level of its CBD premises. An investment of \$1.5 million was made in the redevelopment of the upper level to create 5 available tenancies, including a new façade, two entry foyers, toilets and end of trip facilities. The \$1.5 million was funded via a bank loan. Whilst a considerable investment, the tenancies which have been created can be made available to prospective tenants for minimal further financial outlay. This redevelopment was important in the Groups diversification strategy and will help ensure the long-term viability of the Group.

Cowboys Leagues Club invested in a 177kw Solar System, which included 107kw on the roof of the CBD premises and 70kw on the two large structures that were built in the club's carpark. In addition to the large anticipated benefit to the club by way of electricity savings, the club is also reducing its impact on the environment and improving its offering to members by providing additional shaded car parking.

Cowboys Charity Limited has entered into a lease with the Queensland Government's Department of Housing & Public Works for facilities and land at 272 Hugh Street, Gulliver and 12 Desailly Street, Gulliver. This lease 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 have added a second wing at NRL Cowboys House to house and educated 25 indigenous girls in 2019, growing to 50 indigenous girls in 2020 and beyond.

Review of operations

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
31 October 2019	11,393,386	966,154	1,409,277

Review of operations continued

The 2019 year marked the Cowboys Leagues Club's 18th full year of trading operations at the Flinders Street site. The club's main source of income is gaming revenue which is driven by 237 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 \$790,022 (2018: \$590,103) to charitable, sporting, recreational and other community initiatives. The profit of Cowboys Leagues Club Ltd excluding those contributions amounted to \$1,756,176 (2018: \$904,937).

3. OTHER ITEMS

Significant changes in state of affairs.

No significant changes in the Consolidated Group's state of affairs occurred during the year.

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 2021. 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 17.5 years (Appointed Chairman 08/05/2014)
J Carey	Deputy Chairman, Director for 17 years (Appointed Deputy Chairman on 08/05/2014)
L Lancini	Director for 19.5 years (Chairman until 08/05/2014) Resigned 21/05/2019
S Titmus	Director for 17.5 years
L Ramsay	Director for 12 years
M Price	Director for 10.5 years
D Gardiner	Director for 4.5 years
A Newman	Director for 4 years (Previous term – appointed 23/03/2002, end of term 25/03/2015)
A Greaney	Director for 3 years
L Shepherd	Director for 0.5 years

Meetings of directors

During the financial year, 7 meetings of directors and 10 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	7	7	-	-
J Carey	7	7	10	10
L Lancini *	4	-	-	-
S Titmus	7	7	10	10
L Ramsay	7	6	-	-
M Price	7	6	-	-
D Gardiner	7	5	-	-
A Newman	7	6	-	-
A Greaney	7	7	-	-
L Shepherd	3	3	5	5

* L Lancini did not attend any Directors' meetings during the year due to a leave of absence approved by the Board. L Lancini resigned as a Director of Cowboys Leagues Club Limited on 21 May 2019.

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 the *Corporations Act 2001*, for the year ended 31 October 2019 has been received and can be found on page 9.

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

D Holmes - Chairman
14 February 2020

J Carey - Deputy Chairman
14 February 2020

AUDITOR'S INDEPENDENCE DECLARATION

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 2019, there have been:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Jessups

Level 1, 211 Sturt Street, Townsville QLD 4810

Rodger Dunstan - Director
14 February 2020



FINANCIALS

The accompanying notes form part of these financial statements.

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 October 2019

Note	Consolidated		Parent		
	2019 \$	2018 \$	2019 \$	2018 \$	
Revenue	2	58,660,274	52,244,826	23,210,672	19,205,347
Other income	2	323,233	344,355	321,648	344,355
Total revenue		58,983,507	52,589,181	23,532,320	19,549,702
Cost of sales		(3,463,516)	(3,055,970)	(3,463,516)	(3,055,972)
Employee benefits expense		(29,057,239)	(26,119,644)	(6,156,235)	(5,172,379)
Marketing expenses		(3,633,222)	(2,911,256)	(3,206,259)	(2,489,130)
Depreciation expense	3	(2,497,444)	(2,252,828)	(1,562,168)	(1,423,346)
Game Day expense		(2,353,208)	(2,327,693)	-	-
Sponsorship servicing		(2,105,355)	(1,982,113)	(171,017)	(238,338)
Gaming tax		(4,229,833)	(3,152,772)	(4,229,833)	(3,152,772)
Insurance expense		(684,845)	(653,027)	(203,987)	(184,582)
Rental expenses		(540,578)	(533,446)	(843,063)	(859,101)
Motor vehicle expense		(271,231)	(213,384)	(3,292)	(3,459)
Borrowing costs expense		(888,943)	(852,302)	(184,133)	(444,025)
Other expenses		(7,848,816)	(7,497,978)	(2,542,663)	(2,211,764)
Profit / (Loss) before income tax		1,409,277	1,036,768	966,154	314,834
Income tax expense		-	-	-	-
Profit / (Loss) for the year		1,409,277	1,036,768	966,154	314,834
Other comprehensive income, net of income tax		-	-	-	-
Total comprehensive income for the year attributable to members of the parent entity		1,409,277	1,036,768	966,154	314,834

Statement of Financial Position

For the Year Ended 31 October 2019

Note	Consolidated		Parent		
	2019 \$	2018 \$	2019 \$	2018 \$	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1,556,476	2,602,160	511,427	514,427	
Trade and other receivables	2,413,404	2,465,906	214,942	242,602	
Inventories	589,459	413,917	589,459	413,917	
Financial assets	-	-	1,105,500	-	
Other assets	1,412,628	1,481,875	332,243	315,933	
Total current assets	5,971,967	6,963,858	2,753,571	1,486,879	
NON CURRENT ASSETS					
Financial assets	-	-	6,452,960	11,179,481	
Property, plant and equipment	28,935,880	27,795,177	6,220,512	6,411,178	
Deferred tax assets	83,718	83,718	83,718	83,718	
Intangible assets	6	2,238,721	2,238,721	2,217,218	
Total non current assets	31,258,319	30,117,616	14,974,408	19,891,595	
TOTAL ASSETS	37,230,286	37,081,474	17,727,979	21,378,474	
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	3,748,426	3,682,185	1,704,178	1,521,608	
Borrowings	5	2,458,938	2,324,471	1,159,132	1,642,740
Employee benefits	1,416,901	1,147,552	457,537	385,106	
Other liabilities	1,893,626	1,889,657	143,633	189,940	
Total current liabilities	9,517,891	9,043,865	3,464,480	3,739,394	
NON CURRENT LIABILITIES					
Borrowings	5	16,297,768	18,116,900	2,777,768	7,132,560
Employee benefits	232,296	147,655	92,345	79,288	
Total non current liabilities	16,530,064	18,264,555	2,870,113	7,211,848	
TOTAL LIABILITIES	26,047,955	27,308,420	6,334,593	10,951,242	
NET ASSETS	11,182,331	9,773,054	11,393,386	10,427,232	
EQUITY					
Retained earnings	10,739,204	9,329,927	11,393,386	10,427,232	
Business combination reserve	443,127	443,127	-	-	
TOTAL EQUITY	11,182,331	9,773,054	11,393,386	10,427,232	

Statement of Changes in Equity
For the Year Ended 31 October 2019

Parent	
Retained Earnings	Total
\$	\$

2019

Balance at 1 November 2018	10,427,232	10,427,232
Profit attributable to members of the entity	966,154	966,154
Balance at 31 October 2019	11,393,386	11,393,386

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

Note	Consolidated		
	Retained Earnings	Business Combination Reserve	Total
	\$	\$	\$

2019

Balance at 1 November 2018	9,329,927	443,127	9,773,054
Profit attributable to members of the entity	1,409,277	-	1,409,277
Balance at 31 October 2019	10,739,204	443,127	11,182,331

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
Balance at 31 October 2018	9,329,927	443,127	9,773,054

Statement of Cash Flows
For the Year Ended 31 October 2019

Note	Consolidated		Parent	
	2019	2018	2019	2018
	\$	\$	\$	\$

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	59,280,638	53,008,461	23,397,393	19,275,140
Payments to suppliers and employees	(54,927,794)	(49,527,719)	(17,200,203)	(17,678,892)
Interest received	2	17,927	70,841	130
Finance costs	(888,943)	(852,302)	(184,133)	(444,025)
Net cash provided by / (used in) operating activities	3,481,828	2,699,281	6,013,187	1,198,234

CASH FLOWS FROM INVESTING ACTIVITIES:

Proceeds from sale of plant and equipment	458,526	283,639	441,687	283,639
Purchase of gaming machine entitlements	-	(184,039)	-	(184,039)
Purchase of property, plant and equipment	(3,901,373)	(6,763,762)	(1,619,474)	(1,716,671)
Net cash provided by / (used in) investing activities	(3,442,847)	(6,664,162)	(1,177,787)	(1,617,071)

CASH FLOWS FROM FINANCING ACTIVITIES:

Proceeds of borrowings / finance leases	6,114,271	6,348,535	514,580	1,848,905
Repayment of borrowings	(7,198,936)	(2,048,475)	(5,352,980)	(1,354,653)
Net cash provided by / (used in) financing activities	(1,084,665)	4,300,060	(4,838,400)	494,252
Net increase/(decrease) in cash and cash equivalents held	(1,045,684)	335,179	(3,000)	75,415
Cash and cash equivalents at beginning of year	2,602,160	2,266,981	514,427	439,012
Cash and cash equivalents at end of year	1,556,476	2,602,160	511,427	514,427

Notes for the Financial Statements

For the Year Ended 31 October 2019

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 2019.

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	
2019	2018	2019	2018
\$	\$	\$	\$

REVENUE FROM CONTINUING OPERATIONS

- Sale of goods club (net)	8,045,792	7,139,704	8,045,792	7,139,704
- Marketing and operating sales	9,226,922	9,197,752	111,790	90,086
- Match day	6,869,643	7,082,960	-	-
- Commission	167,056	121,794	167,056	121,794
- Interest revenue	17,927	70,841	130	46,011
- Member subscriptions	215,765	241,324	215,765	241,324
- Licensing grant	13,555,375	13,314,500	-	-
- Gaming	14,670,139	11,566,428	14,670,139	11,566,428
- Other revenue	5,891,655	3,509,523	-	-
Total Revenue	58,660,274	52,244,826	23,210,672	19,205,347

OTHER INCOME

Training rebate	79,132	72,754	79,132	72,754
Gaming rebate	-	19,797	-	19,797
Property Management	48,801	37,219	48,801	37,219
Net gain on disposal of property, plant and equipment	195,300	214,585	193,715	214,585
	323,233	344,355	321,648	344,355

Notes for the Financial Statements

For the Year Ended 31 October 2019

3. RESULT FOR THE YEAR

Consolidated		Parent	
2019	2018	2019	2018
\$	\$	\$	\$

EXPENSES

Depreciation expense	2,497,444	2,252,828	1,562,168	1,423,346
Auditor's remuneration	36,000	36,000	24,000	24,000
Bad and doubtful debts	-	(100,000)	-	-

4. INTERESTS IN SUBSIDIARIES

Principal place of business / Country of Incorporation	Percentage Owned / Controlled (%) 2019	Percentage Owned / Controlled (%) 2018
--	--	--

SUBSIDIARIES

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

Notes for the Financial Statements

For the Year Ended 31 October 2019

5. BORROWINGS

	Consolidated		Parent	
	2019 \$	2018 \$	2019 \$	2018 \$
CURRENT				
Bank loans	660,000	600,000	-	-
Insurance funding	200,190	174,739	200,190	174,739
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	798,748	749,732	758,942	668,001
Total current borrowings	2,458,938	2,324,471	1,159,132	1,642,740
NON CURRENT				
Bank loans	12,320,000	13,660,533	-	4,516,000
News Ltd loan	1,150,000	1,350,000	1,150,000	1,350,000
NRL loan	1,200,000	1,800,000	-	-
Finance lease obligations	1,627,768	1,306,367	1,627,768	1,266,560
Total non current borrowings	16,297,768	18,116,900	2,777,768	7,132,560

The land and buildings located at 305 and 313 335 Flinders Street are held as security for commercial loan facility 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 one facility with a balance of \$12.980m, (2018: 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 2019

6. 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.

Notes for the Financial Statements

For the Year Ended 31 October 2019

Impairment Assessment of Intangibles with Indefinite Useful Lives cont..

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.

	Consolidated		Parent	
	2019 \$	2018 \$	2019 \$	2018 \$
Purchased right to control CRLF (at cost)	1,508,501	1,508,501	1,508,501	1,508,501
Poker machine authorities (at cost)	708,717	708,717	708,717	708,717
Copyright Cowboys song (at cost)	21,503	21,503	-	-
Total Intangibles	2,238,721	2,238,721	2,217,218	2,217,218

Notes for the Financial Statements

For the Year Ended 31 October 2019

7. COMMITMENTS

(a) Finance leases

	Consolidated		Parent	
	2019 \$	2018 \$	2019 \$	2018 \$
Minimum lease payments:				
- not later than one year	798,748	749,732	758,942	668,001
- between one year and five years	1,627,768	1,306,367	1,627,768	1,266,560
Minimum lease payments	2,426,516	2,056,099	2,386,710	1,934,561

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	500,013	584,429	-	-
- between one year and five years	515,013	1,015,026	-	-
	1,015,026	1,599,455	-	-

(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 was funded by an approved NAB bank loan of \$1,300,000 and from cash reserves. The bank loan was fully drawn in June 2019.

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 2019 as set out on pages 4 to 19.

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 2019 and has been derived from and is consistent with the full financial report of Cowboys Leagues Club Ltd and controlled entities.

D Holmes - Chairman
14 February 2020

J Carey - Deputy Chairman
14 February 2020



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 2019, 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 2019.

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 14th February 2020.

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, 211 Sturt Street, Townsville QLD 4810

Rodger Dunstan - Director

14 February 2020

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 2019.

The financial statements and disclosures in the concise financial report have been derived from the 2019 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 2019 financial report of Cowboys Leagues Club Ltd and controlled entities (the Group).

Statement of Profit or Loss and Other Comprehensive Income

The 2019 year marked the Cowboys Leagues Club's 18th full year of trading operations at the Flinders Street site. The consolidated profit from ordinary activities before income tax for the year was \$1,409,277 (2018: \$1,036,768), an increase of 36%, the profit after tax was also \$1,409,277 (2018: \$1,036,768). The profit of the Cowboys Leagues Club Ltd (parent) for the year amounted to \$966,154 (2018: \$314,834), an increase of 207%.

The Cowboys Leagues Club Ltd experienced 20% revenue growth on 2018, with major contributors being in Gaming and Food & Beverage sectors. This growth was reduced by higher Payroll Costs (17%), Government Taxes (29%) and Marketing/Promotions (28%), which were all linked to the increase in Gaming revenue. The executive and management team are continuously reviewing club expenditure to ensure it is well controlled.

Cowboys Rugby League Football Limited profit for the 2019 year amounted to \$400,000 (2018: \$780,000). 2019 marked the second 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 237 poker machines), food and beverage trading and football grant income. Key expenses incurred by the group include depreciation of \$2,497,444 (2018: \$2,252,828) and employee costs of \$29,057,239 (2018: \$26,119,644) to operate the leagues club and the football club.

Statement of Financial Position

Assets total assets have increased to \$37,230,286 (2018: \$37,081,474). The increase includes the Level 1 tenancy construction for the CBD premises.

Finalised installation of the 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 decreased by 5% to \$26,047,955 (2018: \$27,308,420). The decrease can be mainly attributed to the consolidation of the loans across the Group.

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 14% from the 2018 year due to the profits achieved by the Cowboys Rugby League Football Ltd of \$400,000 and the Cowboys Leagues Club Ltd of \$966,154.

Statement of Cash Flows

The company utilised surplus cash from its operating activities of \$3,483,413 to cover its investment in the Leagues Club redevelopment while its consolidation of borrowings has resulted in \$1,084,665 in cash provided to the Group in the year.



2018 - 2019 CLUB SNAPSHOT



45,379 MEMBERS



161 STAFF



> 170,223 STAFF HOURS WORKED



> 5,984 TRAINING HOURS WORKED



> 275,000 MEALS SERVED



60,000 CUPS OF COFFEE SERVED



275,637kWh SOLAR POWERED ENERGY PRODUCED

As at 22 December 2019.

All figures as at 31 October 2019 unless otherwise stated.

COMMUNITY DONATIONS

2004	\$59,348	2013	\$507,722
2005	\$465,924	2014	\$659,768
2006	\$588,748	2015	\$647,681
2007	\$741,660	2016	\$775,332
2008	\$824,095	2017	\$693,052
2009	\$618,787	2018	\$590,103
2010	\$364,068	2019	\$790,022
2011	\$372,136	Total	\$9,103,947
2012	\$405,501		





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**Bank National Australia Bank
Solicitor Keir Steele Lawyers
Auditor Jessups**

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