

**Form 388**

Corporations Act 2001  
**294, 295, 298-300, 307, 308, 319, 321, 322**  
Corporations Regulations  
**1.0.08**

# Copy of financial statements and reports

## Company details

Company name

**MELBOURNE STORM RUGBY LEAGUE  
CLUB LIMITED**

ACN

**081 369 468**

## Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial  
year ends

Financial year end date

**31-10-2019**

## Auditor's report

Were the financial statements audited?

**Yes**

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

**No**

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

**No**

## Details of current auditor or auditors

Current auditor

Date of appointment **07-10-2004**

Name of auditor

**ERNST & YOUNG**

Address

**LEVEL 1**

**8 EXHIBITION STREET  
MELBOURNE VIC 3000**

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**Certification**

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I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

**Yes**

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**Signature**

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Select the capacity in which you are lodging the form  
Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

**Yes**

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**Authentication**

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This form has been submitted by

Name	Danielle Patricia SMITH
Date	31-01-2020

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# **Melbourne Storm Rugby League Club Limited**

ABN 62 081 369 468

## **Financial Report**

For the year ended 31 October 2019

## Directors' Report

The Board of Directors of Melbourne Storm Rugby League Club Limited ("the Club") present their report together with the financial report for the year ended 31 October 2019, and auditor's report thereon.

The ultimate parent company of the Club is Holding M.S Australia Pty Ltd.

### 1. Directors

The following Directors were in office during the period from 1 November 2018 to the date of signing this report, unless otherwise stated:

<b>BART CAMPBELL</b>	<b>DIRECTOR</b>
Appointment Date	15 March 2013
Qualifications & Experience	<p>Bart is currently the Chairman of Bricklane Brewing Co which is a leading independent brewery in Melbourne, Victoria.</p> <p>Bart's former roles include Chairman of TLA Worldwide plc, Group COO of Chime Communications plc sports division and Group CEO of the AIM listed sports marketing and management business, Essentially Group plc which is part of Chime today.</p> <p>Bart is a former practicing sports and commercial lawyer. He holds a Masters of Commercial Law (Hons), Bachelor of Laws and Bachelor of Arts and is a Harvard Business School Alumni, having completed the Advanced Management Program at HBS in 2010 (AMP 179).</p>
Other Responsibilities	Chairman

<b>GERARD RYAN OAM</b>	<b>DIRECTOR</b>
Appointment Date	20 May 2013
Qualifications & Experience	<p>Gerry founded Jayco Australia Ltd in 1975, the largest manufacturer of recreational vehicles in the southern hemisphere.</p> <p>Gerry is Chairman of the international entertainment group, Creature Technology Company, which develops cutting-edge theatrical productions touring the world. He is also Chairman of Coast to Coast RV Services, a national parts distribution company.</p> <p>Gerry was made a Member of the Order of Australia in 1999 for his significant contribution to Australia's manufacturing, leisure and tourism industries, to sport and the Australian community.</p>
Other Responsibilities	Nil

<b>MATTHEW TRIPP</b>	<b>DIRECTOR</b>
Appointment Date	6 June 2013
Qualifications & Experience	<p>Matthew is currently the CEO of BetEasy, a sports wagering company. Matthew has been the CEO &amp; owner of several other bookmaking companies including CrownBet, Sportsbet and Sydney All Bets.</p>
Other Responsibilities	Nil

<b>DANIELLE SMITH</b>	<b>DIRECTOR</b>
Appointment Date	6 August 2014
Qualifications & Experience	<p>Danielle is currently the COO of Melbourne Storm and the CEO of Sunshine Coast Lightning.</p> <p>Danielle is a chartered accountant with over 20 years' experience. After commencing her career with big four advisory firm KPMG, Danielle's career has included senior finance roles with global whitegoods company Whirlpool, Melbourne 2006 Commonwealth Games Corporation and Geelong Football Club.</p> <p>Danielle is a Graduate of the Australian Institute of Company Directors program (GAICD), a Chartered Accountant (CA) with Chartered Accountants Australia and New Zealand, and holds a Bachelor of Commerce (BCom) and Bachelor of Arts (BA).</p>

Other Responsibilities	Company Secretary, Chief Operating Officer of Melbourne Storm Rugby League Club Ltd, Chief Executive Officer of Sunshine Coast Lightning Pty Ltd.
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**2. Company Secretary**

The Company Secretary of the Club as at the date of signing this report was Danielle Smith.

**3. Principal Activities**

The principal continuing activity during the year of the Club was the playing and promotion of rugby league and the operation of related facilities and administration.

The Club jointly holds a National Rugby League (NRL) licence with Valimanda Pty Ltd, an Australian proprietary company wholly owned by Holding M.S. Australia Pty Ltd. The Club is engaged by Valimanda Pty Ltd to manage the licensing agreement with the NRL, including all football operations and administration. Valimanda Pty Ltd is the founding member of the Club.

There have been no significant changes in the nature of these activities during the financial year.

## Directors' Report (continued)

### 4. Financial Result

The net profit of the Club for the year ended 31 October 2019 was \$nil (2018: \$nil).

No provision for income tax was necessary, as the Club is an exempt sporting organisation in accordance with section 50-45 of the Income Tax Assessment Act 1997.

### 5. Dividends

The constitution of the Club specifically prohibits the payment of any dividends to members. No dividends were declared or paid.

### 6. Review of Operations and State of Affairs

There was no change in the trading activities or state of affairs of the Club during the financial year.

### 7. Matters Arising Subsequent to Year End

No matter or circumstance has arisen since 31 October 2019 that has significantly affected, or may significantly affect:

- (a) the Club's operations in future financial years;
- (b) the results of those operations in future financial years; or
- (c) the Club's state of affairs in future financial years.

### 8. Likely Developments and Future Results

No information is included on the likely developments in the operations of the Club and the expected results of those operations, as the Directors believe it would be likely to result in unreasonable prejudice to the Club.

### 9. Proceedings on Behalf of the Company

No person has applied to a court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Club, or to intervene in any proceedings to which the Club is a party, for the purpose of taking responsibility on behalf of the Club for all or part of those proceedings.

### 10. Environmental Regulation

The operations of the Club are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.



## Directors' Report (continued)

### 11. Directors' Meetings

The number of Directors' meetings held in the period that each director held office during the year ended 31 October 2019 and the number of meetings attended by each Director is detailed below.

Director	Directors' meetings held whilst in office	Directors' meetings attended
Bart Campbell	7	7
Gerard Ryan	7	3
Matthew Tripp	7	5
Danielle Smith	7	7

### 12. Directors' Interests and Benefits

As the Club is limited by guarantee, the Directors have no financial interest in the Club.

None of the Directors receive a directors' fee for their director related services however the Executive Director is remunerated for her management roles of Chief Operating Officer of Melbourne Storm Rugby League Club Ltd (MSRLC) and Chief Executive Officer of Sunshine Coast Lightning Pty Ltd. The Directors are entitled to some limited benefits including board meeting travel and game-day hospitality as per the MSRLC's Board Directors' Entitlements Policy.

### 13. Indemnification and Insurance of Directors

An associated entity of the Club, Holding M.S. Australia Pty Ltd, has agreed to indemnify all current Directors against "Liabilities" incurred by the Directors in their capacity as a director of the Club. "Liabilities" include any liabilities, loss, cost (including all legal costs and expenses on an indemnity basis), expense, damage, charge, penalty, outgoing, or payment, however arising and whether present, unascertained, future or contingent.

Holding M.S. Australia Pty Ltd holds management liability insurance, with the Club named as a policyholder, which insures each of the Directors against liabilities and expenses arising as a result of performing their duties to the extent permitted by law.

### 14. Auditors

Ernst & Young continues in office as the Club's auditors.

### 15. Indemnification of Auditors

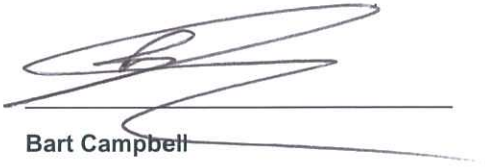
To the extent permitted by law, the Club has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during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

### 16. Auditor's Independence Declaration

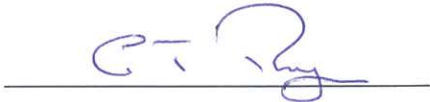
The Directors have received the Independence Declaration from the auditor of the Club. The auditor's independence declaration is set out on page 6 and forms part of the Directors' Report for the year ended 31 October 2019.

**Directors' Report (continued)**

Signed in accordance with a resolution of Directors this 19 December 2019 in Melbourne, Australia.



**Bart Campbell**  
Director



**Gerard Ryan**  
Director





**Building a better  
working world**

Ernst & Young  
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Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
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## Auditor's Independence Declaration to the Directors of Melbourne Storm Rugby League Club Limited

As lead auditor for the audit of Melbourne Storm Rugby League Club Limited for the financial year ended 31 October 2019, I declare 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 black ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in black ink that reads 'Tony Morse'.

Tony Morse  
Partner  
19 December 2019

**Statement of Comprehensive Income**  
 For the year ended 31 October 2019

		2019	2018
		\$	\$
<b>STATEMENT OF COMPREHENSIVE INCOME</b>			
	<b>Note</b>		
Revenue and other income		26,676,750	26,900,556
<b>Total Revenue</b>	<b>3</b>	<b>26,676,750</b>	<b>26,900,556</b>
<i>Operating expenses</i>			
Membership & Marketing expense		4,136,964	4,372,525
Football operations expense		18,083,939	17,807,467
Facilities & administration expense		4,194,797	4,485,342
Depreciation & Amortisation	4(a)	261,050	235,222
<b>Total expenses from operations</b>		<b>26,676,750</b>	<b>26,900,556</b>
<b>Profit/(Loss) before income tax</b>		<b>0</b>	<b>0</b>
Income tax expense	2(e)	0	0
<b>Profit/(Loss) after income tax</b>		<b>0</b>	<b>0</b>
Other Comprehensive Income, net of tax		0	0
<b>Total Comprehensive Income for the period</b>		<b>0</b>	<b>0</b>

*The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.*

**Statement of Financial Position**  
**As at 31 October 2019**

	Note	2019	2018
<b>Current Assets</b>		\$	\$
Cash and cash equivalents	5	44,249	28,382
Trade and other receivables	6	1,493,861	938,300
Inventory		-	-
Other assets	7	268,744	379,872
<b>Total Current Assets</b>		<b>1,806,854</b>	<b>1,346,554</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	8	435,254	563,812
Investment	21	103,865	124,558
<b>Total Non-Current Assets</b>		<b>539,119</b>	<b>688,370</b>
<b>Total Assets</b>		<b>2,345,973</b>	<b>2,034,924</b>
<b>Current Liabilities</b>			
Trade and other payables	9	1,202,278	1,063,479
Provisions	10	1,085,460	894,853
<b>Total Current Liabilities</b>		<b>2,287,738</b>	<b>1,958,332</b>
<b>Non-Current Liabilities</b>			
Trade and other payables			
Interest bearing loans and borrowings		-	-
Provisions	10	41,425	59,782
<b>Total Non-Current Liabilities</b>		<b>41,425</b>	<b>59,782</b>
<b>Total Liabilities</b>		<b>2,329,163</b>	<b>2,018,114</b>
<b>Net Assets/(Liabilities)</b>		<b>16,810</b>	<b>16,810</b>
<b>Equity</b>			
Share capital			
Retained Profits/(Accumulated Losses)	11	16,810	16,810
<b>Total Equity/(Deficit)</b>		<b>16,810</b>	<b>16,810</b>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity**  
 For the year ended 31 October 2019

**STATEMENT OF CHANGES IN EQUITY**

	Retained Profits/ (Accumulated Losses)	Retained Profits/ (Accumulated Losses)
Balance as at 1 November 2018	16,810	16,810
Issued capital during the year		
Profit/(loss) for the year	-	-
Other Comprehensive Income	-	-
<b>Balance as at 31 October 2019</b>	<b>16,810</b>	<b>16,810</b>
Balance as at 1 November 2017	16,810	16,810
Issued capital during the year		
Profit/(loss) for the year	-	-
Other Comprehensive Income	-	-
<b>Balance as at 31 October 2018</b>	<b>16,810</b>	<b>16,810</b>

*The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.*

**Statement of Cash Flows**  
 For the year ended 31 October 2019

	Note	2019 \$	2018 \$
<b>Cash flows from operating activities</b>			
Receipts from customers		26,605,865	26,439,037
Payments to suppliers and employees		(25,991,023)	(27,049,724)
Receipt of grants		150,600	167,218
Transaction costs of the acquisition		-	-
Interest paid		-	-
Interest received		4,850	5,241
<b>Net cash flows from/(used in) operating activities</b>	12	<b>770,292</b>	<b>(438,227)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(129,181)	(197,567)
Purchase of leasehold business		-	-
Contribution to jointly controlled venture		(25,000)	(60,000)
<b>Net cash flows used in investing activities</b>		<b>(154,181)</b>	<b>(257,567)</b>
<b>Cash flows from financing activities</b>			
Proceeds/(payments) from/to intercompany borrowings		(600,245)	692,164
<b>Net cash flows from/(used in) financing activities</b>		<b>(600,245)</b>	<b>692,164</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>		<b>15,866</b>	<b>(3,631)</b>
Cash & cash equivalents at the beginning of the period		28,383	32,012
<b>Cash &amp; cash equivalents at the end of the period</b>	5	<b>44,249</b>	<b>28,383</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*



## Notes to and forming part of the Financial Statements

### NOTE 1 - CLUB INFORMATION

Melbourne Storm Rugby League Club Limited (the "Club"), a not-for-profit entity, is a public company limited by guarantee that is incorporated in Australia. Every ordinary member of the Club undertakes to contribute an amount not exceeding two dollars (\$2.00) to the property of the Club in the event of it being wound up.

The registered office and principal place of business of the Club is:  
Melbourne Storm Rugby League Club Limited  
AAMI Park, Entrance E  
60 Olympic Boulevard  
Melbourne Victoria 3004

The principal continuing activity during the year of the Club was the playing and promotion of rugby league and the operation of related facilities and administration. The Club jointly holds a National Rugby League (NRL) licence with Valimanda Pty Ltd, an Australian proprietary company wholly owned by Holding M.S. Australia Pty Ltd. The Club is engaged by Valimanda Pty Ltd to manage the licensing agreement with the NRL, including all football operations and administration. Valimanda Pty Ltd is the founding member of the Club.

The financial report of the Club for the year ended 31 October 2019 was authorised for issue in accordance with a resolution of the Directors on 19 December 2019.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis, except for certain assets which, as stated, have been measured at fair value. Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

#### (b) Statement of Compliance

##### Reduced Disclosure Regime

The Club applies AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards from Reduced Disclosure Requirements* as the Club is a not-for-profit public Tier 2 entity.

As a result, the Club prepares general purpose financial statements in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The adoption of AASB 1053 and AASB 2010-2 allowed the club to remove a number of disclosures. The accounting policies adopted are consistent with those of the prior year financial statements.

#### (c) Going Concern

The financial report has been prepared on the basis of the Club continuing as a going concern notwithstanding that the Club has a net current asset deficiency of \$480,884 (2018: \$611,778). The ability of the Club to continue as a going concern is dependent upon the ongoing support of its stakeholders. The Club's member Valimanda Pty Ltd, and its parent entity, Holding M.S. Australia Pty Ltd (together with its shareholders) have agreed to continue to make available financial support to the Club for a period of at least 12 months from the date of this report, or until such time as the Club attains profitability and is financially self-sufficient.

## Notes to and forming part of the Financial Statements (cont'd)

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (d) Goods and Services Tax

Revenues, 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 Australian Tax Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as a part of the item of expense. Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash flows are included in the Statement of Cash Flows on a gross basis. The GST component of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

#### (e) Income Tax

No income tax is payable by the Club as it is an exempt sporting organisation in accordance with section 50-45 of the *Income Tax Assessment Act 1997*.

#### (f) Cash and Cash Equivalents

For the purpose of the Statement of Financial Position, cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity 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.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

#### (g) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Club will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is recognised in the Statement of Comprehensive Income.



## Notes to and forming part of the Financial Statements (cont'd)

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (h) Trade and Other Payables

Trade and other payables are recognised when the Club becomes obliged to make future payments resulting from the purchase of goods and services.

#### (i) Revenue Recognition

Revenue is recognised for sale of goods at a point in time upon delivery to the customer. For the provision of services revenue is recognised at a point in time the service has been performed.

Revenue as detailed in Note 3 primarily comprises revenue earned from provision of management services, membership revenue and grant income. Operating revenue is recognised at the fair value of consideration received net of the amount of Goods & Services Tax (GST).

Interest income and any other income not described above, is recognised as it accrues.

#### (j) Revenue Received in Advance

Revenue received in advance is recognised in line with the terms of specific contracts.

#### (k) Grant Revenue

Grant revenue is recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

When the grant relates to an asset, the fair value is credited to a deferred income account and is released to the Statement of Comprehensive Income over the expected useful life of the relevant asset on a straight line basis.

#### (l) Employee Entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

#### (m) Property, Plant & Equipment

##### (i) Acquisition

All acquisitions of plant & equipment and leasehold improvements are recorded at cost. Cost is determined as the fair value of the assets as at the date of acquisition plus costs incidental to the acquisition.

##### (ii) Depreciation and Amortisation

Property, Plant & Equipment was previously depreciated over the estimated useful life to the Club using the diminishing value method of depreciation, except for Leasehold Improvements which use the prime cost method. From 2016 all new assets are depreciated using the prime costs method as it was deemed to be more appropriate. The following depreciation and amortisation rates and methods have been used.

	2019	2018	Method of depreciation
Furniture & Fittings	5% - 20%	5% - 20%	Prime Cost and Diminishing value
Computer Equipment	25% - 50%	25% - 50%	Prime Cost and Diminishing value
Plant & Equipment	10% - 50%	10% - 50%	Prime Cost and Diminishing value
Leasehold Improvements	10% - 44%	10% - 44%	Prime cost
Motor Vehicles	25%	25%	Diminishing value

## Notes to and forming part of the Financial Statements (cont'd)

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The assets' residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each financial year end.

#### (iii) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and depreciated replacement cost.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

#### (n) **New Accounting Standards and Interpretations**

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 31 October 2019. The directors have not early adopted any of these new or amended standards or interpretations. The directors are in the process of assessing the impact of the applications of AASB 16 Leases (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the Company.

#### (o) **Significant Accounting Estimates and Judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Club and that are believed to be reasonable in the circumstances.

#### (p) **Investment in a Jointly Controlled Venture (JCV)**

The Club's investment in a JCV is accounted for using the equity method. A JCV is an entity in which the Club has significant influence.

Under the equity method, the investment in the JCV is carried on the Statement of Financial Position at cost plus acquisition changes in the Club's share of net assets of the JCV.

The income statement reflects the Club's share of the results of operations of the JCV. When there has been a change recognised directly in the equity of the JCV, the Club recognises its share of any changes and discloses this, when applicable, in the Statement of Changes in Equity. Unrealised gains and losses resulting from transactions between the Club and the JCV are eliminated to the extent of the interest in the JCV.

The financial statements of the JCV are prepared for the same reporting period as the Club. When necessary, adjustments are made to bring the accounting policies in line with those of the Club.

After application of the equity method, the Club determines whether it is necessary to recognise an additional impairment loss on its investment in its JCV. The Club determines at each reporting date whether there is any objective evidence that the investment in the JCV is impaired. If this is the case, the Club calculates the amount of impairment as the difference between the recoverable amount of the JCV and its carrying value and recognises the amount in the "Share of Loss of JCV" in the Statement of Comprehensive Income.

Upon loss of significant influence over the JCV, the Club measures and recognises any retaining investment at its fair value. Any difference between the carrying amount of the JCV upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the Statement of Comprehensive Income. Notes to and forming part of the Financial Statements (cont'd)

### NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

#### (q) **Leases**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers to the Club substantially all the risks and benefits incidental to ownership of the leased item is classified as a finance lease.



Finance leases are capitalised at the commencement of the lease at the inception date of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance and administration expenses in the Statement of Comprehensive Income.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term.



**Notes to and forming part of the Financial Statements (cont'd)**

	2019	2018
	\$	\$
<b>NOTE 3 – REVENUE FROM CONTRACTS WITH CUSTOMERS AND OTHER INCOME</b>		
Membership revenue	4,302,079	4,073,961
NRL grants & prizemoney	-	6,818
Government grants	150,600	160,400
Management fee received from related party (i)	21,883,357	22,116,927
Interest revenue	4,850	5,241
Other income	335,864	537,209
	<b>26,676,750</b>	<b>26,900,556</b>

(i) The management fee which is received from the related party Valimanda Pty Ltd is the Club's main source of revenue. The Management fee is paid in recognition of the Club providing all staffing requirements for Valimanda Pty Ltd and in paying all associated costs for running the Club's football operations.

**NOTE 4 – EXPENSES**

The Statement of Comprehensive Income includes the following specific expenses:

**(a) Depreciation and amortisation**

Depreciation of plant & equipment	141,410	133,012
Amortisation of leasehold improvements	119,640	102,210
<b>Total depreciation &amp; amortisation expense</b>	<b>261,050</b>	<b>235,222</b>

**(b) Finance costs**

Interest paid on bank borrowings	-	-
Finance charges payable under finance leases	-	-
<b>Total finance costs</b>	<b>-</b>	<b>-</b>

**(c) Operating lease rental**

<b>684,899</b>	<b>606,943</b>
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**Notes to and forming part of the Financial Statements (cont'd)**

	2019	2018
	\$	\$
<b>NOTE 5 – CASH AND CASH EQUIVALENTS</b>		
Cash at bank	43,067	26,159
Cash on hand	1,182	2,223
<b>Total cash and cash equivalents</b>	<b>44,249</b>	<b>28,382</b>

**NOTE 6 – TRADE AND OTHER RECEIVABLES**

**Current**

Trade receivables (i)	330,304	353,410
Less provision for impairment of receivables	-	-
	<u>330,304</u>	<u>353,410</u>
Other receivables (ii)	577	22,155
Non-trade amounts receivable from related parties (iii)	1,162,980	562,735
	<u>1,163,557</u>	<u>584,890</u>
<b>Total trade and other receivables</b>	<b>1,493,861</b>	<b>938,300</b>

**Terms and conditions**

- (i) Trade receivables are non-interest bearing, with invoices due and payable within 30 to 90 days of invoice.
- (ii) Other receivables are non-interest bearing.
- (iii) 2019 includes receivables from Valimanda Pty Ltd. 2018 includes receivables from Valimanda Pty Ltd and Sunshine Coast Lightning Pty Ltd;

**NOTE 7 – OTHER CURRENT ASSETS**

Prepayments	240,094	378,107
Accrued revenue	28,650	1,765
Other assets	-	-
<b>Total other current assets</b>	<b>268,744</b>	<b>379,872</b>

**Notes to and forming part of the Financial Statements (cont'd)**

	2019	2018
	\$	\$
<b>NOTE 8 – PROPERTY, PLANT AND EQUIPMENT</b>		
Motor vehicles at cost	15,536	15,536
Less accumulated depreciation	(11,543)	(10,212)
	<b>3,993</b>	<b>5,324</b>
Furniture & fittings at cost	323,554	294,805
Less accumulated depreciation	(202,307)	(184,000)
	<b>121,247</b>	<b>110,805</b>
Computer equipment at cost	532,085	494,918
Less accumulated depreciation	(421,516)	(324,793)
	<b>110,569</b>	<b>170,125</b>
Plant & equipment at cost	261,207	257,772
Less accumulated depreciation	(197,323)	(175,586)
	<b>63,884</b>	<b>82,186</b>
Leasehold improvements at cost	914,091	854,262
Less accumulated amortisation	(778,530)	(658,890)
	<b>135,561</b>	<b>195,372</b>
<b>Total property, plant and equipment</b>	<b>435,254</b>	<b>563,812</b>

**Notes to and forming part of the Financial Statements (cont'd)**

	2019	2018
<b>NOTE 8 – PROPERTY, PLANT AND EQUIPMENT (cont'd)</b>	<b>\$</b>	<b>\$</b>
<b>Reconciliations</b>		
Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial year.		
<u>Motor vehicles</u>		
Carrying amount at 1 November 2018	5,324	7,098
Additions	-	-
Disposals	-	-
Depreciation expense	(1,331)	(1,775)
Carrying amount at 31 October 2019	<u>3,993</u>	<u>5,324</u>
<u>Furniture &amp; fittings</u>		
Carrying amount at 1 November 2018	110,805	58,964
Additions	28,749	69,282
Disposals	-	-
Depreciation expense	(18,307)	(17,440)
Carrying amount at 31 October 2019	<u>121,247</u>	<u>110,807</u>
<u>Computer equipment</u>		
Carrying amount at 1 November 2018	170,125	189,446
Additions	37,167	74,620
Disposals	-	(9,838)
Depreciation expense	(96,723)	(84,106)
Carrying amount at 31 October 2019	<u>110,569</u>	<u>170,125</u>
<u>Plant &amp; equipment</u>		
Carrying amount at 1 November 2018	82,186	87,817
Additions	3,435	19,645
Disposals	-	-
Depreciation expense	(21,737)	(25,275)
Carrying amount at 31 October 2019	<u>63,884</u>	<u>82,186</u>

**Notes to and forming part of the Financial Statements (cont'd)**

	2019	2018
<b>NOTE 8 – PROPERTY, PLANT AND EQUIPMENT (cont'd)</b>		
	\$	\$
<u>Leasehold improvements</u>		
Carrying amount at 1 November 2018	195,372	263,563
Additions	59,829	34,020
Disposals	-	-
Amortisation expense	(119,640)	(102,210)
Carrying amount at 31 October 2019	<u>135,561</u>	<u>195,372</u>
 <u><b>Total property, plant &amp; equipment</b></u>		
Carrying amount at 1 November 2018	563,813	606,888
Additions	129,179	197,567
Disposals	-	(9,838)
Depreciation & amortisation expense	(257,738)	(230,806)
<b>Carrying amount at 31 October 2019</b>	<u><b>435,254</b></u>	<u><b>563,813</b></u>



**Notes to and forming part of the Financial Statements (cont'd)**

	2019	2018
	\$	\$
<b>NOTE 9 – TRADE AND OTHER PAYABLES</b>		
Trade payables (i)	195,401	65,029
Other payables and accruals (ii)	861,412	811,832
Income received in advance	148,465	186,618
<b>Total trade and other payables</b>	<b>1,202,278</b>	<b>1,063,479</b>

**Terms and conditions**

(i) Trade payables are non-interest bearing and are normally settled on 30 days from end of month terms.

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

(ii) Other payables and accruals are non-interest bearing.

**NOTE 10 – PROVISIONS**

**Current**

Annual leave	403,948	319,154
Long service leave	681,512	575,699
<b>Total current provisions</b>	<b>1,085,460</b>	<b>894,852</b>

**Non-Current**

Long service leave	41,425	59,782
<b>Total provisions</b>	<b>1,126,885</b>	<b>954,634</b>

**NOTE 11 – RETAINED PROFITS**

Retained profits at beginning of the year	16,810	16,810
Profit for the year after tax	-	-
<b>Retained profits at end of the year</b>	<b>16,810</b>	<b>16,810</b>

**Notes to and forming part of the Financial Statements (cont'd)**

<b>NOTE 12 – RECONCILIATION OF PROFIT AFTER TAX TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Profit after tax	-	-
Depreciation and amortisation	261,050	235,222
Write off of assets	(3,313)	5,421
Changes in assets and liabilities:		
(Increase)/decrease in receivables	44,684	(213,787)
(Increase)/decrease in other assets	199,461	(54,336)
Increase/(decrease) in other liabilities	(72,797)	(164,751)
Increase/(decrease) in payables	168,956	(342,094)
Increase/(decrease) in provisions	172,251	96,097
<b>Net cash inflow/(outflow) from operating activities</b>	<b>770,292</b>	<b>(438,229)</b>

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 14 – AUDITORS' REMUNERATION</b>		
The auditor of the Club is Ernst & Young.		
Amounts received, or due and receivable, by Ernst & Young:		
Audit and review of financial reports	13,127	35,000
	<b>13,127</b>	<b>35,000</b>

**NOTE 15 – COMMITMENTS FOR EXPENDITURE**

**(a) Operating lease commitments**

Future non-cancellable operating lease rentals of property, plant and equipment, not provided for in the financial statements and payable are:

Not later than one year	426,859	698,012
Later than one year and not later than five years	-	452,846
Later than five years	-	-
	<b>426,859</b>	<b>1,150,858</b>

Operating lease commitments include the lease of the Club's administrative office and player training facilities at AAMI Park, 60 Olympic Boulevard, Melbourne which expires on 25 June 2020..

## Notes to and forming part of the Financial Statements (cont'd)

### NOTE 15 – COMMITMENTS FOR EXPENDITURE (cont'd)

#### (b) Remuneration commitments

The Club has contractual remuneration commitments extending beyond this financial year in respect of players, coaches and staff. The commitments as they stood at 1 November 2019 are detailed below. These figures do not include estimates of matches played or incentive payments for both players and coaches. The Club is not aware of any material contingent commitments that have not been recognised in this financial report.

	2019 \$	2018 \$
Not later than one year	13,562,469	13,143,311
Later than one year and not later than five years	21,070,549	28,919,769
Later than five years	-	-
	<b>34,633,018</b>	<b>42,063,080</b>

### NOTE 16 – RELATED PARTY TRANSACTIONS

Amounts receivable from or payable to related parties, relate to Valimanda Pty Ltd, Holding M.S. Australia Pty Ltd, MSA Venues Pty Ltd and Sunshine Coast Lightning Pty Ltd. They are non-interest bearing and are made on terms equivalent to those that prevail in arm's length transactions.

The related party transactions with Valimanda Pty Ltd include management fees received during the year of \$21,883,357 (2018: 22,116,927) excluding GST (refer Note 3) and the recharge of normal operating expenses which have been paid on the company's behalf.

A number of key management personnel (KMP), or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. A summary of these transactions is below:

2019	Sales to related Parties	Purchases from related Parties	Amounts owed by related parties	Amount owed to related parties
Company	\$	\$	\$	\$
Mitchelton Wines	-	14,957	-	-
TLA-ESP Pty Ltd	9,091	159,282	-	-
Nagambie Lakes Leisure Park	-	8,051	-	-
<b>Total</b>	<b>9,091</b>	<b>182,290</b>	<b>-</b>	<b>-</b>
2018	Sales to related Parties	Purchases from related Parties	Amounts owed by related parties	Amount owed to related parties
Company	\$	\$	\$	\$
TLA-ESP Pty Ltd	6,818	577,273	-	-
<b>Total</b>	<b>6,818</b>	<b>577,273</b>	<b>-</b>	<b>-</b>

## Notes to and forming part of the Financial Statements (cont'd)

### NOTE 17 – KEY MANAGEMENT PERSONNEL

Key management personnel (KMP) have been determined by the Club to be the board of directors, and the Chief Executive Officer and his direct reports.

#### (a) Directors

The following persons were directors of the Club Ltd during the financial year:

Bart Campbell	Director and Chairman
Gerard Ryan	Director
Matthew Tripp	Director
Danielle Smith	Director

#### (b) Remuneration of Key Management Personnel

Directors are not remunerated for their position as a director of the Company. The key management personnel compensation was:

	2019	2018
	\$	\$
Short-term employee benefits	1,483,668	1,357,727

### NOTE 18 – ECONOMIC DEPENDENCY

A significant portion of the income of the Club is derived from management fees received from Valimanda Pty Ltd, as disclosed in Note 3.

### NOTE 19 – SEGMENT INFORMATION

The Club operates in the sporting and leisure industry in Australia and its predominant activity is to field a team that participates in the National Rugby League (NRL) competition.

### NOTE 20 – SUBSEQUENT EVENTS

No matter or circumstance has arisen since 31 October 2019 that has significantly affected, or may significantly affect:

- the Club's operations in future financial years;
- the results of those operations in future financial years; or
- the Club's state of affairs in future financial years.



**Notes to and forming part of the Financial Statements (cont'd)**

**NOTE 21 – INVESTMENT IN JOINTLY CONTROLLED VENTURE**

	2019	2018
	\$	\$
<b>Investment</b>	<b>103,865</b>	<b>124,558</b>
Share of JCV's statement of financial position:		
Current assets	14,146	16,127
Non-current assets	93,329	109,910
Current liabilities	(3,611)	(1,478)
<b>Net assets</b>	<b>103,865</b>	<b>124,558</b>
Share of the JCV's revenue and profit:		
Revenue	19,714	15,009
Loss	(45,694)	(61,027)

During 2010, the Club invested in Melbourne Sports Operations Pty Limited ("MSO"). The company was established to enable the tenants of AAMI Park to share the investment and costs associated with shared training and commercial facilities. The Shareholder's Agreement with the tenants (dated 17 November 2010 and subsequently amended on 23 May 2013) gives the Club 33.3% ownership of the shares in MSO.

The execution of this agreement gave the Club significant influence over MSO and hence the equity method has been adopted under AASB 128 for the investment in the company.

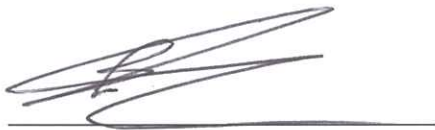


## Directors' Declaration

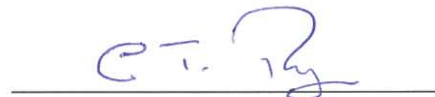
The Directors of Melbourne Storm Rugby League Club Limited declare that, in the opinion of the directors:

- (a) the financial statements and notes of the company set out on pages 7 to 25 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the company's financial position as at 31 October 2019 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and Corporations Regulations 2001; and
- (b) 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 this 19 December 2019 in Melbourne, Australia.



**Bart Campbell**  
Director



**Gerard Ryan**  
Director



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## Independent Auditor's Report to the Members of Melbourne Storm Rugby League Club Limited

### Opinion

We have audited the financial report of Melbourne Storm Rugby League Club Limited (the Company), which comprises the statement of financial position as at 31 October 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the Company's financial position as at 31 October 2019 and of its financial performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of 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 (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, 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.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



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## Responsibilities of the Directors 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 and for 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.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'Ernst &amp; Young' in a cursive style.

Ernst & Young

A handwritten signature in black ink that reads 'Tony Morse' in a cursive style.

Tony Morse  
Partner

Melbourne  
19 December 2019