

CRONULLA SUTHERLAND LEAGUES CLUB LIMITED
AND CONTROLLED ENTITIES

ABN: 54 000 202 826



ANNUAL REPORT *2021*

sharks.com.au



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CHAIRMAN'S WELCOME



Steve Mace
Group Chairman

The 2021 NRL season and the Financial Year for the Leagues and Football Clubs as detailed in this Annual Report again presented many Covid challenges. The NRL team was forced into a Queensland 'bubble' to complete their 2021 season, while our Licensed premises, Sharks at Kareela, traded during much uncertainty due to restrictions and shutdowns.

All that said, the NRL team were competitive and somewhat unlucky not to qualify for the Finals Series and we must thank both players and staff for the professionalism shown in completing their season in what were exceptional circumstances. Well done and thanks to Josh Hannay who steered the ship very capably as our Interim NRL Coach. The NRL must also be complemented for conducting another outstanding season despite the challenges they were again required to navigate during 2021.

Sharks at Kareela traded strongly through what were unprecedented times. We thank General Manager Elie Bassil and his team for their dedication and our loyal members for their patronage.

Thanks must go to Group CEO Dino Mezzatesta and the Sharks Management team in both Football and Leagues Club, our dedicated staff and to my fellow Board of Directors for their hard work and support.

As a Board, together with the management team, we are determined to continue to build on recent success and in 2022 we can look forward to our return to PointsBet Stadium, to the construction of our Leagues Club at Woollooware moving closer to completion, to the ongoing operations of our second Club at Kareela and the potential amalgamation of another licensed facility in Coffs Harbour.

Again, I welcome Sharks Members in presenting the Cronulla Sutherland Leagues Club Limited and Controlled Entities 2021 Annual Report which contains a comprehensive analysis of our Financials. Also following is a more detailed report from Dino with highlights of our year.

CEO REPORT



Dino Mezzatesta
Group Chief
Executive Officer

The trading period covered in this Annual Report has been an interesting one during another Covid-affected year, with the Woollooware Bay precinct, including the state-of-the-art Sharks Leagues Club as the focal point, taking shape ahead of a 2023 completion, Sharks at Kareela, our new home away from home, continues to be well patronised in providing a welcoming licensed facility for our Members, while it was a season which saw the NRL team narrowly miss the finals.

For the NRL team it was a year in which the Covid pandemic stretched into a second year and continued to present challenges, requiring the season to be completed in a Queensland 'bubble' and the Grand Final to be played in Brisbane for the first time.

We experienced positive trading at Sharks at Kareela Club, despite having to close the doors for a period of time while also being forced to deal with restrictions on patron numbers. We look forward to a period of trading certainty at Kareela and to soon be operating two licensed premises in the Shire once the construction on our Leagues Club at Woollooware has been completed.

This Annual Report will incorporate our first 12-month trading figures for Sharks at Kareela after taking control from the Sporties Group in June of 2020 and as we were upon acquiring the Club, we remain delighted with the facilities and service it offers, with Sharks at Kareela a viable asset

We also hope to soon be able to announce another potential amalgamation in adding to the Club's portfolio, with discussions advanced with a licensed Club in Coffs Harbour. We will certainly keep members updated as to those negotiations as they progress and the process will require members from both respective Clubs to vote for the amalgamation for it to proceed.

While in relation to the Woollooware Bay precinct, a completion date has been set for mid-2023 and our development partners Aoyuan are confident, weather and further Covid issues permitting, of meeting that deadline. Following are the highlights of the year across all aspects of the business.

Licensed Club – Sharks Leagues Club/Woollooware Bay Town Centre

We can report significant progress on the Woollooware Bay Town centre and Sharks Leagues Club redevelopment as Aoyuan and their construction partners work towards a 2023 completion.

Slabs are being poured as the form work continues to take shape, following on from the completion of the roadworks on Captain Cook Drive during 2021. Our plans and design for the new Leagues Club, should be finalised in the very near future and we look forward to sharing these with members once available, this process has taken us a little longer given the interruptions presented as a result of Covid.

We are confident in the belief the final design and subsequently the finished product will be state-of-the-art in meeting the needs of our members and their guests. As communicated previously, we appreciate the patience of our members during this process and believe they will be proud to call our new Leagues Club 'home' once complete and the doors are opened, with everything on track for a 2023 opening

Licensed Club – Sharks at Kareela

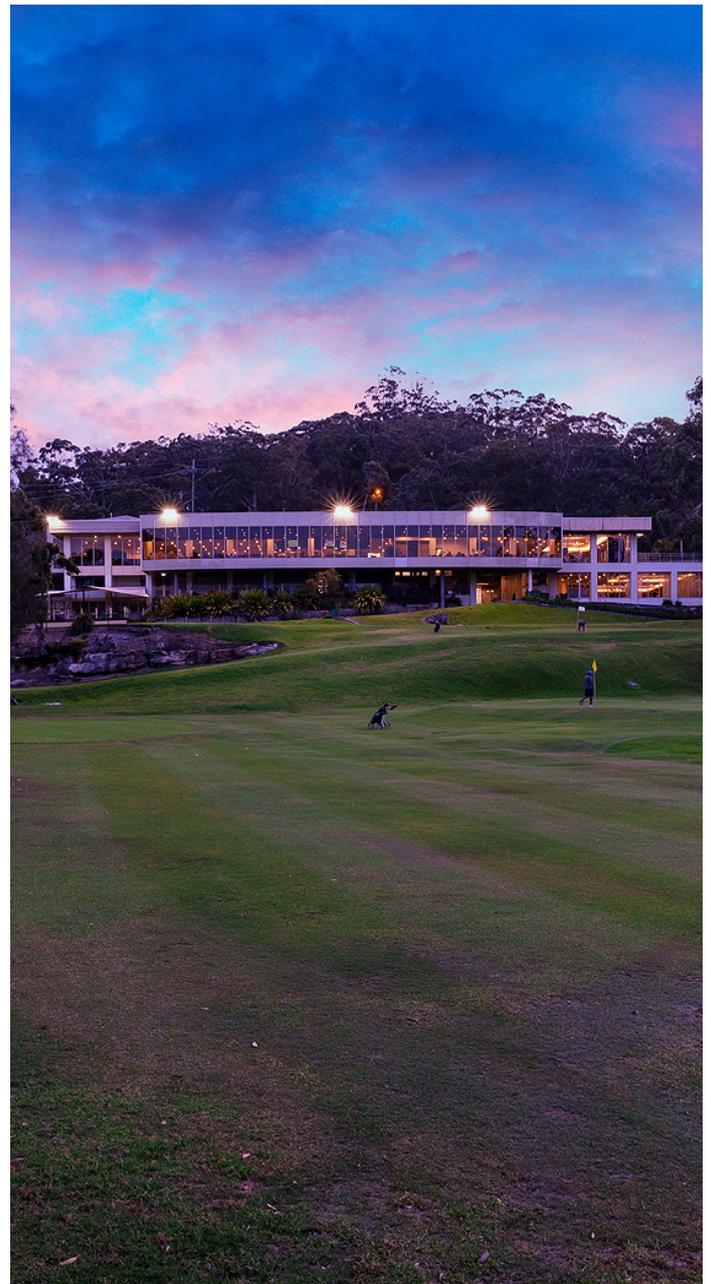
The Sharks took over the licensed premises at the Kareela Golf Club from Sporties Group in June of 2020, with the 2021 financial year our first 12-months, a period which has exceeded our expectations.

The initial refurbishments gave the club a fresh new look, with more upgrades being planned, while the new car park, complete with resurfacing, lighting and line marking, has given the entire facility a considerable face lift.

Immediately following the amalgamation membership increased substantially, and it has since remained stable, with Sharks at Kareela members now numbering over 22,000. We will aim to increase this membership base with our impending return to Woollooware, when we will have two operating licensed facilities to serve and provide for our members.

The customer service offered by Sharks at Kareela General Manager Elie Bassil and his team has been first class and when Covid has allowed, events, promotions, member offerings, regular beverage and dining specials and live shows, amongst other activities, have enhanced the experience and helped to increase club visitation.

The Cove Bar and Grill also continues to be a major attraction for members and guests, with the award-winning and extremely affordable food offerings certainly proving popular.





Football Performance

During another challenging season our NRL team was competitive throughout, before just falling short of qualifying for what would have been a seventh consecutive finals series. A loss to the Storm in round 25 and a win by the Titans in the last match of the round on Sunday afternoon, saw our boys slip out of the top eight.

After 10 wins and 14 losses we finished the year in ninth position, level on 22 competition points with the Titans and Knights but with an inferior differential, and without our Captain Wade Graham for much of the back end of the year due to his concussion issues it was a commendable effort.

Congratulations go to our high achievers and award winners, with Will Kennedy a very worthy recipient of the Porter-Gallen Medal as our best player for the 2021 season. Will also claimed our Player's Player and was voted by the Members as their best in scooping the awards pool, while Luke Metcalf was named our Rookie of the Year. With the team in Queensland due to the competition shifting north due to Covid, the presentation was conducted at their team hotel.

Also noteworthy, it was great to see our Sharks Have Heart Community Player of the Year Ronaldo Mulitalo, also take out

the NRL's prestigious Ken Stephen Medal. The highest community accolade in the game for players, it was a fitting reward for Ronaldo's outstanding commitment to community causes and initiatives. As a Club we were certainly proud, as I'm sure Ronaldo and his family were as well, when he accepted his award on Grand Final Day at Suncorp Stadium in Brisbane.

In following on from 2020 when six players earned NRL debuts, we had another two play their first games in the top grade. Congratulations to Luke Metcalf and Franklin Pele on making their NRL debuts and also to Aiden Tolman and Will Chambers for playing their first games for the Cronulla Club.

Unfortunately, the senior NSWRL competition was again cut short due to Covid, with our partner Club Newtown to start 2022 as the defending champions for a third consecutive year after winning the NSW Cup title in 2019.

Similarly, it was disappointing our under-21 Jersey Flegg Sharks had their season come to a halt mid-year, however our Matthews Cup (under17), SG Ball (Under19) and Tarsha Gale (women's under19) teams managed to complete competitions and although the results were maybe not what we had hoped for, some exciting talent was unearthed. We all hope to return to some sort of normality this year in respect to these competitions and we look forward to seeing our successful pathways programs again in operation.

One competition which almost reached a conclusion, only for the Finals Series to be cancelled, was the Harvey Norman Women's Premiership. Third heading into the Finals, our girls were primed to make a run at the title, only for Covid to again intervene and force a premature end to the season. We were again proud of the efforts of our girls and are extremely positive about our chances of again being contenders in 2022.

We also had player milestones, Blayke Brailey, Braden Hamlin-Uele, Briton Nikora and Jack Williams reaching 50 NRL games, with all four having many years and plenty more games to come, while Shaun Johnson played his 200th NRL game in what has been a celebrated career. Congratulations and well done to all.

In relation to our departing players, we thank Shaun Johnson, Josh Dugan, Billy Magoulias, Aaron Woods and Kyle Patterson for their service to the Cronulla Club, with special mention to our Premiership winning half back Chad Townsend who took up a playing opportunity with the Warriors mid-season and will join the Cowboys in 2022. We wish them well in their future endeavours.

Vale

Sadly, we lost a number of former Sharks players and officials in the past 12 months, and we take this opportunity to again offer our condolences.

To the Raper family, while we concede Johnny was very much a Dragon, he was a former Sharks first grade coach, with Aaron and Stuart also heavily involved as players, Stuart as the Head Coach of the Sharks from 2004-2006.

In 2021 we also saw the passing of another NRL Immortal and another Sharks coach from the 1970's, with the death of Norm Provan. We offer our heartfelt sympathies on the passing of Johnny and Norm, as we do to the families of Michael Wilson, Shark #19, Barry 'Bunny Reilly, a member of our 1972 Sharks side, Bryan Milthorpe a very popular lower grades and assistant first grade coach, and to the friends and loved ones of long-time official John Barling who was an integral part of the Club during our formative years.

Community – Sharks Have Heart

In pre-empting our Community Report to follow, once again George Nour, his Sharks Have Heart team, the NRL playing group and our club on a whole continued to make a significant impact in the community despite the challenges associated with Covid restrictions.

This will be covered in more detail in the Community Report, however in a snapshot, during 2021 Sharks Have Heart assisted in the delivery of 14 different programs and initiatives, supported 38 charities and made cash donations totalling \$170,000 throughout the year.

From the Community standpoint, the year was highlighted by Ronaldo Mulitalo being awarded the NRL's prestigious Ken Stephen Medal. Not only is this award an endorsement of the outstanding work carried out by Ronaldo, but it is also recognition for Sharks Have Heart and our entire community program.

In other community highlights, importantly we again renewed our partnership with the Deadly Choices indigenous health organisation, where Rachal Allan as a full-time coordinator, heads up our indigenous program and our first community jersey, with the names of those to support and purchase printed on the jersey, was a successful initiative.

Community engagement will continue to be a major focus for our business moving forward as we support and grow our community programs through Sharks Have Heart and we are proud of the impact we make in both the local and wider community.

Community – Junior Rugby League

We also work closely with and provide on-going support to the Cronulla-Sutherland Junior League. They reported record registration numbers for the 2021 season, including significant increases in female participation, making us the second largest amongst all junior league districts in NSW. Congratulations to Nathan Waugh, Chairman of the JRL and all his team whilst we also acknowledge and congratulate all member Clubs in our JRL.

Financial Performance

Full details of our financial performance can be found in the audited report however I can share that the group reported a small loss before tax of \$77,161.

The Football Club reported a profit of \$19,034, the Leagues Club a loss of \$820,421 through incurred costs of Development, with Sharks at Kareela reporting a profit of \$724,227, resulting in a Group loss of \$77,161.

Again, it was a severely impacted year with Covid across both our Leagues and Football Club.

Disappointingly, mid-way through the financial year Sharks at Kareela was outperforming all key metrics, with Covid then placing restrictions on trade right up until Christmas, undoing all the good work.

Football Club

The Club operated extremely well in 2021 on the back of a business restructure and implementation of efficiencies in 2020. We were able to benefit financially



from the increase in grant funding from the NRL, from retaining our key Major Sponsors and as a result of our Commercial revenues, which saw an increase of \$2,154,786, representing a significant achievement. Sponsorship and Hospitality saw the highest increase by an amount of \$1,260,639. The effective implementation of a remediation plan through Covid and the successful management of the relocation of our Football Department to Queensland, had a considerable influence on the Football Club delivering a positive financial result.

Leagues Club

Plans for the refurbishment of our Leagues Club are well advanced and we remain on target for a mid-2023 reopening. The new Sharks Leagues Club will become a focal point of the exciting Woolooware Bay precinct, with construction having progressed appreciably during 2021.

The acquisition of Sharks at Kareela has been successful in providing the club with a positive revenue stream, with strong trading figures and an extremely positive outlook, while it has expanded the Sharks footprint in the local area. The Sharks at Kareela financials are consolidated into the Sharks Group Financial Report, which covers the year ending October 31, 2021.

Our Members and Supporters

Finally, I would like to thank the commercial partners, members and supporters, with whom we share any success we are able to achieve. In reiterating what was communicated in the 2020 Annual Report, we firmly believe we have the most loyal and passionate members, supporters and corporate partners in the NRL.

After two years away, we have listened to supporter sentiment and are bringing home games back to PointsBet Stadium, where we hope we can count on the continued support and patronage of our members, fans and hospitality partners.

We did appreciate your understanding in us taking games away while the construction made home games unmanageable and look forward to seeing you in the stands and on the Family Hill at PointsBet Stadium this season. The majority of our members remained on board and loyal in 2021 and we thank them for that, and now coming back home, with Covid restrictions set to lift, we hope to increase membership numbers in 2022 and in the years to come.

From a commercial standpoint, 2021 was our first featuring Aramex as our major front of jersey partner. Thanks to Peter Lipinski CEO Aramex and Cherie Kellahan CMO Aramex, for their confidence in our brand as we continue to work together for the benefit of both Aramex and the Sharks in 2022.

Also new in supporting us in 2021 were international restaurant chain Zambrero led by Matthew Kenny CEO Australia and strongly supported by Guy Haslehurst CEO of parent company The Sam Prince Group, we also applaud highly recognisable beverage brand Southern Comfort for their support and thank Ray Noble the MD of Southtrade for joining us on this journey. We also take the opportunity to thank TFH, with who we enjoyed a three-year association as our sleeve partner.

And in 2022 we welcome back Don Anderson and ACE Gutters as they return as our sleeve sponsor, together with the introduction of Lloyd's our back of shorts sponsors and Pilot who take on the front of shorts.

We are also proud of the calibre of our other major partners from 2021 and those continuing their support in 2022, including Madimack, PointsBet, Dynasty, Stewart Toyota and CUB.

The partnership with EISS as our Women's team sponsor comes to an end and we thank them for their valued contribution and support, while welcoming Aramex into the women's space as they increase their involvement as major partner of our Harvey Norman Women Premiership and Tarsha Gale teams.

To all our Academy and Women's partners and to the many player sponsors and hospitality partners, we thank you for seeing the Sharks as a viable option to promote your business or as an opportunity to enjoy a day at the football. In closing, thanks to staff, players, club management and our Board of Directors, for playing your part in making the Club what it is today and for being central to our efforts in ensuring a successful long-term future for the Sharks.

From me personally I thank the members and fans for the passion, commitment and support of our great Club and am looking forward to future years as we continue to build something special.

Sharks Have Heart OUR COMMUNITY

Sharks
HAVE ♥ HEART



Ronaldo Ken Stephen Medal Winner

A highlight of the year in the Community space was Ronaldo Mulitalo winning the NRL's Ken Stephen Medal.

A prestigious annual award, the Ken Stephen Medal is presented to the player they deem to have had the highest community engagement and greatest impact during the season, with Ronaldo announced as the winner at the 2021 NRL Grand Final.

Motivated to make a difference to those less fortunate through his challenging upbringing and the influence of his family, Ronaldo was present at Suncorp Stadium on the day to accept the award.

Mulitalo was recognised for willingly giving his time to numerous causes, while often taking it upon himself to use his profile to make a difference.

He has a strong relationship with Stepping Stone House, the award-winning charity that provides displaced youth a safe home along with educational and employment opportunities, was a regular visitor to the Skillz4Me program and in a further display of his passion for giving back, also connected with a young Sharks fan battling Leukemia.

This along with his hours of service to Sharks Have Heart and the programs we support.

Deadly Choices

The Sharks extended their community partnership with national Indigenous preventative health organisation Deadly Choices into 2022, after together meeting the challenges of the past 18 months.

Sharks Indigenous Programs Coordinator Rachal Allan maintained a presence for Deadly Choices, despite being unable to conduct healthy lifestyle education programs in local schools or conduct health check days, instead finding alternate ways to interact, engage and assist with the health and wellness of young Aboriginal and Torres Strait Islander peoples and their families. This included a strong focus on promoting the national roll out of the vaccination campaign.

The Sharks formed a relationship with Deadly Choices back in 2018, with the program to continue to operate as it aims to further connect the Sharks with the local Indigenous community, aligning with current Sharks Have Heart's programs and initiatives that fall into the pillar of Inclusivity and Diversity.

Deadly Choices is making a real difference in closing the health and life expectancy gap between Indigenous and non-Indigenous Australians and with the continued support and commitment of the Sharks, momentum will continue to be enhanced over coming years.

Junior Rugby League

Despite Covid and the disruptions to winter sports in 2021, the Cronulla Sutherland Junior League reported extremely healthy participation figures.

Over 5,400 registered players were signed on to the various local junior league clubs, and in what is a major growth area, nearly one-third of those numbers were female players in the either the tackle or non-contact competitions.



The number of 5,400 ranked the Cronulla district behind just Penrith as the second largest junior league in NSW.

Launch of Sharks Have Heart Jersey

The Sharks launched a Charity jersey in 2021 which received positive reviews for the design and concept. The proceeds of sales went towards supporting Sharks Have Heart and the outstanding work they do in the community across their three pillars of Inclusivity & Diversity, Social Impact and Have Heart.

In 2021 the NRL team wore the Charity design in their round 22 game against Newcastle, a jersey featuring the names of over 300 supporters who purchased the jersey, incorporated into the design.

The Sharks Have Heart Charity jersey will continue in 2022 with the design locked in and the Sharks to play in the 2022 version in round 25 against the Bulldogs.

Club Grants

Despite enduring the shutdowns and challenges associated with Covid lockdowns, Sharks at Kareela continued their support of the community through Club Grants, donating to The Family Co's Love Bites Respectful Relationships program.

While the Club's ability to financially support programs and projects was limited, with the funding period running from 1 September 2020 – 31 August 2021, where at times the doors to Sharks at Kareela were closed due to Covid, a \$13,000 donation was made to The Family Co for the benefit of supporting Love Bites. This donation assisted them to continue to deliver the respectful relationship education course in local Sutherland Shire High Schools.

Sharks Have Heart and Sharks at Kareela aiming to expand on the programs supported last year through Club Grants, with a focus on grass roots Sutherland Shire based sporting outfits.



DIRECTORS REPORT

The directors submit their report on Cronulla-Sutherland Leagues Club Limited (the 'Company','Club' or the 'Leagues Club') and its controlled entities (collectively, the 'Group') for the year ended 31 October 2021.

Directors

The names of the Company's director in office during the financial year end until the date of this report are set as follows. Directors were in office for this entire period, unless otherwise stated.

Mr Steve Mace	
Mr Dane Sorensen	(Resigned: 26 March 2021)
Mr Dave Nicholson	
Mr David Blackett	
Mr Martin Kennedy	
Mr Mark Deutsch	
Ms Laura McKay	(Resigned: 26 February 2021)
Mr Patrick Bourke	(Appointed: 31 March 2021)
Mr Matthew McGrath	(Appointed: 31 March 2021)



STEVEN MACE

Chairman

Qualifications:

ADV DIP Electrical Engineering, ADV DIP Facilities Management, AICD (CDC)

Experience and Expertise:

Investor, Executive Chairman, CEO, Global and APAC Committee Chairman

Special Responsibilities:

Remuneration and Appointments Committee, Nominations Committee, Football Committee (NRL and Admin)/Junior League/Pathways, Investment Committee.



MARK DEUTSCH

Vice-Chairman, Director

Qualifications:

Bachelor of Arts/Bachelor of Laws (UNSW)

Experience and Expertise:

Company Director, Lawyer

Special Responsibilities:

Disciplinary Committee (Chairman), Remuneration and Appointments Committee, Nominations Committee.



DAVID BLACKETT

Director

Qualifications:

Graduate Diploma in Building Surveying, Accredited Building Certifier

Experience and Expertise:

Company Director of Blackett Maguire + Goldsmith (Accredited Building Certification). Specialised consultant & certifier in government projects and sporting infrastructure & facilities.

Special Responsibilities:

Building Committee (Chairman), Remuneration & Appointments Committee (Chairman), Nominations Committee (Chairman) and Disciplinary Committee.



PATRICK BOURKE

Director

Qualifications:

B. Comm (UNSW) – Accounting and Finance 1989
M Comm (UNSW) - Marketing and Strategy 1997

Experience and Expertise:

Extensive experience as a Chartered Accountant, Financial Controller, Corporate Accounts Manager, General Manager and currently Owner/Managing Director. Other Directorships include First Botanicals, EPG and Elevate at Work Superannuation, lives in Cronulla, has a long association with Cronulla Surf Life Saving Club and has worked with the Sharks as Chair of the Audit and Risk Committee drawing on experience as a Managing Director of two large Security and Risk Advisory companies.

Special Responsibilities:

Audit and Risk Committee (Chairman)



MARTIN KENNEDY

Director

Qualifications:

Cert IV in Banking Services, Cert IV in Finance and Mortgage Broking, GAICD (Foundation for Directors)

Experience and Expertise:

Executive Director – Head of Capital Advisory - PKF Hospitality, Board Director – Aureus Mining Limited.

Special Responsibilities:

Audit and Risk Committee, Investment Committee (Chairman).



MATTHEW MCGRATH

Director

Qualifications:

B.A (UOW) – Management Studies

Experience and Expertise:

Chairman, Australian Turf Club, 20-year retail management. The ATC owns and operates the four Sydney horse racing tracks and facilities, employing up to 300 full time and 1,500 casual team members, turning over \$300M per annum. Licensee/Owner of Australis Communications (Telstra Shop).

Special Responsibilities:

Audit and Risk Committee, Investment Committee



DAVE NICHOLSON

Director

Experience and Expertise:

Franchisee and Small Business Owner, Business Development Associate with business and sports administration experience, Executive and President of De La Salle Junior Rugby League Football Club.

Special Responsibilities:

Building Committee, Football Committee (NRL and Admin)/Junior League Pathways (Chairman).

Strategic Objectives

The strategic objectives of the Group are to:

- Provide strong support to the local football club community through the Sutherland Shire.
- Optimise the value from Group's property assets.
- Grow revenues, enabling a sustainable football club and further investment into the Leagues Club for the benefit of our members and the community.
- To ensure the long term future of the National Rugby League Sharks franchise in the Sutherland Shire.

Principal Activities

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

There were no significant changes in nature of these activities during the year.

Performance Measures

The Group 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 Group 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 food and beverage revenue
- Total wages paid
- Total grants paid to the football club and community organisations
- Attendances at the Club

Operating and Financial Review

The net loss before tax of the Group for the year ended 31 October 2021 was \$77,161.

The Group has completed another successful year which is illustrated by the following key achievements and milestones:

- The commencement of significant renovations to the Cronulla Sutherland League Club expected to extend into 2022 and 2023
- The operation of Sharks at Kareela throughout the year to support the investing activities of the Cronulla Sutherland League Club

Significant Changes in the State of Affairs

The COVID-19 outbreak continues to have a financial impact on the Group within the year ended 31 October 2021 and is expected to have an ongoing impact into future periods.

It is not possible to estimate the impact of the outbreak's near-term and longer effects or Governments' varying efforts to combat the outbreak by lockdowns and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of this outbreak on the Group at this time.

There were no other significant changes in the state of affairs of the Group during the year.

Significant Events After the Reporting Period

There were no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Meetings of Directors

	Held*	Attended
Mr Steve Mace	12	12
Mr Dane Sorensen	4	3
Mr Dave Nicholson	12	12
Mr David Blackett	12	12
Mr Martin Kennedy	12	12
Mr Mark Deutsch	12	9
Ms Laura McKay	3	0
Mr Patrick Bourke	7	7
Mr Matthew McGrath	7	7

*Represents the number of meetings held during the time director held office.

Conditions of winding up

In the event of the Company being wound up, each member undertakes to contribute an amount not exceeding one dollar (\$1) if the Company is wound up, while he or she is a member of the Club or within one year of the date he or she ceases to be a member for the payment of the debts and liabilities of the Company 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 22,051 (2020: 22,036) members of the Leagues Club.

Indemnification of auditor

To the extent permitted by law, the Company has agreed to indemnify its auditor, KPMG Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify KPMG Australia during or since the financial year.

Indemnification and insurance of directors and officers

During the financial year the Club paid premiums in respect of a contract insuring all the directors and executives of Cronulla-Sutherland Leagues Club Limited and its controlled entities against legal liability arising for any wrongful act committed, attempted or allegedly committed or attempted in the course of their duties as a director or executive of the Club. The policy prohibits disclosure of the premium paid.

Auditor's independence declaration

The directors have received an independence declaration from the auditor of Cronulla-Sutherland Leagues Club Ltd and its controlled entities. This has been included on page 5.

Signed in accordance with a resolution of the directors.



Mr Steve Mace
Chairman

Dated at Cronulla this 21st day of December 2021.





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

To the Directors of Cronulla-Sutherland Leagues Club Pty Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Cronulla-Sutherland Leagues Club Pty for the financial year ended 31 October 2021 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.

A handwritten signature in black ink that reads 'KPMG'.

KPMG

A handwritten signature in black ink that reads 'Cameron Roan'.

Cameron Roan

Partner
Sydney
21 December 2021

Consolidated Statement of profit or loss and other comprehensive income

For the year ended 31 October 2021

	Note	2021	2020
		\$	\$
Revenue from contracts with customers	4 (a)	27,954,497	25,766,475
Revenue from grants	4 (b)	403,645	2,174,558
Other income	5	99,385	12,397,835
Rent received		29,480	8,420
Finance income		156,055	1,219
Cost of sales		(1,550,434)	(814,967)
Bar and catering services		(360,986)	(503,088)
Marketing expenses		(3,991,387)	(4,316,011)
Occupancy expenses		(1,433,533)	(1,692,041)
Administrative expenses		(2,829,165)	(3,608,122)
Gaming expenses		(1,051,102)	(701,552)
Gaming taxes		(505,311)	(398,273)
Development expenses		(89,904)	(452,946)
Other expenses	7	(1,132,487)	(919,140)
Football expenses		(15,769,475)	(13,946,700)
(Deficit)/surplus before finance cost		(70,722)	12,995,667
Finance costs	8	(6,439)	(41,730)
(Deficit)/surplus before tax		(77,161)	12,953,937
Income tax benefit/(expense)	9	124,113	(2,742,242)
Surplus after tax		46,952	10,211,695
Other comprehensive income		-	-
Total comprehensive income for the year		46,952	10,211,695

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

Consolidated statement of financial position

As at 31 October 2021

	2021	2020
Note	\$	\$
Assets		
Cash and cash equivalents	21,658,831	24,418,246
Trade and other receivables	3,110,957	547,841
Inventories	276,464	266,279
Prepayments	154,915	97,616
Total current assets	25,201,167	25,329,982
Trade and other receivables	-	1,800,000
Property, plant and equipment	27,845,072	27,937,804
Right-of-use assets	627,432	608,349
Intangible assets	800,000	800,000
Total non-current assets	29,272,504	31,146,153
Total assets	54,473,671	56,476,135
Liabilities		
Trade and other payables	2,523,090	3,564,097
Interest-bearing loans and borrowings	171,839	192,824
Employee benefits liabilities	478,062	421,514
Income tax payable	-	634,687
Contract liabilities	1,222,640	1,013,966
Total current liabilities	4,395,631	5,827,088
Interest-bearing loans and borrowings	540,696	470,725
Employee benefits liabilities	127,835	91,652
Contract liabilities	-	600,000
Deferred tax liabilities	2,220,981	2,345,094
Total non-current liabilities	2,889,512	3,507,471
Total liabilities	7,285,143	9,334,559
Net assets	47,188,528	47,141,576
Equity		
Retained earnings	41,006,007	40,959,055
Amalgamation reserve	6,182,521	6,182,521
Total equity	47,188,528	47,141,576

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

Consolidated statement of changes in equity

For the year ended 31 October 2021

	Amalgamation reserve	Retained earnings	Total
	\$	\$	\$
Balance at 1 November 2019	-	30,747,360	30,747,360
Surplus for the year	-	10,211,695	10,211,695
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	10,211,695	10,211,695
Gain on acquisition	6,182,521	-	6,182,521
Balance at 31 October 2020	6,182,521	40,959,055	47,141,576
Balance at 1 November 2020	6,182,521	40,959,055	47,141,576
Surplus for the year	-	46,952	46,952
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	46,952	46,952
Balance at 31 October 2021	6,182,521	41,006,007	47,188,528

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of cash flows

For the year ended 31 October 2021

	2021	2020
	\$	\$
Cash flows from operating activities		
Cash receipts from customers and sponsors	10,411,965	12,784,614
Cash paid to suppliers and employees	(28,269,640)	(27,909,090)
Grants from NRL & NSWRL	16,287,834	16,036,298
Interest paid	(6,439)	(41,730)
Income taxes (paid)/refunded	(634,687)	52,639
Interest received	156,055	1,219
Government subsidies provided	403,645	2,174,558
Net cash (used in)/from operating activities	(1,651,267)	3,098,508
Cash flows from investing activities		
Purchase of property, plant and equipment	(999,866)	(533,709)
Sale of retail land	-	10,180,241
Consideration for purchase of subsidiary	-	(4,395,818)
Net cash (used in)/from investing activities	(999,866)	5,250,714
Cash flows from financing activities		
Repayment of members deposit	-	(1,635)
Principal portion of lease liabilities	(108,282)	(278,118)
Net cash used in financing activities	(108,282)	(279,753)
Net (decrease) / increase in cash and cash equivalents	(2,759,415)	8,069,469
Cash and cash equivalents at beginning of year	24,418,246	16,348,777
Cash and cash equivalents at end of year	21,658,831	24,418,246

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

For the year ended 31 October 2021

1 Corporate information

The consolidated financial statements of Cronulla-Sutherland Leagues Club Ltd (the 'Company', 'Club', or the 'Leagues Club') and its controlled entities (collectively, the 'Group') for the year ended 31 October 2021 were authorised for issue in accordance with a resolution of the directors on 21 December 2021.

Cronulla-Sutherland Leagues Club Ltd 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, Sharks Retail Pty Ltd and Kareela Golf Course 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 nature of operations and principal activities of the Club are described in the directors' report. Information on the Group's related party transactions is provided in Note 20.

2 Significant accounting policies

(a) Basis of preparation

In the opinion of the Directors, the Company is not publicly accountable. 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 have been prepared on an accruals basis and are based on historical cost and do not take into account the changing values of money.

The financial report is presented in Australian dollars (\$).

(b) 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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 13 Property, plant and equipment
- Note 15 Intangible assets
- Note 22 Contingent assets and contingent liabilities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Group.

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Cronulla-Sutherland Leagues Club Ltd and its controlled entities. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Company controls an investee if, and only if, the Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee;
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Company has less than a majority of the voting or similar rights of an investee, the Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee;
- Rights arising from other contractual arrangements;
- The Company's voting rights and potential voting rights.

The Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Company gains control until the date the Company ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Company's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Company are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(b) Business combinations

Business combinations are accounted for using the acquisition method. Sharks as the acquirer in a combination of mutual entities recognises the acquiree's net assets at fair value as a direct addition to equity. Acquisition-related costs are expensed as incurred and included in administrative expenses.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(c) Financial instruments

(i) Recognition and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provision of a financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial assets expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

(ii) Classification and measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transactions costs (where applicable).

(iii) Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as

- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI); and
- Equity Instruments at FVTOCI.

Financial assets are not reclassified subsequent to their initial recognition unless the Group 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.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance income and finance expenses, except for impairment of trade receivables which is presented within other expenses.

Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method.

Financial assets at amortised costs comprise of cash at bank and trade and other receivables. There are no financial assets classified under the FVPTL, debt instruments at FVTOCI and equity instruments at FVTOCI categories.

(iv) Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Group designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(d) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gains and losses on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

(iii) 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 over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The depreciation methods and estimated depreciation rates for the current and comparative periods are as follows:

	<i>Depreciation rates</i>
• Buildings	2.5%
• Plant and equipment	1.6% - 36%
• Leased plant and equipment	5% - 33.3%
• Leasehold improvements	6.7% - 33.3%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(e) Intangible assets

Poker machine entitlements

Poker machine entitlements have infinite useful lives given they have no expiry date. They are measured at cost less accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Poker machine entitlements have indefinite useful lives as they have no expiry date. Accordingly, such intangible assets are not amortised but are systematically tested for impairment at each reporting date.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(f) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

The Group operates a loyalty program where customers accumulate points for dollars spent. The provision represents the current estimate of future cash outflows that will result from future redemption of unredeemed points as at year-end.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Employee benefits

(i) *Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) *Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

(iii) *Short-term benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(i) Revenue

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer, identifies the performance obligations in the contract, determines the transaction price which takes into account estimates of variable consideration and the time value of money, allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered, and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Gaming revenue

Gaming revenue is the net difference between gaming wins and losses, and is recognised upon the outcome of the game at the close of business.

Food and beverage revenue

Food and beverage revenue is recognised at the point in time the goods are provided and payment is collected.

Function and other revenues

Function and other revenues are recognised at the point in time services are performed.

Grant

National Rugby League Distribution

National Rugby League ('NRL') distributions are recorded as revenue in the relevant year as they are approved and earned by the National Rugby League.

(j) Leases

At inception of a contract, the Group 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 Group assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
 - the Group has the right to operate the asset; or
 - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(j) Leases (continued)

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

For contracts entered into before, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and plus any initial direct costs incurred.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, and the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero. The Group presents right-of-use assets and lease liabilities separately in the statement of financial position.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(j) Leases (continued)

(ii) As a lessor

When the Group 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 Group 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 Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

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

(k) Impairment

(i) Non-derivative financial assets

The Club recognises loss allowances for Expected Credit Losses (ECL) on financial assets measured at amortised cost.

The Club measures loss allowances for cash at bank balances as 12-month ECL as credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Club's historical experience and informed credit assessment and including forward-looking information.

The Club considers cash balance to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Club considers this to be Baa3 or a higher rating per Moodys or BBB- or higher per Standards and Pools.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flow due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Club assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(k) Impairment (continued)

(ii) Non-financial assets

At each reporting date, the Club reviews the carrying amounts of its non-financial assets (other than investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of asset of CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount

Impairment losses are recognised in profit or loss. They are allocated to the carrying amounts of the assets in the CGU on a pro rata basis.

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.

(l) Finance income and finance costs

Finance income comprises interest income on cash and cash equivalents. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on loans and 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) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

(i) Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

3 Significant accounting policies (continued)

(m) Tax (continued)

(ii) *Deferred tax*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The measurement of deferred tax reflects the tax consequences that could follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(iii) *Tax exposure*

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

The *Income Tax Assessment Act 1997* (amended) provides that under the concept of mutuality, clubs are only liable for income tax on income derived from non-members and from outside entities.

(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 taxation authority. 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 Australian Taxation Office (ATO) is included as a current asset or liability in the statement of financial position.

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) Amalgamation reserve

An amalgamation reserve in members' funds is utilised for amalgamations with other registered clubs. The amount presented is equal to the accumulated fair values of the net assets of the clubs acquired. The individual assets and liabilities acquired are presented in the statement of financial position.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

4 (a) Revenue from contracts with customers - AASB 15

	2021	2020
	\$	\$
Sale of goods		
Sale of goods	1,618,274	920,520
Merchandising/royalties	868,477	734,703
	2,486,751	1,655,223
Rendering of services		
Game day and ticketing	791,444	107,904
Gaming revenue	2,911,769	2,330,261
	3,703,213	2,438,165
Other revenue		
Functions revenue	41,975	82,979
Members subscriptions	787,313	680,191
Sponsorship and hospitality	4,033,757	2,770,592
NRL grant	16,064,001	15,123,907
NSWRL grant	223,833	-
Revenue from supplier contracts	88,437	290,500
Revenue under contracts for Leagues Club Development	-	2,440,000
Other revenue	451,225	-
Management/consulting revenue	73,992	284,918
	21,764,533	21,673,087
Total revenue	27,954,497	25,766,475

(b) Revenue recognised under AASB 1058

	2021	2020
	\$	\$
Government grants - JobKeeper payment	178,501	2,174,558
Government grants - JobSaver payment	225,144	-
	403,645	2,174,558

5 Other income

	2021	2020
	\$	\$
Other income	99,385	598,158
Sale of retail land	-	11,799,677
	99,385	12,397,835

6 Expenses

	2021	2020
	\$	\$
Included under administrative expenses:		
(Reversal of)/allowance for expected credit losses		
Trade receivables	-	(23,753)
Included under occupancy, administrative, gaming and other expenses:		
Depreciation of plant and equipment	1,092,598	1,032,797
Depreciation of right-of-use assets (Note 14)	136,177	256,372

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

6 Expenses (continued)

	2021	2020
	\$	\$
Included under administration, bar and catering, football, gaming, marketing, occupancy and other expenses:		
Salaries and wages	15,851,842	12,660,066
Superannuation	1,122,324	917,902
Payroll tax	839,460	767,090
Other employee benefits	164,237	221,400

7 Other expenses

	2021	2020
	\$	\$
Loss on impairment of property, plant and equipment	-	4,362
Employee benefit - operations	444,155	471,262
Other expenses	688,332	443,516
	1,132,487	919,140

8 Finance costs

	2021	2020
	\$	\$
Interest	-	5,486
Interest on hire purchase contracts	4,430	4,943
Interest on lease liabilities (Note 14)	2,009	31,301
	6,439	41,730

9 Income tax

The *Income Tax Assessment Act 1997* (amended) provides that under the concept of mutuality, registered clubs are only liable for income tax on income derived from non-members and from outside entities.

The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been calculated as follows:

	2021	2020
	\$	\$
Current income tax charge:		
Current income tax expense	(84,407)	635,402
Over provision from previous years	-	(41,187)
Deferred tax:		
Relating to origination and reversal of temporary differences	(39,706)	2,148,027
Income tax (benefit) / expense reported in the consolidated statement of profit or loss	(124,113)	2,742,242

Reconciliation of tax (benefit) / expense and the accounting (deficit) / surplus multiplied by Australia's domestic tax rate for 2021 and 2020:

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

9 Income tax (continued)

	2021	2020
	\$	\$
(Deficit) / surplus before tax	(77,161)	12,953,937
At Australia's statutory income tax rate of 26% (2020: 27.5%)	(20,062)	3,562,333
Tax effect of (surplus)/deficit in the Football Club (income tax exempt)	(13,360)	15,596
Tax losses previously unrecognised for the Group	-	(576,327)
Recognition of temporary differences	(33,790)	-
Over provision for prior years	-	(41,187)
Other items	(56,901)	(218,173)
Income tax (benefit)/expense reported in the consolidated statement of profit or loss	(124,113)	2,742,242

Deferred tax

Deferred tax liabilities comprise temporary differences attributable to:

Amounts recognised in liabilities

Amounts recognised in Amalgamation reserve

2021	2020
\$	\$
2,345,094	2,345,094

Deferred tax assets comprise temporary differences attributable to:

Amounts recognised in assets

Tax losses

Leave provisions

Accruals

2021	2020
\$	\$
90,323	-
17,109	-
16,681	-
124,113	-

Current tax liabilities/(receivables)

Current tax liabilities/(receivables)

-	634,687
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10 Cash and cash equivalents

	2021	2020
	\$	\$
Cash on hand	320,000	301,469
Cash at bank	6,281,923	8,944,595
Short-term deposits	15,056,908	15,172,182
	21,658,831	24,418,246

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

11 Trade and other receivables

	2021	2020
	\$	\$
Current		
Trade receivables	412,568	415,734
Allowance for expected credit loss	-	-
	<u>412,568</u>	<u>415,734</u>
Other receivables	2,698,389	132,107
	<u>3,110,957</u>	<u>547,841</u>
Non-current		
Other receivables*	-	<u>1,800,000</u>

*Non-current relate to a restricted deposit held in escrow until the build of the Leagues Club began.

12 Inventories

	2021	2020
	\$	\$
Finished goods	253,527	243,342
Land	22,937	22,937
	<u>276,464</u>	<u>266,279</u>

13 Property, plant and equipment

	Freehold land	Buildings and building improvements	Plant and equipment	Work in progress	Total
	\$	\$	\$	\$	\$
Cost					
Balance at 1 November 2020	3,987,999	30,979,483	7,838,628	1,879,944	44,686,054
Additions	88,437	247,506	151,579	512,344	999,866
Disposals/write-offs	-	-	-	-	-
Balance at 31 October 2021	<u>4,076,436</u>	<u>31,226,989</u>	<u>7,990,207</u>	<u>2,392,288</u>	<u>45,685,920</u>
Depreciation and impairment					
Balance at 1 November 2020	-	10,453,892	6,294,358	-	16,748,250
Depreciation for the year	-	634,236	458,362	-	1,092,598
Disposals	-	-	-	-	-
Balance at 31 October 2021	-	<u>11,088,128</u>	<u>6,752,720</u>	-	<u>17,840,848</u>
Carrying amounts					
At 1 November 2020	3,987,999	20,525,591	1,544,270	1,879,944	27,937,804
At 31 October 2021	<u>4,076,436</u>	<u>20,138,861</u>	<u>1,237,487</u>	<u>2,392,288</u>	<u>27,845,072</u>

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

14 Leases

As lessee

a) Right of use assets

	Plant and equipment	Computer equipment	Land and buildings	Motor vehicle	Total
	\$	\$	\$	\$	\$
Balance at 1 November 2020	142,299	-	449,022	17,028	608,349
Additions	155,260	-	-	-	155,260
Depreciation charge for the year	(108,782)	-	(18,881)	(8,514)	(136,177)
Balance at 31 October 2021	188,777	-	430,141	8,514	627,432

b) Lease liabilities included in the statement of financial position

	2021	2020
	\$	\$
Current	116,579	137,564
Non-current	540,696	470,725
	657,275	608,289

c) Amounts recognised in profit or loss

Interest on lease liabilities	2,008	31,888
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d) Amounts recognised in statement of cash flows

Total cash outflow for leases	108,282	384,705
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15 Intangible assets

	Poker machine entitlements
	\$
Cost	
Balance as at 1 November 2020	800,000
Acquisitions	-
Balance as at 31 October 2021	800,000
Accumulated amortisation	
Balance as at 1 November 2020	-
Balance as at 31 October 2021	-
Net book value	
Balance as at 1 November 2020	800,000
Balance as at 31 October 2021	800,000

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

16 Trade and other payables

	2021	2020
	\$	\$
Trade payables	588,353	854,685
Other payables	1,825,433	1,658,411
Goods and services tax	109,304	1,051,001
	2,523,090	3,564,097

17 Interest-bearing loans and borrowings

	2021	2020
	\$	\$
Current		
Secured		
Lease liabilities (Note 14)	116,579	137,564
Unsecured		
Members deposits	55,260	55,260
	171,839	192,824
Non-current		
Lease liabilities (Note 14)	540,696	470,725

18 Employee benefit liabilities

	2021	2020
	\$	\$
Current		
Annual leave	399,421	275,695
Long service leave	78,641	145,819
	478,062	421,514
Non-current		
Long service leave	127,835	91,652

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

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

19 Contract liabilities

	2021	2020
	\$	\$
Current		
Grant in advance - NRL	600,000	600,000
Corporate hospitality and season memberships in advance	622,640	413,966
	1,222,640	1,013,966
Non-current		
Grant in advance - NRL	-	600,000

20 Related party transactions

Information about controlled entities

Name

Cronulla-Sutherland District Rugby League Football Club Limited	To operate a national rugby league franchise, to encourage, and promote the playing interests of Rugby League in the Sutherland Shire
Sharks Property Holdings Pty Ltd	To facilitate the sale and development of land
Sharks Residential Pty Ltd	To facilitate the sale and development of land
Sharks Retail Pty Ltd	To facilitate the sale and development of land
Sharks Club Retail Pty Ltd	To facilitate the sale and development of land
Kareela Golf Course Pty Ltd	To facilitate golf course operations

Transactions with related parties

Transactions with Directors and Director Related Entities

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 arm's length commercial terms and conditions.

	2021	2020
	\$	\$
Sales of football corporate hospitality	199	540
Entertainment purchases	12,000	-

Key management personnel compensation

	2021	2020
	\$	\$
Key management compensation (Group)	1,110,546	1,485,654

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2021

21 Directors' loans

As at 31 October 2021, there were no loans outstanding from any Directors (2020: nil).

22 Commitments and contingencies

Lease commitment (non-cancellable)

The Group has no lease contracts that have not commenced as at 31 October 2021.

Other commitment - Employees

Commitments under non-cancellable employment contracts not provided for in the financial statements and payable:

	2021	2020
	\$	\$
Within one year	9,185,400	8,989,662
Greater than one year and no later than five years	9,646,250	16,902,400
Greater than five years	-	1,929,250

23 Information relating to Cronulla-Sutherland Leagues Club Limited (the "Parent")

	2021	2020
	\$	\$
Current assets	23,038,016	23,332,426
Total assets	38,194,951	37,544,243
Current liabilities	12,497,738	13,525,225
Total liabilities	14,989,973	15,946,037
Retained earnings	16,857,507	15,415,684
Other components of equity	6,182,522	6,182,522
Net deficit	164,948	(818,484)
Total comprehensive loss of the Parent entity	164,948	(818,484)

24 Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Groups operations or results of those operations or the Groups state of affairs.

25 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 towards meeting any outstanding obligations of the Company. As at 31 October 2021, the number of financial members totalled 22,051 (2020: 22,036).

Directors' declaration

In the opinion of the Directors of Cronulla-Sutherland Leagues Club Ltd and its controlled entities:

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 6 to 27, are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 October 2021 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) 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 directors.



Steve Mace

Director

Dated at Cronulla this 21st day of December 2021.



Independent Auditor's Report

To the members of Cronulla-Sutherland Leagues Club Ltd

Opinion

We have audited the **Financial Report** of Cronulla-Sutherland Leagues Club Ltd (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 **Group's** financial position as at 31 October 2021 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:

- Consolidated statement of financial position as at 31 October 2021
- 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 including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

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 Group 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.

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Other Information

Other Information is financial and non-financial information in Cronulla-Sutherland Leagues Club Ltd'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 Group and 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 Group and 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/ar3.pdf. This description forms part of our Auditor's Report.

KPMG

Cameron Roan

Partner

Sydney

21 December 2021



FINANCIAL REPORT FOR THE YEAR ENDED 31 OCTOBER 2021

