

**Illawarra District Rugby League
Football Club Limited**
ABN 90 002 762 610

Annual financial report
31 October 2020

Illawarra District Rugby League Football Club Limited

Directors' report

For the year ended 31 October 2020

The Directors present their report together with the financial report of Illawarra District Rugby League Football Club Limited ("the Company") for the year ended 31 October 2020 and the auditor's report thereon.

Directors

The Directors of the Company at any time during the financial year were:

Information on Directors

Graeme Gulloch	-	Chairman, Steelers Club
	-	Life Member, Illawarra Steelers
	-	Company Director
	-	Bachelor of Commerce, Master Business Administration
	-	Director, St George Illawarra Rugby League Football Club Pty Limited
	-	Member, Risk and Audit Committee, Steelers Club
	-	Remuneration Committee, Steelers Club
	-	Illawarra RLFC Committee
Peter Newell OAM	-	Life Member, Illawarra Steelers
	-	Company Director
	-	Life Member, Clubs Australia
	-	Life Member, Clubs NSW
	-	Remuneration Committee, Steelers Club
	-	Passed away in September 2020
Sean O'Connor	-	Deputy Chairman
	-	Life Member, Illawarra Steelers
	-	Company Director
	-	Chairman, Illawarra RLFC
	-	Chairman, Rugby League Committee
John Borgo	-	Company Director
	-	Member, Risk & Audit Committee, Steelers Club
Kevin Felgate	-	Football Administrator
	-	Diploma of Management (Human Resources)
	-	Resigned in March 2020
Robert Millward OAM	-	Rugby League Administrator
	-	Life Member, Illawarra Steelers
	-	President, New South Wales Rugby League Ltd
	-	Life Member, New South Wales Rugby League Ltd
	-	Director, New South Wales Leagues Club Ltd
	-	Illawarra RLFC Committee
Ian Neill	-	Retired Miner
	-	Life Member, Illawarra Steelers
	-	Chairman, Board of Management, Illawarra Division Rugby League (Resigned May 2020)

Illawarra District Rugby League Football Club Limited

Directors' report

For the year ended 31 October 2020

Information on Directors (continued)

- John Brannon
- Graduate of the Australian Institute of Company Directors
 - Company Director
 - Bachelor of Commerce
 - Master Business Administration
 - Member, Risk & Audit Committee, Steelers Club
 - Non-Executive Director, Illawarra Credit Union Ltd
- Tania Brown JP
- Graduate of the Australian Institute of Company Directors
 - Councillor, Ward 2, Wollongong City Council
 - Deputy Lord Mayor
 - Chief Operating Officer, SMART Infrastructure Facility, UoW
 - Director, Illawarra Performing Arts Centre
 - Director, Destination Wollongong
 - Director, Illawarra Sports Stadium Ltd
- Gerry Murphy
- Appointed March 2020
 - Chairman, Board of Management, Illawarra Division Rugby League
 - Executive Board Member Australasian High Pressure Association
 - East Coast Operations Manager for WOMA Australia
- Tia Davis
- Ex Officio Director
 - Group Integration & Marketing Manager (WIN Radio)
 - Founding Board Member, Illawarra Community Foundation

Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Company during the financial year were:

Steelers Board and Directors Committee meetings

Director	Number of meetings attended	Meetings eligible to attend
G Gulloch	14	14
P Newell *	2	13
S O'Connor	13	14
J Borgo	14	14
J Brannon	14	14
K Felgate	2	4
R Millward	11	14
I Neill	12	14
T Brown	13	14
T Davis	9	14
G Murphy	9	10

* - Peter was granted a leave of absence from Board Meetings during the year. Peter sadly passed away in September 2020. Peter has been an invaluable member of the Board since 1989. The Board passes its condolences to Peter's wife, Judy and all his family and friends.

Illawarra District Rugby League Football Club Limited

Directors' report

For the year ended 31 October 2020

Principal activities

The principal activities of the Company are the promotion of Rugby League, at the local, state and national level. This incorporates the operation, management and/or support of the Illawarra District Rugby League Competition for the Men's Senior, Junior, and Women's competitions; the management of teams in the New South Wales Rugby League junior representative competitions as a pathway to the St George Illawarra Dragons team in the National Rugby League. This is achieved through sponsorship agreements, and the operation of a licensed Club. These activities generate funds to achieve the objectives of fostering and promoting rugby league as well as supporting our members and community.

A number of performance indicators are employed by the Company in order to measure and improve the Club's performance. The Club uses EBITDA & Contribution percentage analysis to measure the performance of each department.

Objectives

The Company's objective in both the short and long term is to manage a profitable licensed club that will allow us to:

- To be the leading rugby league District in Australia;
- To be the home of Rugby League administration and provide an environmentally and financially stable home of entertainment in Wollongong for members and visitors;
- Provide services to our members; and
- Provide support to our community.

In order to meet these objectives, the following strategies have been implemented:

- Focus on the licensed club's operational performance;
- Focus on cash generation;
- To operate within our affordable means; and
- To work closely with our key stakeholders.

The performance of the Company is measured on a monthly basis through financial reporting to the Audit and Risk Committee and the Board of Directors. Key elements of the Company's performance are monitored and evaluated by the Company's finance consultants, MF Accounting Services, the Company's General Manager and the Company's Board of Directors.

Review and results of operations

The Company's operations show a net trading profit of \$1,282,390 (2019: loss of \$259,141).

Covid-19 impact

On 23 March 2020, registered clubs in NSW were forced to close by order of the Federal Government and subsequent legislation has been made which gives effect to the club industry's reopening on 1 June 2020, subject to social distancing rules.

The Club sought to mitigate the financial and earnings impacts of COVID-19 on the business through a range of actions including reducing operating expenditure, securing government support for the deferral of payroll tax and accessing the Federal Government's JobKeeper scheme.

Since reopening on 1 June 2020, the Club has adhered to their COVID-19 Safety Plan, which included, but not limited to, significantly reducing the number of operating poker machines on the gaming floor, employing COVID marshals and reduced exposure to contact by following social distance guidelines.

Illawarra District Rugby League Football Club Limited

Directors' report

For the year ended 31 October 2020

Dividends

The Company is a Company limited by guarantee and is prevented by its constitution from paying dividends.

State of affairs

In the opinion of the Directors there were no other significant changes in the state of affairs of the Company that occurred during the financial year under review.

Events subsequent to reporting date

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in the future financial years.

Environmental regulations

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of these environmental requirements as they apply to the Company.

Likely developments

Information about likely developments in the operations of the Company, and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

Company limited by guarantee

The Company is incorporated as a Company limited by guarantee. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$4 per member in the event of the winding up of the Company during the time that they are a member or within one year thereafter. At 31 October 2020 there were 7,719 members (2019: 8,351 members).

Indemnification and insurance of officers and auditors

Indemnification

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company, indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings.

Insurance

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

Illawarra District Rugby League Football Club Limited

Directors' report

For the year ended 31 October 2020

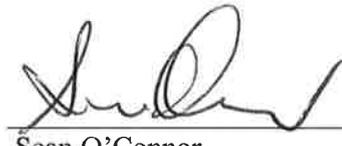
Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 6 and forms part of the directors' report for the financial year ended 31 October 2020.

Signed in accordance with a resolution of the Directors:



Graeme Gulloch
Director



Sean O'Connor
Director

Dated in Wollongong this 17th day of December 2020.



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Illawarra District Rugby League Football Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Illawarra District Rugby League Football Club Limited for the financial year ended 31 October 2020 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.

KPMG

KPMG

Warwick Shanks

Partner

Wollongong

17 December 2020

Illawarra District Rugby League Football Club Limited

Statement of profit or loss and other comprehensive income

For the year ended 31 October 2020

	Note	2020 \$	2019 \$
Revenue from licensed club operations		6,999,772	7,673,553
Revenue from football operations		542,854	481,864
Total revenue		<u>7,542,626</u>	<u>8,155,417</u>
Other income	4	1,150,037	525,868
Cost of goods sold		(607,176)	(720,377)
Football operation expenses		(378,295)	(527,677)
Administration expenses		(676,717)	(690,024)
Impairment expense		-	-
Licensed club expenses		(5,489,465)	(6,575,825)
Results from operating activities		<u>1,541,010</u>	<u>167,382</u>
Financial income		963	2,176
Financial expense		(259,583)	(428,699)
Net financing costs	5	<u>(258,620)</u>	<u>(426,523)</u>
Profit (Loss) before income tax		1,282,390	(259,141)
Income tax expense	3(m)	-	-
Profit (Loss) for the year		<u>1,282,390</u>	<u>(259,141)</u>
Other comprehensive income			
Revaluation of land and buildings		459,795	-
Total comprehensive income for the year		<u>1,742,185</u>	<u>(259,141)</u>

The statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements set out on pages 11 to 28.

Illawarra District Rugby League Football Club Limited

Statement of changes in equity

For the year ended 31 October 2020

	Asset Revaluation Reserve	Accumulated Losses	Total
For the year ended 31 October 2019			
Opening balance at 1 November 2018	7,327,390	(4,119,457)	3,207,933
Total comprehensive income for the year			
Loss for the year	-	(259,141)	(259,141)
Revaluation of land and buildings	-	-	-
Total comprehensive income for the year	-	(259,141)	(259,141)
Closing balance at 31 October 2019	<u>7,327,390</u>	<u>(4,378,598)</u>	<u>2,948,792</u>
For the year ended 31 October 2020			
Opening balance at 1 November 2019	7,327,390	(4,378,598)	2,948,792
Total comprehensive income for the year			
Profit for the year	-	1,282,390	1,282,390
Revaluation of land and buildings	459,795	-	459,795
Total comprehensive income for the year	459,795	1,282,390	1,742,185
Closing balance at 31 October 2020	<u>7,787,185</u>	<u>(3,096,208)</u>	<u>4,690,977</u>

The statement of changes in equity is to be read in conjunction with the notes to the financial statements set out on pages 11 to 28.

Illawarra District Rugby League Football Club Limited

Statement of financial position

For the year ended 31 October 2020

	Note	2020 \$	2019 \$
Assets			
Cash and cash equivalents	6	1,425,518	327,761
Trade and other receivables	7	120,000	109,363
Inventories	8	66,486	99,543
Other assets	9	143,753	155,218
Total current assets		<u>1,755,757</u>	<u>691,885</u>
Other assets	9	750	750
Property, plant and equipment	10	12,024,481	11,542,547
Total non-current assets		<u>12,025,231</u>	<u>11,543,297</u>
Total assets		<u>13,780,988</u>	<u>12,235,182</u>
Liabilities			
Bank Overdraft	6	-	106,270
Trade and other payables	11	1,219,229	1,074,821
Loans and borrowings	12	186,016	142,604
Employee benefits	13	253,760	280,232
Other	14	-	251,171
Total current liabilities		<u>1,659,005</u>	<u>1,855,098</u>
Loans and borrowings	12	7,387,876	7,384,088
Employee benefits	13	43,130	47,204
Other	14	-	-
Total non-current liabilities		<u>7,431,006</u>	<u>7,431,292</u>
Total liabilities		<u>9,090,011</u>	<u>9,286,390</u>
Net assets		<u>4,690,977</u>	<u>2,948,792</u>
Members' funds			
Reserves		7,787,185	7,327,390
Accumulated losses		<u>(3,096,208)</u>	<u>(4,378,598)</u>
Total members' funds		<u>4,690,977</u>	<u>2,948,792</u>

The statement of financial position is to be read in conjunction with the notes to the financial statements set out on pages 11 to 28.

Illawarra District Rugby League Football Club Limited

Statement of changes in cash flows

For the year ended 31 October 2020

	Note	2020 \$	2019 \$
Cash flows from operating activities			
Cash receipts in the course of operations		8,430,855	8,469,274
Cash payments in the course of operations		(6,305,421)	(7,921,691)
Interest received		963	2,176
Interest paid		(259,583)	(428,699)
Net cash from operating activities		<u>1,866,814</u>	<u>121,060</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(628,131)	(209,922)
Proceeds from sale of property, plant and equipment		-	-
Net cash used in investing activities		<u>(628,131)</u>	<u>(209,922)</u>
Cash flows from financing activities			
Net movement in finance lease		(7,081)	(6,789)
Net movement in hire purchase liability		(27,575)	(98,340)
Net cash used in financing activities		<u>(34,656)</u>	<u>(105,129)</u>
Net increase (decrease) in cash held		1,204,027	(193,991)
Cash and cash equivalents at 1 November		221,491	415,482
Cash and cash equivalents at 31 October	6	<u>1,425,518</u>	<u>221,491</u>

The statement of cash flows is to be read in conjunction with the notes to the financial statements set out on pages 11 to 28.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

1 Reporting entity

Illawarra District Rugby League Football Club Limited (the “Company”), a not-for-profit entity is a Company domiciled in Australia. The address of the Company’s registered office is 1-3 Burelli Street, Wollongong. The Company operates in the licensed club industry in Wollongong, NSW.

2 Basis of preparation

(a) Basis of accounting

The financial statements are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001. These financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The financial statements were authorised for issue by the Board of Directors on 17th of December 2020. Details of the Company’s accounting policies, including any changes during the year, are included in Note 3.

(b) Going concern basis

The financial report of the Company has been prepared on the going concern basis which assumes that assets will be realised and liabilities extinguished on normal terms and conditions.

The Company recorded a profit of \$1,282,390 (after allowing for non-cash depreciation expense of \$469,573) for the year ended 31 October 2020 (31 October 2019: Loss of \$259,141). During the year ended 31 October 2020 the Company generated surplus cash flows from operating activities of \$1,866,814 (31 October 2019: cash surplus from operating activities of \$121,060). As at 31 October 2020 the Company had net current assets of \$96,752 (31 October 2019: net current liabilities of \$1,163,213).

The Company held cash and cash equivalents at 31 October 2020 of \$1,425,518 (31 October 2019: \$221,491) and has access to an overdraft facility of \$200,000 which was drawn to an amount of \$0 as at 31 October 2020 (31 October 2019: overdraft facility of \$200,000 which was drawn to \$106,270).

The Directors have prepared detailed cash flow forecasts for the 12 month period from November 2020. These forecasts have been prepared having regard to:

- revenue to be generated, and costs to be incurred, from the Company’s continuing operations
- cash flows required under existing finance commitments

These cash flow forecasts indicate that the Company will generate sufficient cash from operations and will continue to operate within the current overdraft facility of \$200,000 and continue as a going concern. The Directors are of the view that the actions that they have taken and the cash flow forecasts prepared support the going concern basis of preparation.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for land and buildings which are stated at their fair value.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

2 Basis of preparation (continued)

(d) *Functional and presentation currency*

These financial statements are presented in Australian dollars, which is the Company's functional currency.

(e) *Use of estimates and judgements*

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

(f) *Changes in accounting policies*

Except for the changes below, the Company has consistently applied accounting policies to all periods presented in these financial statements.

This is the first set of the Company's financial statements in which AASB 15 Revenue from Contracts with Customers, AASB 1058 Income from Not-for-profit Entities and AASB 16 Leases have been applied.

AASB 15 Revenue from contracts with customers.

On 1 November 2019 the Company adopted AASB 15 Revenue from contracts with customers. AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced AASB 118 Revenue, AASB 111 Construction contracts and related interpretations.

No impact was noted on the adoption of AASB 15, accordingly, the comparative information presented for 2019 has not been restated.

AASB 16 Leases

On 1 November 2019 the Company adopted AASB 16 Leases. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset and an interest expense on the recognised lease liability (included in finance costs).

The Company has one low value lease for a photocopier. The Company leases office property as a lessor. No impact was noted on transition to AASB 16, accordingly, the comparative information presented for 2019 has not been restated.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) *Financial instruments*

i. Recognition and initial measurement

The Company initially recognises Receivables on the date on which they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through statement of Profit and Loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive Income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or Fair Value through Other Comprehensive Income (FVOCI) as described above are measured at Fair Value through statement of Profit and loss (FVTPL). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets – Subsequent measurement and gains and losses

Financial assets at amortised cost.

These assets are subsequently measured at amortised cost using the effective interest rate method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

Financial liabilities – classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or Fair Value through statement of Profit and loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held-for-trading, if it is a derivative or it is designated as such on initial recognition. Financial Liabilities at FVTPL are measured at Fair Value and net gains and losses, including any interest expense, are recognised on profit or loss. Other financial liabilities are subsequently measured at

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant Accounting Policies (continued)

(a) Financial instruments (continued)

amortised costs using the effective interest rate method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on de-recognition is also recognised in profit or loss.

iii. De-recognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

(b) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(c) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy 3(g)). The Company's standard trading terms require settlement within 14 days.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the selling expenses.

The cost of other inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(e) *Property, plant and equipment*

Owned assets

Land and buildings are stated at fair value. Other items of plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy 3(g)).

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing items and restoring the site on which they are located, and capitalised borrowing costs (see below).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Borrowing costs

In respect of borrowing costs relating to qualifying assets for which the commencement date for capitalisation is on or after 1 November 2009, the Company capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

Subsequent costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as an expense as incurred.

Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The range of depreciation rates used for each class of asset in the current and comparative periods are as follows:

Buildings	3% - 35%
Plant and equipment	7% - 50%
Furniture and fittings	7% - 20%
Motor vehicles	20% - 25%

The residual value, the useful life and the depreciation method applied to an asset are reassessed at least annually.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(e) *Property, plant and equipment (continued)*

Determination of fair values

The fair value of land is recognised based on market values. The fair value of buildings is based on the summation of land value and the depreciated replacement cost of improvements. In accordance with Company policy, independent external valuations are obtained at least every three years.

(f) *Leased assets*

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in AASB 16 *Leases*.

Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short term leases, including photocopier equipment. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

As a lessor

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not,

Then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognises lease payments received under operating leases as income on a straight line basis over the lease term as part of “other revenue”.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from AASB 16.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(g) Impairment

i. Non-Financial Assets

At each reporting date, the Company reviews the carrying values of its non-financial assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the assets, being the higher of the asset's Fair Value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of a class of assets, the Company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

ii. Financial Assets

The Company recognises loss allowances for ECL's on financial assets held at amortised cost. The Company measures loss allowances at an amount equal to the lifetime ECL. Lifetime ECL's are the ECLs that result from all possible default events over the expected life of a financial instrument.

ECL's are a probability-weighted estimate of credit loss. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows the Company expects to receive).

ECL's are discounted at the effective interest rate of the financial asset.

Loss allowances for financial assets measured at amortised cost are recognised in the Statement of Profit or Loss and Other Comprehensive Income and deducted from the gross carrying amount of the assets.

iii. Reversals of impairment

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(h) Trade and other payables

Trade and other payables are stated at their amortised cost.

Trade payables are non-interest bearing and are normally settled on 30-day terms.

(i) Loans and borrowings

Interest bearing

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

Non-interest bearing

Non-interest bearing loans are recognised initially at fair value less attributable transaction costs. When no repayment date is specified and the repayment date is not known into the foreseeable future, the loan is measured at its face value.

(j) Employee benefits

(i) Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Other long term service benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

(iii) Short term benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(iv) Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(k) Revenue

Goods sold and services rendered

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. Revenue from services rendered is recognised in profit or loss when the underlying services have been provided. No revenue is recognised if there is significant uncertainty regarding recovery of consideration due.

Poker machine revenue

Poker machine revenue is recognised in profit or loss, net of prizes and jackpots, once the underlying games have been completed.

Other gaming revenue

Other gaming revenue is recognised in profit or loss when the underlying gaming event has been completed.

Sponsorship

Sponsorship revenue is recognised as revenue over the period the sponsorship relates to.

Rental income

Rental income is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

(l) Net financing costs

Interest income is recognised in profit or loss as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in profit or loss using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(m) Taxation

Income tax

Under a private ruling from the Australian Taxation Office (“ATO”) income derived by the Company from all sources and activities is considered exempt from the payment of income tax. This ruling applied to the years ended 30 June 1999 to June 2003 and was granted on the basis that the dominant objective of the Company is for the encouragement of a game or sport pursuant to Sections 50-1 and 50-45, Item 9.1 of the Income Tax Assessment Act, 1997.

It is the responsibility of the directors to self-assess the Company’s tax status. The directors have reviewed the objectives and activities of the Company for the year ended 31 October 2020 and have concluded, on the basis that the activities of the Company continue to be the same as those carried out at the time of issue of the private ruling in 1999, that the Company continues to be tax exempt pursuant to Sections 50-1 and 50-45, Item 9.1 of the Income Tax Assessment Act, 1997.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(n) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(o) Reserves

The revaluation reserve relates to the revaluation of land and buildings which are stated at fair value.

(p) Comparatives

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

	2020	2019
	\$	\$
4 Other Income:		
Other income		
Rental income	149,963	170,624
Sundry income	140,403	81,248
Other revenue – Tabcorp Gaming Solutions	251,171	273,996
ATO COVID stimulus	608,500	-
	<u>1,150,037</u>	<u>525,868</u>
5 Net financing expenses		
Interest income – other parties	963	2,176
<i>Finance income</i>	<u>963</u>	<u>2,176</u>
Interest and availability fees	(259,583)	(428,699)
<i>Finance expense</i>	<u>(259,583)</u>	<u>(428,699)</u>
Net financing expense	<u>(258,620)</u>	<u>(426,523)</u>
6 Cash and cash equivalents		
Cash at bank	1,200,018	127,761
Cash on hand	225,500	200,000
	<u>1,425,518</u>	<u>327,761</u>
Bank Overdraft	-	(106,270)
Cash and Cash equivalents	<u>1,425,518</u>	<u>221,491</u>
7 Trade and other receivables		
Trade receivables	120,000	109,363
Other receivables	-	-
	<u>120,000</u>	<u>109,363</u>
8 Inventories		
Stock on hand - bar	<u>66,486</u>	<u>99,543</u>

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

	2020 \$	2019 \$
9 Other assets		
<i>Current</i>		
Prepayments	95,610	107,471
Accrued income	-	-
Term deposit	48,143	47,747
	<u>143,753</u>	<u>155,218</u>
<i>Non-current</i>		
Other	<u>750</u>	<u>750</u>
10 Property, plant and equipment		
<i>Land and buildings</i>		
At fair value	11,518,151	11,387,312
Accumulated depreciation	<u>(318,151)</u>	<u>(316,745)</u>
	<u>11,200,000</u>	<u>11,070,567</u>
<i>Furniture and fittings</i>		
At cost	261,219	369,091
Accumulated depreciation	<u>(148,472)</u>	<u>(222,324)</u>
	<u>112,747</u>	<u>146,767</u>
<i>Plant and equipment</i>		
At cost	1,225,884	1,151,400
Accumulated depreciation	<u>(515,244)</u>	<u>(846,093)</u>
	<u>710,640</u>	<u>305,307</u>
<i>Motor vehicles</i>		
At cost	102,038	102,038
Accumulated amortisation	<u>(100,944)</u>	<u>(82,132)</u>
	<u>1,094</u>	<u>19,906</u>
<i>Capital WIP</i>	<u>-</u>	<u>-</u>
Total cost/fair value	<u>13,107,292</u>	<u>13,009,841</u>
Total accumulated depreciation	<u>(1,082,811)</u>	<u>(1,467,294)</u>
Total property, plant and equipment	<u><u>12,024,481</u></u>	<u><u>11,542,547</u></u>

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

10 Property, plant and equipment (continued)

	2020	2019
	\$	\$
Reconciliations		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
Land and buildings		
Carrying amount at beginning of year	11,070,567	11,340,000
Additions	98,807	47,312
Disposals	(111,018)	-
Depreciation	(318,151)	(316,745)
Revaluation	459,795	-
Carrying amount at end of year	<u>11,200,000</u>	<u>11,070,567</u>
Furniture and fittings		
Carrying amount at beginning of year	146,767	178,837
Additions	-	-
Disposals	(2,939)	-
Depreciation	(31,081)	(32,070)
Carrying amount at end of year	<u>112,747</u>	<u>146,767</u>
Plant and equipment		
Carrying amount at beginning of year	305,307	216,930
Additions	529,322	162,617
Disposals	(22,460)	(6,701)
Depreciation	(101,529)	(67,539)
Carrying amount at end of year	<u>710,640</u>	<u>305,307</u>
Motor vehicles		
Carrying amount at beginning of year	19,906	42,686
Additions	-	-
Disposals	-	-
Depreciation	(18,812)	(22,780)
Carrying amount at end of year	<u>1,094</u>	<u>19,906</u>

a) Fair value hierarchy

Land and buildings measured at fair value were valued by an independent valuer, for the 31 October 2020 reporting date.

The fair value of land is recognised based on market values. The fair value of buildings is based on the summation of land value and depreciated replacement cost of improvements.

Land and buildings measured at fair value, with a carrying amount of \$11,200,000 (2019: \$11,070,567) are subject to a registered mortgage to secure loans provided by WIN Corporation Pty Limited. Refer to Note 12.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

	2020	2019
	\$	\$
11 Trade and other payables		
Current		
Trade payables	791,077	363,002
Other payables and accrued expenses	428,152	711,819
	<u>1,219,229</u>	<u>1,074,821</u>
12 Loans and Borrowings		
Current		
Lease liabilities	9,005	9,311
Hire purchase liabilities	177,011	133,293
Bank overdraft	-	106,270
WIN Corporation Pty Limited - secured	-	-
	<u>186,016</u>	<u>248,874</u>
Non-current		
Lease liabilities	13,340	20,115
Hire purchase liabilities	202,413	191,850
WIN Corporation Pty Limited - secured	7,172,123	7,172,123
	<u>7,387,876</u>	<u>7,384,088</u>

Refer to Note 10 for disclosure surrounding security attached to the loans provided by WIN Corporation Pty Limited.

Financing arrangements

Loans from WIN Corporation Pty Limited - secured

The loan is an interest only loan until minimum repayments of \$500,000 per year commence in November 2021. The loan has termination date 1 November 2024 with a roll over option for a further 3 years. The loan has been classified as non-current.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

	2020	2019
	\$	\$
12 Loans and Borrowings (continued)		
The Company has access to the following lines of credit:		
Total facilities available:		
■ bank overdraft	200,000	200,000
■ credit cards	10,000	10,000
	<u>210,000</u>	<u>210,000</u>
Facilities utilised at balance date:		
■ bank overdraft	-	106,270
■ credit cards	2,558	2,833
	<u>2,558</u>	<u>109,103</u>
Facilities not utilised at balance date:		
■ bank overdraft	200,000	93,730
■ credit cards	7,442	7,167
	<u>207,442</u>	<u>100,897</u>

Bank overdraft

The bank overdraft is secured by a guarantee from the Company. Interest on the bank overdraft is charged at prevailing market rates.

13 Employee benefits

Aggregate liability for employee benefits, including on-costs

■ Current	253,760	280,232
■ Non-current	43,130	47,204
	<u>296,890</u>	<u>327,436</u>

Defined contribution superannuation funds

The Company makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was \$145,129 for the financial year ended 31 October 2020 (2019: \$177,260).

14 Other liabilities

Deferred income - MAX

■ Current	-	251,171
■ Non-current	-	-
	<u>-</u>	<u>251,171</u>

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

	2020	2019
	\$	\$
15 Commitments		
Finance lease payment commitments		
Finance lease rentals are payable as follows:		
■ Not later than one year	8,196	8,196
■ One year or later but no later than five years	15,063	23,263
	<u>23,259</u>	<u>31,459</u>
Less: future lease finance charges	(914)	(2,033)
	<u>22,345</u>	<u>29,426</u>
Lease liabilities provided for in the financial statements:		
Current	9,005	9,311
Non-current	13,340	20,115
Total lease liability	<u>22,345</u>	<u>29,426</u>

The Company leases a motor vehicle under finance lease. At the end of the lease term ownership passes to the Company.

The Company had entered into a service agreement with Tabcorp Gaming Solutions in relation to the supply of gaming machines and associated specialised services. This agreement expired on 30 September 2020.

At 31 October, the future minimum payments under the service contract are as follows:

■ Not later than one year	-	1,049,294
■ One year or later but no later than five years	-	-
	<u>-</u>	<u>1,049,294</u>

16 Operating leases

Leases as Lessor

The Company leases out part of its freehold land and buildings under operating leases.

At 31 October, the future minimum lease payments receivable under non-cancellable leases are receivable as follows:

■ Not later than one year	212,496	94,599
■ One year or later but no later than five years	39,999	52,500
	<u>252,495</u>	<u>147,099</u>

17 Key management personnel disclosures

Key management personnel are those persons having authority and responsibility for planning directing and controlling the activities of the Company, directly or indirectly, including any director (executive or otherwise) of the Company. Total remuneration paid to key management personnel for the current and comparative periods was:

Key management personnel compensation	<u>406,610</u>	<u>457,221</u>
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Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

17 Key management personnel disclosures (continued)

Other key management personnel transactions with the Company

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

WIN Corporation Pty Limited

As a condition of providing a loan facility to the Company, WIN Corporation obtained the right to have a WIN Corporation representative attend all board meetings of the Company. As at reporting date, the balance of the loan outstanding was \$7,172,123 (2019: \$7,172,123).

During the year the Company incurred an availability fee on the loan facility of \$237,445 (2019: \$390,000). As at reporting date, amounts totalling \$64,909 were payable to WIN Corporation in relation to this availability fee.

Waples Marketing Group Pty Limited

Mr G Gulloch is a director of Waples Marketing Group Pty Limited ("Waples"). During the current and comparative periods the Company engaged the services of Waples Marketing Group Pty Limited in relation to various promotional activities. The value of these transactions during the period ended 31 October 2020 was \$7,958 (2019: \$47,258) and the balance owing as at 31 October 2020 was \$3,225 (2019: \$0).

The nature of these transactions relates to Waples acting as a media agency for the Company in the purchasing of advertising with local media outlets. Under these arrangements, Waples invoices the Company for the value of the advertisements placed in addition to their fee on the transaction.

During the year, of the \$7,958 billed by Waples, \$5,310 was paid onto the media outlets, \$398 was retained by Waples as the fee for this accredited service, and \$2,250 retained for event management.

This fee is based on normal commercial terms and conditions.

Other than outlined above, from time to time Directors of the Company may purchase goods from the Company or participate in other club activities. These purchases and participations are on the same terms and conditions as those entered into by any other member of the club.

Illawarra District Rugby League Football Club Limited

Notes to the financial statements

For the year ended 31 October 2020

18 Company limited by guarantee

The Company is incorporated as a Company limited by guarantee. In accordance with the constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$4 per member in the event of the winding up of the Company during the time that they are a member or within one year thereafter. At 31 October 2020 there were 7,719 members (2019: 8,351 members).

19 Subsequent events

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in the future financial years.

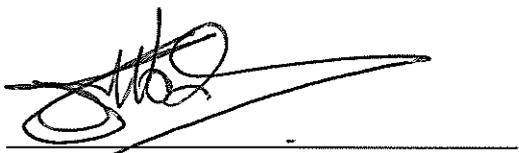
Illawarra District Rugby League Football Club Limited
Directors' declaration

In the opinion of the Directors of Illawarra District Rugby League Football Club Limited:

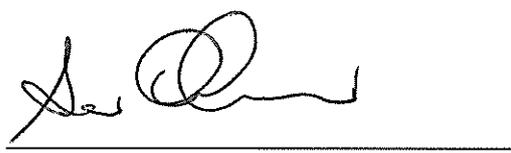
- the Company is not publicly accountable;
- the financial statements and notes, set out on pages 7 to 28, are in accordance with the Corporations Act 2001, including:
 - giving a true and fair view of the Company's financial position as at 31 October 2020 and of its performance, for the financial year ended on that date; and
 - complying with Australian Accounting Standards – Reduced Disclosure Regime and the Corporations Regulations 2001; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Dated at Wollongong this 17th day of December 2020.



Graeme Gulloch
Director



Sean O'Connor
Director



Independent Auditor's Report

To the Directors of Illawarra District Rugby League Football Club Limited

Opinion

We have audited the **Financial Report** of Illawarra District Rugby League Football Club Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 October 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards- Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 October 2020
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in Illawarra District Rugby League Football Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information.



In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf (Non-listed entities) This description forms part of our Auditor's Report.

KPMG

Warwick Shanks

Partner

Wollongong

17 December 2020