

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED
AND CONTROLLED ENTITIES

FINANCIAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2013



ABN 54 000 202 826

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES



Cronulla Sharks Chairman's Message

In 2017 the Cronulla Sutherland Sharks will celebrate 50 years in the NRL competition. Already it is a milestone we are working toward. It will provide a great opportunity to reflect on the past and look to the future of this proud club.

Since entering the competition in 1967 the Sharks have endured a number of challenging times but the club has been resilient and survived through the hard work of dedicated officials and a strong backbone of support in the Sutherland Shire.

We approach our 50th anniversary with great optimism for the future of the club in the Shire:

- We currently have the most professional football management team in the club's history.
- Commencing later this year we will redevelop and rejuvenate the Leagues Club.
- Proceeds from our property development joint venture with Bluestone Capital Venture will begin to flow, securing our long term financial position.
- We have a Board with strong business credentials and experience with a clear vision for the future of the club.

Season 2013 will be remembered as one of the most challenging in the club's history. On the eve of the season our foundations were rocked to the core by the ASADA supplements investigation and the direct fallout was considerable and has been ongoing. Through the process the club has at all times worked cooperatively and agreeably with the NRL and ASADA but the direct and indirect costs have been significant.

The indeterminate timetable for the investigation has meant the club has endured an incessant amount of related media coverage that has placed enormous pressure, particularly on coaching and support staff and players.

The strength and resolve of a club is most tested through hard times and our team and staff should be congratulated on how they have handled themselves this year. The team's ability to focus on the field was outstanding, particularly in the run up to the finals. Our first grade team performed strongly to finish fifth and compete into the second week of the finals. In addition to this our NSW Cup team coached by Tony Herman capped off an outstanding year to win the premiership.

Off the field the club went through significant change in 2013. A new Board was elected in April bringing together a group with strong business experience. New senior management was brought into the club in key roles, including CEO Steve Noyce, Peter Legg as General Manager Finance & Corporate Services and Steve McGee as Commercial Director.

The efforts of the new senior management, alongside Gy Wallace and Jeff Morris deserve great credit for steering the Football Club and Leagues Club through difficult times. In particular Steve Noyce brought great leadership to the club at a time it was most needed in his role as interim CEO. Steve has now been appointed as the Football Club CEO and remains passionate and committed to the road ahead.

A core focus of the new board and management continues to be the establishment of improved governance within the club to provide the basis for greater professionalism, better decision making and clear lines of reporting and accountability. No business can thrive without these structures in place. Significant steps have already been made and this area will be an ongoing focus.

From a financial perspective the direct impact of the ASADA investigation (\$1.4m) and a salary cap fine (\$150k) on the club were costly non budgeted items in the 2013 profit and loss statement. Had it not been for these costs, the joint entities of the Football Club and Leagues Club would have operated at break even. This is an exceptional result given the financial history of the club and the specific challenges of the 2013 season.

The Football Club managed to outperform budget expectations in a range of key metrics. Memberships exceeded the target of 10,000. Home game attendance was up significantly year on year, as were merchandise sales. Most pleasing was that a number of new and existing sponsors continued to support the Football Club when it was needed most.

As we look forward to season 2014 and beyond we are focused on building the long term sustainability and viability of the Football Club.

Key tasks and challenges on the roadmap ahead include:

- The creation and implementation of a strategic plan culminating in our 50th year celebration in 2017.
- The ongoing task of developing, recruiting and retaining the talent to continue to be regular premiership contenders in the NRL.
- Continuing to build our membership base and attendance at home games.
- Attract greater sponsorship support for the Football Club.
- Manage the transition of our League's Club through the redevelopment phase.
- Continue to build the Sharks brand and our community presence.
- Develop a new High Performance training facility to ensure our teams can prepare on equal footing with other NRL clubs.

I would like to recognise the support and contribution of the following to the club in 2013.

- All the clubs sponsors for their loyalty, support and belief in where the club is headed.
- Our highly valued members and loyal supporters who are the backbone of the Club.
- The staff of both the Leagues Club and the Football Club for their ongoing commitment and dedication.
- Our playing roster and coaching staff. They are a great group who pulled together in a season where they could so easily have fallen apart.
- My fellow Board members who put their hands up to take on an unenviable task in April. The time they have given without compensation speaks volume of their commitment to the future success of the Sharks.

Damian Keogh



CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

Football Club Report

Following a finals appearance in 2012 and astute player signings, there was great anticipation, excitement and optimism heading into season 2013.

Unfortunately, the "Blackest day in Australian sport" political media conference in Canberra in February and the resultant media frenzy placed enormous pressure on the Club and all involved, especially the coaching and playing staff. There were significant disruptions to the "normal" workings of a football club and obviously this had a huge effect on everyone.

To the enormous credit of Shane Flanagan, his staff and the playing group we re-focused on controlling the things that we could control and adopted a "NO EXCUSES" rule and by the end of the year earned the right to play in the final series. I believe we also earned admiration and great respect from not only Sharks sponsors, members and fans but also the wider football community. The final's win over the Cowboys was naturally pleasing however the close loss to eventual Grand Finalists Manly was very disappointing but makes us hungry for further success in 2014.

There were a number of very significant milestones achieved in 2013 and these are proudly listed in the Annual Report. Please take time to read this information which will add to your excitement regarding our great future. It would be remiss of me not to mention the amazing achievements of Andrew Fifita. He played every game for the Sharks when not required for representative duty, played All Stars, City Origin, NSW Origin, represented his country in the victorious Australian World Cup team and was a worthy winner of the Dally M Prop of the Year.

Our Holden Cup team experienced a slow start to the season however there was always effort and commitment shown and a mid-year revival saw us record strong wins over Penrith (eventual Premiers) as well as semi-finalists the Wests Tigers and Sydney Roosters. I am confident the efforts of James Shepherd, his staff and the playing group will see us reap the rewards in the years ahead from this young team.

Similar congratulations go to Tony Herman, his staff and our VB NSW Cup players who were outstanding in 2013 and clearly the best team in the competition throughout the year. After a loss in the first of the finals matches, they re-grouped and proceeded to play very powerful football to win their remaining games comfortably to be quite rightly crowned the 2013 Premiers!! Tony was named VB NSW Cup coach of the year and a number of our players were named in the Team of the Year. We are extremely fortunate to have the Melbourne Storm as our partners in this team and I extend our sincere thanks to all involved for their strong support.

Our Junior Representative teams enjoyed successful seasons with both teams reaching the finals. We are fortunate to have very committed and dedicated coaches and staff involved and this provides all our talented young players with every opportunity to proudly represent the Sharks and achieve their goal to play NRL for the Club. We are also lucky to have the wonderful support of the following sponsors for the Junior Rep teams - Salmon Buckets & Attachments, Shore Hire and Douglas Maher Coleman-Chartered Accountants.

The combined efforts of the Junior Representatives teams and our VB NSW Cup team saw the Club win the NSWRL Club Championship. This is a wonderful achievement and congratulations are extended to all involved.

Our Sharks Academy Talent Squads (SATS) are an important component of our Development program and I also wish to acknowledge and thank the coaches, staff and players for their support and commitment.

We are also extremely fortunate to have a very strong Junior League and I wish to recognise the support they offer the Sharks and congratulate them on their wonderful work providing sporting opportunity to thousands of young people in the Shire.

A number of players have now left the Club and we wish them every success in the future, with Jayson Bukuya, Jon Green, Stewart Mills, Tyrone Peachey, Ben Pomeroy, Ben Ross, Mark Taufua, Chad Townsend and Matthew Wright moving on. Tyrone Collins from our football office, who looked after NSW Cup, Junior Rep's and the SATS program, has also left us and we thank him for his great efforts and wish him well. Special mention to Craig Catterick and Ian Austin who joined in the Club in difficult circumstances during 2013 and did a wonderful job.

Our Board are committed to the long term success and future of the Sharks and from the time they were elected have all been very supportive of every aspect of the Club and I thank them for their efforts.

Each year provides its own challenges, however we should all be confident and excited about season 2014.

Up Up Cronulla!

Leagues Club Report

During 2013 the Leagues Club implemented several initiatives to provide an improved entertainment offering for our members and guests.

For the first time in a number of years the Club started a product upgrade and refurbishment program which has seen the installation of over 40 new gaming machines and a number of initiatives designed to enhance the overall ambience of the Club.

In 2013 the Leagues Club launched its Premier Rewards program. A tiered loyalty program designed to reward members who support the Club. Advantages of participating in this program include everything from VIP parking, show ticket offers and invitations to participate in specialised promotions and events. All you have to do to start earning your rewards is use your card at any of the Clubs point of sale terminals and gaming machines.

In addition to the Sharkies Premier rewards you can also use your points to obtain Sharks dollars which are able to be used for goods and services at participating local businesses.

The year has seen Sharkies partner with Estate Wines to launch Sharks Premier Wine Club which enables members to get home delivered any of your favourite wines you enjoy at the Club. In addition to the in house wines, members are able to purchase wines from Estate Wines vast range of at discounted prices, wine lists can be found at reception.

To know more about the benefits of membership, ask any of our friendly reception staff.

The Management and Board have been working diligently on the redevelopment of the Woollooware Bay Town Centre and the plans for a new Leagues Club, and are confident of being able to create a new Club that brings some wow back to Sharkies, that is operationally efficient and will meet the ongoing needs of our members and the community.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

Commercial Report

The very real impact of Asada saw many of the major sponsor properties vacant for significant parts of the season, these crucial high value assets if not fully optimised are almost irreplaceable in generating top line revenue returns.

Proudly the steadfast support through tough times of Blades Sports, CUB, Schweppes, Gatorade, On Site Cleaning, Salmon Buckets, AVS, Luxbet and Hisense were invaluable. Equally the introduction of One Solutions, PainAway, Shorehire and Remondis to our Jersey and Stadium rights respectively deserves special acknowledgement.

Galvanising the support of fans to become Members has never been more crucial and we were able to exceed 10,000 members for the first time, in fact doubling our previous best. Likewise we also exceeded benchmarks in Gate Takings and Merchandise both generating record returns.

Corporate Hospitality buoyed by our exciting on field performances saw many games sell out and pleasingly this support compounded well into the final series.

A restructured Group Commercial team positions us strongly for the future where we will introduce many new innovations & initiatives including a revamped signage program featuring an integrated full Stadium wrap of LED, enhanced content for members, more corporate hospitality options than ever before and a Chairman's Club membership.

This forward leaning focus allows us to build better value and to align ourselves with core long term partners and already has welcomed extensions with Ticketek & CUB to 2018 and Blades to the 2020 seasons.

Community Report

Football Club

The Sutherland Shire and greater community are an integral part of the Shark's family. They are the foundation of the club and provide unrivalled and continuous support, enthusiasm and passion. The very least the Sharks can do to acknowledge such commitment is to spend quality time in the community, taking the opportunity to make a positive difference and assist those in need wherever possible.

2013 has seen the club involved in more events, programs, initiatives and engagement activities than ever before. In total the players spent over 1400 hours in the community, at 560 events, actively supporting local community programs which aim to benefit the people of the Shire and guide them to make healthy and safe lifestyle choices. The organisation has continued to support and sponsor both new and existing events, such as Council fairs, fundraising events, cultural and music events. Some of the exciting programs and initiatives that the Sharks were involved in during 2013 included Kick for Kids, the Gals Pals clinic, the Kari Christmas Party, PCYC Footy Fever, the disability services BBQ day and Junior League registration days, presentation days and clinics.

When the club wasn't able to have a physical presence at an event, support was given through the donation of signed jerseys, balls, merchandise and money can't buy experiences. In total, the Sharks were able to assist over 300 events and organisations with donations for their own fundraising and community initiatives.

The Shark forged partnerships with a number of new organisations such as Project Youth, The McGrath Foundation, KARI Aboriginal Resources and Mission Australia and continued the strong relationships with organisations such as the Cronulla Sutherland Junior Rugby League, Sutherland PCYC, Endeavour Sports High School, Sylvanvale and Civic Industries. With new relationships came new programs and one such program, Kickstart, proved to be a great success. Kickstart promotes the benefits of sport and recreation to young males who are at risk of offending or participating in risk taking behaviour. It is a once a week, 2 hour fitness, mentoring and breakfast session, with exciting plans for 2014!

2013 also saw the launch of the inaugural and very popular Junior Jaws School Holiday Program. This initiative saw over 400 participants, across 4 clinics participate in rugby league skills and drills sessions, stadium tours and player meet and greets. The objective of the clinics were to engage young people via a healthy and active school holiday program and to encourage them to get excited about rugby league and the Sharks.

Furthermore the club strengthened their relationship with the Cronulla Sutherland Junior Rugby League, the organisation that develops our great game at the grassroots level. The Sharks made a commitment to continue their financial support, assist further with training and education and increase the visibility the players have within the Junior Clubs.

The Community team would like to thank the players, staff, and most importantly our fans, members and the Sutherland Shire Community who all contributed to what was a hugely successful year "off the field", out in the community.

Leagues Club

Sharkies offered their support to numerous community organisations throughout 2013. \$55,000 worth of grant funding was allocated to 5 vital Shire organisations and programs via ClubGRANTS Category 1 funding:

Project Youth	\$20,000
Shire Community Services	\$10,000
Caringbah YMCA	\$10,000
Rainbow Club	\$10,000
Sutherland PCYC	\$5,000

Category 2 funding saw almost \$400,000 and \$89,000 worth of inkind support donated. Sharkies also supported the community outside of the ClubGRANTS funding through involvement in numerous community events and initiatives. The club is looking forward to working with these organisations again in 2014 and is planning a more comprehensive ClubGRANTS and community program for the subsequent year.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

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CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

Directors' report

31 October 2013

The Directors present their report, together with the financial statements on the consolidated entity consisting of Cronulla-Sutherland Leagues Club Limited (the "Company", "Club" or the "Leagues Club") and the entities it controlled for the year ended 31 October 2013.

The following persons were Directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Directors

Damain Keogh- Chairman- (Appointed 22 April 2013)
Darren McConnell (Appointed 22 April 2013)
Dino Mezzatesta (Appointed 22 April 2013)
Andrew Boldeman (Appointed 22 April 2013)
Craig Airey (Appointed 22 April 2013)
Kevin Dwyer (Appointed 22 April 2013)
Dane Sorensen (Appointed 22 April 2013)
Paul O'Neile (Appointed 15 May 2013)
Paul McCarthy (Appointed 17 June 2013)
Glenn Coleman (Appointed 11 February 2013, Resigned 16 May 2013)
Keith Ward (Resigned 22 April 2013)
Craig Douglas (Resigned 22 April 2013)
Jonathan Docking (Resigned 22 April 2013)
Peter Kerr (Resigned 22 April 2013)
Phillip Tiernan (Resigned 22 April 2013)
Greg Holland (Appointed 19 March 2013, Resigned 22 April 2013)
Paul Walker (Resigned 19 March 2013)
Damian Irvine (Resigned 13 March 2013)
Paul Burns (Appointed 26 February 2013, Resigned 8 March 2013)
James Barnett (Resigned 26 February 2013)

Strategic Objectives

The strategic objectives of the company are to:

- Seek to grow revenues, enabling a stronger football club and more investment into the Leagues Club for the benefit of our members and the community
- Provide strong support to the local football club community throughout the Shire.
- Optimise the value from the Clubs property assets.
- To operate a successful NRL franchise.

We are committed to keeping the NRL Sharks franchise in the Sutherland Shire.

Principal Activities

The principal activities of the company are to provide a licensed club for the benefit of members and their guests, to operate an NRL franchise and to encourage, promote and control the development, playing and interests of Rugby League in the Sutherland Shire.

Performance Measures

The company measures its performance in both the amount of revenue derived and the costs to service for all segments of its trading operations, the financial and non-financial support the Club provides to the Football Club and other sporting clubs and community organisations. Non-financial support includes the provision of venues at no or reduced costs.

The Key performance measures are:

- Net gaming revenue
- Net bar revenue
- Total wages paid
- Total grants paid to the Football Club and Community Organisations
- Attendances at the club

Information on Directors



Name: Damian Keogh AM

Title: Chairman

Qualifications: BCom.

Experience and Expertise: Club Director, Company Director, CEO

Special responsibilities: Chairman–Board of Directors, Member of Remuneration subcommittee, Member of development subcommittee.



Name: Darren McConnell

Title: Director

Qualifications: MBus.

Experience and Expertise: Club Director, Company Director, Human Resources Consultant.

Special responsibilities: Director; Member of Remuneration subcommittee, Member of development subcommittee, Director of Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, Sharks Retail Pty Ltd.



Name: Dino Mezzatesta

Title: Director

Qualifications: ADV DIP

Experience and Expertise: Club Director.

Special responsibilities: Director, Member of development subcommittee, Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, Sharks Retail Pty Ltd.



Name: Andrew Boldeman

Title: Director

Qualifications: BEc, FIAA

Experience and Expertise: Club Director, CEO.

Special responsibilities: Director; Chairman of Audit, Risk and Compliance Committee.



Name: Craig Airey

Title: Director

Qualifications:

Experience and Expertise: Company Director, Club Director.

Special responsibilities: Director.



Name: Kevin Dwyer

Title: Director

Qualifications: BCom, LLB

Experience and Expertise: Club Director, Company Director, Lawyer.

Special responsibilities: Director, Chair of Disciplinary Committee;



Name: Dane Sorensen

Title: Director

Qualifications:

Experience and Expertise: Club Director.

Special responsibilities: Director, Nominee to Player Education & Welfare Committee.



Name: Paul O'Neile

Title: Director

Qualifications: BCom

Experience and Expertise: Club Director, CEO.

Special responsibilities: Director; Member of Audit, Risk and Compliance Committee.



Name: Paul McCarthy

Title: Director

Qualifications: BEc, MSAA

Experience and Expertise: Company Director, Club Director, Financial Analyst.

Special responsibilities: Director, Member of Audit, Risk and Compliance Committee.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES



MEETINGS OF DIRECTORS

LEAGUES CLUB

LEAGUES CLUB

	Attended	Held
Damian Keogh	8	8
Darren McConnell	8	8
Dino Mezzatesta	8	8
Andrew Boldeman	7	8
Craig Airey	7	8
Kevin Dwyer	8	8
Dane Sorensen	6	8
Paul O'Neile	7	7
Paul McCarthy	5	5
Glenn Coleman	7	8
Keith Ward	8	8
Craig Douglas	8	8
Jonathan Docking	8	8
Peter Kerr	8	8
Phillip Tiernan	7	8
Greg Holland	1	1
Paul Walker	2	5
Damian Irvine	5	7
Paul Burns	2	2
James Barnett	1	5

Represents the number of meetings held during the time the director held office or was a member of the committee.

Conditions on winding up

In the event of the company being wound up, each member undertakes to contribute an amount not exceeding one dollar (\$1.00) if the Club is wound up, while he or she is a member of the Club; or within one year of the date that he or she ceases to be a member for the payment of the debts and liabilities of the Club contracted before the member ceased to be a member; and costs, charges and expenses of winding up. At the date of this report there are 18,443 members of the Leagues Club.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page.

Signed in accordance with a resolution of the Board of Directors, pursuant to section 298(2)(a) of the Corporations Act at Cronulla this 19th day of December 2013.



D. Keogh
Chairman



A. Boldeman
Director

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES



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Auditor's Independence Declaration To the Directors of Cronulla-Sutherland Leagues Club Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Cronulla-Sutherland Leagues Club Limited for the year ended 31 October 2013, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b no contraventions of any applicable code of professional conduct in relation to the audit.

A handwritten signature in cursive script that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in cursive script that reads "J.P. Winter".

J P Winter
Partner - Audit & Assurance

Sydney, 19 December 2013

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CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2013

	Note	2013 \$	2012 \$
Revenue from sale of goods	2	3,699,170	3,400,659
Revenue from rendering of services	2	8,237,323	8,432,458
Other revenue	2	13,610,903	10,707,980
Revenue from continuing operations		25,547,396	22,541,097
Other income	3	750,581	646,925
Cost of sales		(1,565,645)	(1,356,454)
Bar and catering expenses		(720,276)	(737,128)
Marketing expenses		(4,256,406)	(3,131,327)
Occupancy expenses		(1,836,724)	(1,666,497)
Administrative expenses		(3,666,775)	(2,176,944)
Gaming expenses		(1,584,360)	(1,586,513)
Gaming taxes		(1,415,654)	(1,573,158)
Development expenses		(207,541)	-
Other expenses		(1,898,654)	(1,988,138)
Football expenses		(10,492,106)	(8,410,762)
(Deficit)/surplus before finance costs		(1,346,164)	561,101
Finance costs	4	(305,818)	(1,558,848)
(Deficit)/surplus before tax		(1,651,982)	(997,747)
Income tax benefit/(expense)	5	24,813	(80,767)
(Deficit)/surplus after tax		(1,627,169)	(1,078,514)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Increment on revaluation of land		20,352,577	-
Total Other comprehensive income for the year	9	20,352,577	-
Total comprehensive income for the year		18,725,408	(1,078,514)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2013

	Note	2013 \$	2012 \$
ASSETS			
Current assets			
Cash and cash equivalents	6	1,022,806	1,382,101
Trade and other receivables	7	954,915	902,753
Inventories	8	234,672	209,931
Total current assets		2,212,393	2,494,785
Non-current assets			
Property, plant and equipment	9	49,713,771	30,128,881
Total non-current assets		49,713,771	30,128,881
Total assets		51,926,164	32,623,666
LIABILITIES			
Current liabilities			
Trade and other payables	10	3,719,866	2,982,473
Interest bearing liabilities	11	3,190,151	13,245,960
Short term provisions	12	135,121	145,187
Current tax liability	5	-	24,813
Income in advance	13	281,706	300,363
Total current liabilities		7,326,844	16,698,796
Non-current liabilities			
Interest bearing liabilities	11	18,300	69,032
Deferred tax liabilities	5	813,047	813,047
Long term provisions	12	40,627	40,853
Other liabilities	14	10,000,000	-
Total non-current liabilities		10,871,974	922,932
Total liabilities		18,198,818	17,621,728
Net assets		33,727,346	15,001,938
EQUITY			
Retained Earnings		13,374,769	15,001,938
Asset revaluation Reserve		20,352,577	-
Total equity		33,727,346	15,001,938

The above statement of financial position should be read in conjunction with the accompanying notes.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2013

	Note	2013 \$	2012 \$
Cash flows from operating activities			
Cash receipts from customers and sponsors		18,892,143	20,589,154
Grants		7,814,519	5,087,573
Cash paid to suppliers and employees		(26,359,640)	(24,219,125)
Other interest received		8,930	184,007
Rent received		153,120	141,600
Interest paid		(292,698)	(1,558,849)
Income taxes received		-	15,926
Net cash inflow/(outflow) from operating activities		216,374	240,285
Cash flows from investing activities			
Purchase of property, plant and equipment		(468,221)	(266,387)
Proceeds from sale of property, plant and equipment		-	329,536
Net cash (outflow)/inflow from investing activities		(468,221)	63,149
Cash flows from financing activities			
Proceeds from borrowings		-	773,025
Advance proceeds from developer	14	10,000,000	-
Repayment of borrowings		(9,895,545)	-
Repayment of debentures		(7,923)	(7,263)
Repayment of capital element of finance leases		(203,980)	(353,311)
Net cash (outflow)/inflow from financing activities		(107,448)	412,451
Net (decrease)/increase in cash and cash equivalents		(359,295)	715,885
Cash and cash equivalents at beginning of period		1,382,101	666,216
Cash and cash equivalents at end of period	6	1,022,806	1,382,101

The above statement of financial position should be read in conjunction with the accompanying notes.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2013

	Retained Earnings	Asset Revaluation Reserve	Total Equity
	\$	\$	\$
At 1 November 2011	16,080,452	-	16,080,452
Deficit for the year	(1,078,574)	-	(1,078,514)
Other comprehensive income			-
Total comprehensive income	(1,078,514)	-	(1,078,514)
At 31 October 2012	15,001,938	-	15,001,938
At 1 November 2012	15,001,938	-	15,001,938
Deficit for the year	(1,627,169)	-	(1,627,169)
Other comprehensive income:			
Increment on revaluation of land	-	20,352,577	20,352,577
Total comprehensive income	(1,627,169)	20,352,577	18,725,408
At 31 October 2013	13,374,769	20,352,577	33,727,346

The above statement of financial position should be read in conjunction with the accompanying notes.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Corporate Information

These consolidated financial statements of Cronulla-Sutherland Leagues Club Limited and its controlled entities for the year ended 31 October 2013 were authorised for issue in accordance with a resolution of the directors on 19th December 2013 and cover the consolidated entity ('the Group') consisting of Cronulla-Sutherland Leagues Club Limited and its controlled entities, Cronulla-Sutherland District Rugby League Football Club Limited, Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, and Sharks Retail Pty Ltd, as required by the Corporations Act 2001.

The financial report is presented in the Australian currency.

Cronulla-Sutherland Leagues Club Limited and its controlled entity Cronulla-Sutherland District Rugby League Football Club Limited are companies limited by guarantee. Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, and Sharks Retail Pty Ltd, are proprietary companies limited by shares. All shares are owned by the Group.

The address of the registered office and principal place of business is 461 Captain Cook Drive, Woolooware, NSW 2230

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial statements.

In preparing the financial statements the consolidated entity have taken the exemptions available to a non-profit entity.

(a) Basis of Preparation

The general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and Corporations Act 2001. The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are made mandatory for the current reporting period.

The consolidated entity has early adopted AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2010-02 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy.

The adoption of these Accounting Standards and Interpretations did not have any impact on the financial performance or position of the company. The following Accounting Standards and Interpretations are most relevant to the company.

AASB 1053 Application of Tiers of Australian Accounting Standards

The consolidated entity has early adopted AASB 1053 from 1 November 2009. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards - Reduced Disclosure Requirements. The company being classed as Tier 2 continues to apply the full recognition and measurement requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-02.

AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements

The consolidated entity has early adopted AASB 2010-2 from 1 November 2009. These amendments make numerous modifications to a range of Australian Accounting Standards and Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entity in preparing general purpose financial statements. The adoption of these amendments has significantly reduced the company's disclosure requirements.

The Directors have determined the company is not for profit for the purposes of reporting and these financial standards do not comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The financial report has been prepared on the historical cost basis.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

(b) Basis of Consolidation

Controlled Entities

The consolidated financial statements comprise the financial statements of Cronulla-Sutherland Leagues Club Limited and its controlled entities Cronulla-Sutherland District Rugby League Football Club Limited, Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd, and Sharks Retail Pty Ltd at 31 October each year ("the Group"). A controlled entity is an entity controlled by the Leagues Club. Control exists where the Leagues Club has the capacity to dominate the decision making in relation to financial and operational policies of the entity so that the entity operates with the Leagues Club to achieve the objectives of the Leagues Club.

All intercompany balances and transactions, including unrealised profits arising from intragroup transactions have been eliminated.

(c) Revenue Recognition

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from gaming, entertainment, beverages, sponsorship and football games together with other services to members and their guests is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to the buyer when goods have been delivered to the customer.

Rendering of Services Membership and Sponsorship Revenue

Revenue from gaming, advertising and football games together with other services to members and other patrons, along with sponsorship income are recognised when services are provided.

Interest Revenue

Revenue is recognised as interest accrues taking into account the effective yield on the financial asset.

Rental Income

Rental Income is accounted for on a straight line basis over the term of the lease.

(d) Income Tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

The consolidated entity adopts the above detailed policy however, Cronulla-Sutherland District Rugby League Football Club Limited (the "Football Club") is exempt from income tax pursuant to Section 45-50 of the Income Tax Assessment Act (1997).

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Sharks Property Holdings Pty Ltd, a subsidiary and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are offset in the consolidated financial statements.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Impairment of Assets

At each reporting date the Group assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in the profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As the future economic benefits of all of the Leagues Club's assets (other than poker machines and land owned by Sharks Residential Pty Ltd) are not primarily dependent upon their ability to generate net cash inflows and if deprived of the asset, the Club would replace the asset's remaining future economic benefits, "value in use" is determined as the depreciated replacement cost of the asset, rather than by using discounted cash flows.

For the purpose of assessing value in use for cash generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(f) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(g) Trade and Other Receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 60 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence that the Group will not be able to collect all amounts due according to the original terms.

Objective evidence of impairment includes financial difficulties of the debtor, default payments or debts greater than 60 days. On confirmation that the trade receivables will not be collectible the gross carrying value of the asset is written off against the associated provision.

(h) Inventories

Finished Goods

Inventories are stated at the lower of cost and net realisable value.

(i) Property, Plant and Equipment

Freehold land and buildings are measured at cost less accumulated depreciation.

Residential land at Directors' valuation is measured at fair value, which is assessed on an annual basis. Refer to note 1 (q) regarding the initial application of this accounting policy.

Applying the new accounting policy for the class of land at Directors' valuation, the Directors have assessed the fair value of the land on the basis of an internally prepared discounted cash flow model.

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment.

Increases in the carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

- Buildings	1.6%
- Leasehold improvements	1.7 - 2.3%
- Plant and equipment	5 - 33%
- Leased plant and equipment	20 - 33%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains and losses on disposal are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the profit or loss in the year that the item is derecognised.

(j) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(k) Trade and Other Payables

Trade and other payables represent liabilities for goods and services provided to the Group prior to the year end and which are unpaid. These amounts are unsecured and have 30-90 day payment terms.

(l) Interest-Bearing Liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and redemption amount is recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(m) Borrowing Costs

Borrowing costs include interest on bank loans and overdrafts and finance charges in respect of finance leases.

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed when incurred.

(n) Employee Benefits

Wages and Salaries, Annual Leave and Sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of reporting date are recognised in respect of services provided by employees to the reporting date and measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when leave is taken and measured at the actual rates paid or payable.

Retirement Benefit Obligations

The group has several defined contribution superannuation funds. Contributions are recognised as expenses as they become payable. The company has no legal or constructive obligation to fund any deficit.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Long Service Leave

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the reporting date. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at reporting date with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(o) GST

Revenues and expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cashflows are included in the statement of cashflows on a gross basis and the GST component of cashflows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cashflows.

(p) Going Concern

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

At year end the Leagues Club's current liabilities exceeded its current assets by \$3,387,950 and the consolidated entity's current liabilities exceeded its current assets by \$5,114,451. During the year ended 31 October 2013 the consolidated entity incurred an operating loss of \$1,627,169.

The deficit for the year included expenses totalling \$1,568,530 as a result of additional costs incurred by the Cronulla-Sutherland District Rugby League Football Club Limited ("the Football Club") in addressing matters that have been the subject of review by ASADA and the NRL and a salary cap matter. If not for those costs the consolidated entity would have made a small loss of \$58,639. Despite these costs the consolidated entity generated positive cash flows from operations of \$216,374.

The findings of the review by ASADA and any consequential or related determinations of the NRL, and any potential contingent liabilities that may arise from these matters are not finalised at the date of this financial report. The Football Club has received a breach notice (see Note 20) which the Football Club intends to defend. The penalty in the breach notice is \$1,000,000 of which \$400,000 is suspended, subject to the satisfaction by the Club of certain governance criteria. Payment terms for the possible fine are not disclosed.

The Leagues Club is a party to agreements regarding development of properties held by the consolidated entity. Certain of the proposed developments may have an impact on trading conditions and therefore profitability of the Leagues Club. This has been factored into budgets for 2014.

The finance facility outlined in Note 11 expires in January 2014 and therefore the Leagues Club requires a new finance facility. Advanced negotiations are underway with parties for funding but are not concluded at the date of this report.

The ability of the Leagues Club and the consolidated entity to continue as Going Concerns is dependent upon:

1. The Leagues Club and the consolidated entity maintaining current levels of operating revenue and achieving positive cashflows in 2014.
2. The Football Club being able to arrange finance support to meet any financial commitments or contingent liabilities that may arise as a result of determinations by ASADA or the NRL and related matters.
3. The Leagues Club negotiating a new finance facility prior to expiry of the current facility which expires in January 2014.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Going Concern (continued)

The Directors consider that should the Football Club require significant financial support to address the matters referred to above, it is reasonable to expect that the Leagues Club and the consolidated entity may be able to negotiate financial support from other entities and/ or the NRL.

Therefore the directors consider there are reasonable grounds to believe the consolidated entity and the Leagues Club will be able to access necessary funding should it be required to enable them to meet their debts as and when they fall due and continue as going concerns

The Directors also consider that the Leagues Club can satisfactorily negotiate a new finance facility and manage the development of the consolidated entity's properties so as to not negatively affect the financial performance of the Leagues Club and the consolidated entity.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern

(q) Critical Accounting Estimates and Judgements

The Directors' estimates and judgements incorporated into the financial report are based on historical results and the best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data from internal and external sources.

The Directors have assessed that the consolidated entity is a 'not for profit' entity, whose activities are:

- 1) To provide a Licensed Club for the benefit of members and their guests; and
- 2) To encourage, promote and control the development, playing and interests of rugby league in the Cronulla-Sutherland district.

In carrying out the assessment at the reporting date as to whether individual assets are impaired, the Directors are required to consider and identify assets which are held exclusively to generate cash and those which are held to support the consolidated entity's activities.

At the reporting date:-

- The Club's poker machines and related equipment are assessed as held exclusively to generate cash;
- All other assets are assessed as held to support the Club's activities.
- All of the Football Club's assets have been assessed as held to support the Club's activities.

Assessment of Impairment and Remaining Useful Lives of Property, Plant & Equipment owned by the Leagues Club

Management have considered whether any indicators of impairment exist which would require the performance of an impairment review in respect of the property, plant and equipment owned by the Leagues Club. In addition management has considered whether the useful lives of any such assets should be revised as a result of the anticipated development. Management have determined that as at the year end date no such indicators exist.

Directors' assessment of fair value of Land at Directors' Valuation

The Directors have assessed the fair value of residential freehold land at Directors' valuation on the basis of an internally prepared discounted cash flow model. The model takes into account the relevant characteristics and restrictions on the sale or use of the asset, which market participants would take into account when pricing the asset at the measurement date. These characteristics include the current development plans and Part 3A approval obtained in respect of this parcel of land, as well as factors associated with the development and financing agreements and the fact that the developer partner's financier holds a mortgage over the land. The model results in a land valuation of \$22,381,269, representing a revaluation surplus of \$20,352,577 which has been recognised as of 31 October 2013.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 2 - REVENUE

	2013	2012
	\$	\$
From continuing operations		
Sale of goods from operating activities		
Sale of goods	2,364,856	2,356,207
Merchandising/Royalties	1,334,315	1,044,452
	3,699,170	3,400,659
Rendering of services from operating activities		
Gaming revenue	6,928,132	7,247,727
Match revenue	1,309,191	1,176,731
Stadium Events	-	8,000
	8,237,323	8,432,458
Other revenue from operating activities		
Functions revenue	302,079	382,953
Members subscriptions	1,310,415	1,079,906
Sponsorship	4,546,196	4,265,262
Interest from other persons	10,449	184,006
Rent received	139,200	141,600
Commission - Tab	-	11,889
Commission - Keno	78,456	65,479
NSWRL Grant	20,000	20,000
NRL Grant	7,204,108	4,556,885
	13,610,903	10,707,980

NOTE 3 - OTHER INCOME

	2013	2012
	\$	\$
Other income	750,581	317,389
Profit from sale of assets	-	329,536
	750,581	646,925

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 4 - EXPENSES

	2013	2012
	\$	\$
(Deficit) before income tax includes the following specific expenses:		
Bad and doubtful debts		
Trade receivables	38,391	39,141
Finance Costs		
Interest paid/payable	287,165	1,507,706
Finance charges under finance leases and hire purchase contracts	18,653	51,142
Total Finance Cost	305,818	1,558,848
ASADA / salary cap related expenses	1,568,530	-
Depreciation and amortisation expense	1,237,672	1,396,780

NOTE 5 - INCOME TAXES

	2013	2012
	\$	\$
INCOME TAX EXPENSE		
Current tax expense		
Current tax (benefit)/expense	-	24,813
Over provision for previous years	(24,813)	55,954
Total current income tax (benefit)/expense	(24,813)	80,767
Deferred tax expense		
Total income tax (benefit)/expense in profit or loss	-	-
(24,813)	80,767	
Reconciliation of the effective tax rate		
(Deficit) before income tax expense	(1,651,982)	(997,747)
Tax at the Australian tax rate of 30% (2012: 30%)	(495,595)	(299,324)
Tax effect of (benefit)/deficit in the Football Club (Income Tax exempt)	459,639	(34,412)
Income and expenditure of the Leagues Club subject to mutuality principal adjusted for non-deductible and specifically deductible items	35,956	358,549
	-	24,813
(Over)/Under provision in prior years	(24,813)	55,954
Income tax (benefit)/expense in profit or loss	(24,813)	80,767

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 5 - INCOME TAXES (CONTINUED)

	2013	2012
	\$	\$
DEFERRED TAX LIABILITIES		
<hr/>		
Deferred tax liabilities comprise temporary differences attributable to:		
<hr/>		
Amounts recognised directly in equity		
Revaluation of property, plant and equipment	813,047	813,047
Total deferred tax liabilities	813,047	813,047

An unrecognised deferred tax asset arising from the difference between the tax and accounting bases of the residential land of \$5,585,619 is not brought to account as its realisation is not probable.

CURRENT TAX LIABILITIES		
Current tax liability	-	24,813
	-	24,813
<hr/>		
CURRENT TAX RECEIVABLE		
Current tax receivable	-	-
	-	-

NOTE 6 CASH AND CASH EQUIVALENTS

	2013	2012
	\$	\$
Cash on hand	227,415	277,119
Cash at bank	795,391	1,104,982
	1,022,806	1,382,101

NOTE 7 TRADE AND OTHER RECEIVABLES

	2013	2012
	\$	\$
CURRENT		
Trade receivables	827,240	743,611
Allowance for doubtful debts	(76,133)	(182,463)
	751,107	561,148
Other debtors	38,681	175,206
Prepayments	165,127	166,399
	954,915	902,753

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 7 TRADE AND OTHER RECEIVABLES (CONTINUED)

	2013	2012
	\$	\$
Analysis of Allowance Account		
Opening balance	(182,463)	(201,470)
Provisions for doubtful receivables	(42,610)	(36,401)
Receivables written off during the year	-	-
Reversal of amounts provided	148,940	55,408
Closing balance	(76,133)	(182,463)

NOTE 8 INVENTORIES

	2013	2012
	\$	\$
CURRENT		
Finished goods - at cost	234,672	209,931

Write-downs of inventories to net realisable value recognized as an expense during the year amounted to \$16,794 (2012:\$33,716). The expense has been included in cost of sales in profit or loss.

NOTE 9 PROPERTY, PLANT AND EQUIPMENT

	2013	2012
	\$	\$
Freehold Land		
Residential land at directors valuation	22,381,269	
At deemed cost	1,821,308	3,850,000
Total land	24,202,577	3,850,000
Buildings		
At deemed cost	6,520,000	6,520,000
Accumulated depreciation	(2,218,436)	(2,114,115)
	4,301,564	4,405,885
Building improvements		
At cost	26,705,052	26,563,150
Accumulated amortisation	(7,340,303)	(6,789,504)
	19,364,749	19,773,646
Total buildings	23,666,313	24,179,531
Total freehold land and buildings	47,868,890	28,029,531

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2013	2012
	\$	\$
Plant and equipment		
At cost	10,946,435	10,776,635
Accumulated depreciation	(9,215,945)	(8,842,977)
	1,730,490	1,933,658
Leased plant and equipment		
At cost	4,135,371	4,056,990
Accumulated amortisation	(4,020,980)	(3,891,298)
	114,391	165,692
Total plant and equipment	1,844,881	2,099,350
Total non-current property, plant and equipment	49,713,771	30,128,881

Reconciliations

2013	Residential Land at Valuation	Land at Cost	Buildings	Plant and Equipment	Leased Plant and Equipment	Total
	\$	\$	\$	\$	\$	\$
Group						
Carrying amount at beginning of financial year	-	3,850,000	24,179,531	1,933,658	1,933,658	30,128,881
Additions	-	-	141,902	249,702	249,702	469,986
Transfers	2,028,692	(2,028,692)	-	-	-	-
Revaluation	20,352,577	-	-	-	-	20,352,577
Depreciation	-	-	(655,120)	(452,871)	(129,682)	(1,237,672)
Carrying amount at end of financial year	22,381,269	1,821,308	23,666,313	1,730,490	114,392	49,713,772

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 9 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

2012	Freehold Land	Buildings	Plant and Equipment	Leased Plant and Equipment	Total
	\$	\$	\$	\$	\$
Group					
Carrying amount at beginning of financial year	3,850,000	24,738,646	2,243,926	426,703	31,259,275
Additions	-	92,685	166,837	6,864	266,386
Depreciation	-	(651,800)	(477,105)	(267,875)	(1,396,780)
Depreciation on Reclassification	-	-	-	-	-
Carrying amount at end of financial year	3,850,000	24,179,531	1,933,658	165,692	30,128,881

Of the above \$48,840,648 is pledged as security for interest bearing liabilities and contingent liabilities. \$26,459,379 is pledged as security for the Groups borrowing (refer note 11). \$22,381,269 being the residential land at valuation is pledged as security for the borrowings of the Developer Partner. A mortgage was secured over Lot 20 DP 529644 in favour of the Developer Partner's financier, ANZ Bank.

NOTE 10 TRADE AND OTHER PAYABLES

	2013	2012
	\$	\$
Trade payables	1,151,385	768,474
Other payables	2,200,405	1,743,516
GST liability	74,839	252,633
Annual leave	293,237	217,850
	3,719,866	2,982,473

NOTE 11 INTEREST BEARING LIABILITIES

	2013	2012
	\$	\$
CURRENT		
Unsecured		
Members deposits	86,639	94,561
Secured		
Bank loans - St George Bank Ltd	3,052,781	12,947,421
Lease liabilities	50,731	203,978
Total secured current financial liabilities	3,103,512	13,151,399
Total current financial liabilities	3,190,151	13,245,960

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 11 INTEREST BEARING LIABILITIES (CONTINUED)

	2013	2012
	\$	\$
NON-CURRENT		
Secured		
Lease liabilities	18,300	69,032
Total secured non-current financial liabilities	18,300	69,032

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

CURRENT	Note	\$	\$
Floating charge			
Cash and cash equivalents	6	527,420	1,382,101
Receivables	7	602,528	902,753
Inventories	8	99,773	209,931
Total current assets pledged as security		1,229,721	2,494,785
NON-CURRENT			
First mortgage			
Freehold land	9	1,821,308	3,850,000
Buildings		23,666,313	24,179,531
		25,487,621	28,029,531
Finance leases			
Plant and equipment	9	60,245	165,692
Fixed & Floating charge			
Plant and equipment	9	911,513	1,933,658
Total non-current assets pledged as security		26,459,379	30,128,881
Total assets pledged as security against borrowings of the consolidated entity		27,689,100	32,623,666

In addition to the above \$22,381,269 (being the residential land at valuation) is pledged as security for the borrowings of the development partner.

Total assets pledged as security

Current	1,229,721	2,494,785
Non-current	48,840,648	30,128,881
	50,070,369	32,623,666

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 12 PROVISIONS

	2013	2012
	\$	\$
CURRENT		
Provision for long service leave	135,121	145,187
NON CURRENT		
Provision for long service leave	40,627	40,853

Non-current long service leave comprises amounts which are not vested at balance date and current long service leave represents the amount which is vested and the amount and timing of payments to be made when leave is taken is uncertain.

NOTE 13 INCOME IN ADVANCE

	2013	2012
	\$	\$
CURRENT		
Subscriptions in advance	48,971	43,947
Income in advance	212,443	236,622
Commission in advance	20,292	19,794
	281,706	300,363

NOTE 14 OTHER LIABILITIES

	2013	2012
	\$	\$
Deferred Revenue	10,000,000	-

On 23 November 2012 Sharks Residential Pty Ltd, a wholly owned subsidiary, repaid to the Leagues Club an amount of \$10m, funded by a long term loan from the Developer Partner which is only repayable from Sharks Residential Pty Ltd's share of the sale proceeds from the first 314 units of the future proposed development of the residential property.

To facilitate the loan from the Developer Partner, a mortgage was secured over Lot 20 DP 529644 in favour of the Developer Partner's financier, ANZ Bank. The \$10m was used by the Leagues Club to meet a financial obligation to St George Bank reducing the borrowings of the Leagues Club and enabling it to complete a refinancing of its debt facilities.

NOTE 15 CASH FLOW INFORMATION

	2013	2012
	\$	\$
Non-cash financing and investing activities		
Acquisition of plant and equipment by means of finance leases	-	-

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 16 RELATED PARTY TRANSACTIONS

Cronulla-Sutherland Leagues Club Limited - Parent entity

Cronulla-Sutherland Leagues Club Limited is the parent entity of the Group. Cronulla-Sutherland District Rugby League Football Club Limited, Sharks Property Holdings Pty Ltd, Sharks Residential Pty Ltd, Sharks Club Retail Pty Ltd and Sharks Retail Pty Ltd are the controlled entities of the Leagues Club.

Transactions with related parties

Transactions with Directors and Director Related Entity

	2013	2012
	\$	\$
The following transactions were on normal terms and conditions:		
Fees paid for legal services	67,872	125,707
Fees paid for accounting services	14,447	8,358
Sale of football corporate hospitality	31,237	15,319

The Group occasionally enters into contracts with other entities that are controlled or significantly influenced by one of its directors. All contracts are based on normal commercial terms and conditions.

Key management personnel compensation for non-disclosing entity

	2013	2012
	\$	\$
Director Honorariums	-	-
Key Management Compensation	1,020,799	731,285

NOTE 17 CONTINGENCIES

Contingent Liabilities - Leagues Club

At 31 October 2013, the Leagues Club and controlled entities had contingent liabilities as set out below:

Securities held over assets

ANZ Bank has secured a mortgage over the land owned by Sharks Residential Pty Ltd, under which Bluestone Capital borrows funds to fund the residential development. If Bluestone Capital were to default on the mortgage, ANZ could sell the land to recoup its loan.

Contingent Liabilities

The Contingent Liability of \$400,000 has been outlined in Note 20.

Additional contingent liabilities may arise from matters that have been the subject of the reviews by ASADA and the NRL. The timing and financial impact of these is uncertain.

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED

AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 18 COMMITMENTS

	2013	2012
	\$	\$
OPERATING LEASE		
Within one year	483,357	-
Later than one year but not later than 5 years	469,900	-
Total future minimum lease payments under operating leases	953,257	-
FINANCE LEASE - NON-CANCELLABLE		
Within one year	53,293	215,489
Later than one year but not later than 5 years	18,538	72,444
TOTAL FUTURE MINIMUM LEASE PAYMENTS	71,831	287,933
Total future finance charges	(2,800)	(14,923)
Lease liabilities	69,031	273,010

Lease liabilities are represented in the financial statements as follows:

Current (note 11)	50,731	203,978
Non-current (note 11)	18,300	69,032
	69,031	273,010

The Football Club has a 10 x 5 year lease with the Leagues Club for the use of the playing field and associated facilities, which commenced 31 October 1994 for nil consideration.

NOTE 19 PROPERTY, PLANT AND EQUIPMENT

Information relating to Cronulla-Sutherland Leagues Club Limited:

	2013	2012
	\$	\$
Statement of Financial Position		
Current assets	1,229,721	1,497,726
Total assets	29,754,096	20,114,567
Current liabilities	4,617,671	15,173,812
Total liabilities	5,455,137	16,073,142
Retained earnings	24,298,959	4,041,425
Statement of comprehensive income		
Surplus for the year	20,257,535	(1,193,220)
Other comprehensive income	-	-
Total comprehensive income	20,257,535	(1,193,220)

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2013

NOTE 20 SUBSEQUENT EVENTS

On December 17 the NRL issued a breach notice to the Football Club relating to possible breaches of the code of conduct in 2011. The breach notice outlined proposed penalties of a \$1,000,000 fine of which \$400,000 is suspended, subject to the satisfaction by the Club of certain governance criteria. The Club has until January 15, 2014 to respond to the notice. Thereafter the NRL on considering the Clubs response may proceed to determine whether the alleged breach occurred and decide whether to impose the proposed penalty or some other penalty. The Club issued a statement saying it intends to defend the charges. The financial statements have brought to account \$600,000 in current liabilities and the remaining \$400,000 is disclosed as a contingent liability.

Other than the above, there are no matters or circumstances that have arisen since the end of the financial year which significantly affected or may affect the operations of the club, the results of those operations, or the state of affairs of the club in future financial years.

NOTE 21 MEMBERS GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the constitution states that each member is to contribute a maximum of \$1 each towards meeting any outstanding obligations of the company. At 31st October 2013 the number of financial members totalled 18,443 (2012:18,136).

NOTE 22 REGISTERED OFFICE

461 Captain Cook Drive, Woollooware New South Wales 2230

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST OCTOBER 2013

Declaration by Directors

The Directors declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 31 October 2013 and of its performance for the year ended on that date.
2. In the directors opinion at the date of this declaration there are reasonable grounds to believe that the Leagues Club will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by



D. Keogh
Chairman



A. Boldeman
Director

CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES



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Independent Auditor's Report To the Members of Cronulla-Sutherland Leagues Club Limited

We have audited the accompanying financial report of Cronulla-Sutherland Leagues Club Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 October 2013, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

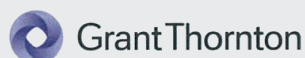
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

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CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED AND CONTROLLED ENTITIES



In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Auditor's opinion

In our opinion the financial report of Cronulla-Sutherland Leagues Club Limited is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 October 2013 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

Material uncertainty regarding continuation as a going concern

Without modifying our opinion, we draw attention to Note 1(p) in the financial report, which indicates that the consolidated entity incurred a net loss of \$1,627,169 during the year ended 31 October 2013 and, as of that date, the consolidated entity's current liabilities exceeded its current assets by \$5,114,451. These conditions, along with other matters as set forth in Note 1(p), indicate the existence of a material uncertainty that may cast significant doubt about the company's and the consolidated entity's ability to continue as a going concern and therefore, the company and the consolidated entity may be unable to realise their assets and discharge their liabilities in the normal course of business.

A handwritten signature in blue ink that reads "Grant Thornton".

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A handwritten signature in blue ink that reads "J.P. Winter".

J P Winter
Partner - Audit & Assurance

Sydney, 19 December 2013





CRONULLA-SUTHERLAND LEAGUES CLUB LIMITED
AND CONTROLLED ENTITIES



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