

Copy of financial statements and reports

Company details

Company name

SYDNEY SWANS LIMITED

ACN

063 349 708

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 **27-02-2014**

Name of auditor

BDO EAST COAST PARTNERSHIP

Address

**LEVEL 11
1 MARGARET STREET**

SYDNEY NSW 2000

Certification

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

Signature

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

Authentication

This form has been submitted by

Name Kirsty Nicole WALKER

Date 08-01-2020

For more help or information

Web www.asic.gov.au
Ask a question? www.asic.gov.au/question
Telephone 1300 300 630

Sydney Swans Limited

ABN 48 063 349 708

Annual Financial Report
31 October 2019

Sydney Swans Limited

Directors' Report

The directors present their report, together with the financial statements of Sydney Swans Limited (the company) for the year ended 31 October 2019.

Directors

The directors of the company in office at any time during or since the end of the financial year are:

Andrew Pridham AO - Chairman

Mr Pridham was appointed as a director of the Sydney Swans in 2002 and has been its Chairman since 2013. He is Deputy Chairman of the Sydney Swans Foundation. Mr Pridham is CEO of Moelis Australia.

Robert Morgan

Mr Morgan is Executive Chairman of Clemenger Group and a Director of BBDO Worldwide. He has over 30 years' experience in the advertising and communications industry. Director since March 2004 and Chairman of the Sponsorship Committee.

Rob Pascoe

Mr Pascoe is the Managing Director of Closed Loop Environmental Solutions, a company which markets packaging and recycling programs in Australia, Asia, UAE and the UK. He is also the Deputy Chairman of the Outdoor Education Group and Chairman of the Outdoor Education Foundation. At the Swans he is Chairman of the Heritage and Culture Committee as well as the Audit and Risk and the Integrity Committees. He is also a member of the Membership & Fan Engagement Committees. Director since March 2005.

Greg Paramor AO

Greg has more than 45 years' experience in the real estate and the funds management industry and is a Non-Executive Director of the Charter Hall Group. Greg is the former Managing Director of Folkestone Limited which was acquired by Charter Hall Group in November 2018. Greg was the co-founder of Growth Equities Mutual, Paladin Australia and the James Fielding Group and CEO of Mirvac Group between 2004 and 2008. He is a past president of both the Property Council of Australia and Investment Funds Association. Greg is the current Chair of BackTrack, an organisation assisting vulnerable young people, and a board member of the Sydney Swans Foundation.

Brian Tyson

Mr Tyson was appointed to the Board of Sydney Swans Limited in March 2012. He is the Managing Partner of Newgate Australia and co-founder of Newgate Research. He is also Joint CEO and Director of Newgate's parent company, Porta Communications Plc. Mr Tyson is actively involved with many of NSW's leading business and advocacy groups and is on the Board of the Committee for Sydney, Temple Executive Search and the Clontarf Foundation.

Brad Seymour

Mr Seymour played 133 games for the Sydney Swans from 1994-2003 including the 1996 Grand Final. Following his football career, Brad's career moved in to the media and Insurance industries and has been a SSL Director since March 2015. Brad is CEO of the Sydney Swans Foundation.

Alexandra Goodfellow

Alexandra Goodfellow is the Vice Chairman Australasia based in Korn Ferry's Sydney office. Originally from the UK and a formative career in financial public relations to now 30 years' experience in executive search and human capital consulting across Europe, Asia and Australasia. Alexandra is Chairman of the Westmead Children's Hospital Grace Ward, Founding Member of the Tiffany Red Cross Committee and Advisory Committee Member for Women in Payments. Alexandra has completed the Australian Institute of Company Directors Course and holds a Certificate of Registration REINSW. Director since April 2015 and is Chair of Sponsorship & Members Committee and a Member of the Audit & Risk Committee.

Sydney Swans Limited

Directors' Report

Sam Mostyn

Sam Mostyn is a non-executive director and sustainability adviser. She is Chairperson of Citibank Australia, Foundation for Young Australians, ANROWS, Australian Women Donors Network, AUSFILM, Alberts and the Goodes O'Loughlin Foundation. Sam serves as a Non Executive Director on the boards of Transurban Group, Mirvac Group, the Climate Council, Centre for Policy Development and Climateworks. Sam spent several years on the Boards of Virgin Australia, Reconciliation Australia, the NSW Public Education Foundation, and the National Mental Health Commission. She was a Commissioner of the Australian Football League from 2005-2016. Sam is also a member of the Australian Faculty of the Cambridge University Program for Sustainability Leadership, Chief Executive Women and the Business & Sustainable Development Commission. Sam has previously held senior executive roles at Insurance Australia Group, Optus Communications and Cable & Wireless plc. Director since February 2017.

Andrew Ireland

Mr Ireland played AFL football for Collingwood before commencing his career in football administration. He became Chief Executive of the Club in September 2009 having previously held the position of General Manager Football at the Sydney Swans since October 2002. Prior to these positions, he was Chief Executive of the Brisbane Lions from 1990 to 2001. He holds a Bachelor of Science, is a Graduate of the Australian Institute of Company Directors and is a Life Member of the AFL, Sydney Swans and Brisbane Lions. Andrew was appointed as an Executive Director of the Sydney Swans Limited on 28 May 2015 until his resignation as Chief Executive Officer on 31 December 2018, at which point he was appointed as a Non-Executive Director. Andrew is on the board of the Australian Sports Commission (Sport Australia), Non Executive Chairman of Clemenger Brisbane and Non Executive Director of Redcape Hotel Group.

Darren Steinberg

Darren Steinberg is the CEO of Dexu and an Executive Director of Dexu Funds Management Limited. Darren has over thirty years' experience in the property and funds management industry with an extensive background in office, industrial and retail property investment and development. He has a Bachelor of Economics from the University of Western Australia. Darren is a Fellow of the Australian Institute of Company Directors, the Royal Institution of Chartered Surveyors and the Australian Property Institute. He is a Life Member and former National President of the Property Council of Australia, and a founding member of Property Male Champions of Change. He is also a Director of VGI Partners Limited. Darren was appointed as a Director on 12 December 2019.

Chief Executive Officer

Tom Harley

First drafted to Port Adelaide but best known for his decorated career with Geelong, Tom Harley is a veteran of 198 AFL games. Appointed captain of Geelong in 2007, he led the team to three successive grand finals and two premierships, in 2007 and 2009. Following his retirement from football, he has held numerous roles within the football industry. He worked as a commentator with Channel 7 and an assistant coach to the AFL/AIS Academy, before taking on the role of General Manager of AFL NSW/ACT. He joined the Sydney Swans in November 2014 as General Manager - Football, and in 2019 transitioned into the role as the club's Chief Executive Officer.

Company Secretary

Kirsty Walker

Kirsty Walker was appointed Chief Financial Officer and Company Secretary of the Sydney Swans in January 2019 upon the retirement of Tim Laing. Kirsty is a member of the Institute of Chartered Accountants and has over 20 years experience in finance and management positions in the financial services industry.

Sydney Swans Limited

Directors' Report

Tim Laing

Tim Laing was appointed as the Chief Financial Officer and Company Secretary of the Sydney Swans in April 2006. Tim is a Fellow of the Certified Practising Accountants and a Fellow of the Governance Institute of Australia. Prior to joining the Sydney Swans, Tim's career was in advertising where he spent almost 30 years in various finance and management positions with global advertising agencies. Tim was made a Life Member of the Sydney Swans in October 2018. Tim resigned from the position in January 2019.

Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 October 2019, and the number of meetings attended by each director were:

Director	Number of Meetings Attended	Number of Meetings Held
Andrew Pridham	11	11
Robert Morgan	8	11
Rob Pascoe	10	11
Greg Paramor	11	11
Bryan Tyson	9	11
Brad Seymour	11	11
Alexandra Goodfellow	10	11
Sam Mostyn	9	11
Andrew Ireland	10	11

Membership

The Club is a company limited by guarantee and is without share capital.

The Club has a Transitional Member (AFL) and Ordinary Members as set out in the Club's constitution. The AFL will remain as the Transitional Member until a date is determined in conjunction with the Board of the Club. This determination will have regard to factors such as the financial strength of the Club and the extent of the growth of the game in New South Wales, and in particular the Sydney region.

Ordinary Members are only able to vote in respect of the election of two Directors.

Members' limited liability

In accordance with the Constitution of the Club, every member of the Club undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the Club during the time that he/she is a member or within one year thereafter.

Objectives

Short term

The short term objective of the Club is to perform at a consistently high level to qualify for the finals and challenge for the AFL Premiership.

Long term

The long term objective of the Club is to remain financially independent to ensure the Club's football operations are fully resourced to perform at a consistently high level to enable our team to be seen as a leading Club in the AFL competition.

Sydney Swans Limited

Directors' Report

Strategy for achieving the objectives

The Club's strategy is to maximise Club sourced revenues, in particular sponsorship, hospitality, match day ticket sales and membership to provide the funding to meet the objectives.

Principal activity

The principal activity of the Club is the administration of the operations of the Sydney Swans which participates in competitions conducted by the Australian Football League (AFL).

How these activities assist in achieving the objectives

To achieve the Club's objectives, a fully resourced and professional management and support staff structure is required to be maintained, particularly in relation to football operations.

Performance measurement and key performance indicators

All sources of the Club's revenue and expenses are monitored against budget on a monthly basis throughout the financial period.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the Corporations Act 2001 is set out on page 5.

Signed in accordance with a resolution of the directors.



Andrew Pridham
Director



Rob Pascoe
Director

Dated at Moore Park this 12th day of December 2019.

DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF SYDNEY SWANS LIMITED

As lead auditor of Sydney Swans Limited for the year ended 31 October 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Clayton Eveleigh
Partner

BDO East Coast Partnership

Sydney, 12 December 2019

INDEPENDENT AUDITOR'S REPORT

To the members of Sydney Swans Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sydney Swans Limited (the Company), which comprises the statement of financial position as at 31 October 2019, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Sydney Swans Limited, is 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 financial performance for the year ended on that date; and
- (ii) 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 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report, but does not include the financial report and our auditor's report thereon.



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 on the other information obtained prior to the date of this auditor's report, 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.

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 related 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 has 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO East Coast Partnership

A handwritten signature in black ink, appearing to read 'Clayton Eveleigh'. Above the signature, the letters 'BDO' are written in a stylized, cursive font.

Clayton Eveleigh
Partner

Sydney, 12 December 2019

Sydney Swans Limited

Directors' Declaration

The directors of the company declare that:

- (a) In the Directors' opinion the financial report and notes set out on pages 9 to 26, 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; the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- (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 the directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.



Andrew Pridham
Director



Rob Pascoe
Director

Dated at Moore Park this 12th day of December 2019.

Sydney Swans Limited
Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 October 2019

	Note	2019 \$	2018 \$
Revenue	1	52,703,194	53,441,295
Other income	1	114,700	144,764
Total revenue & other income		52,817,894	53,586,059
Expenses			
Football department expenses		(27,472,038)	(26,280,916)
Football academy expenses		(1,676,736)	(1,387,641)
Membership and match day expenses		(7,157,218)	(7,934,189)
Sponsorship and marketing expenses		(9,164,498)	(10,540,196)
Administration expenses		(5,187,373)	(5,247,617)
Depreciation and amortisation	2	(418,371)	(566,966)
Occupancy expenses		(2,251,285)	(1,108,025)
Total expenses		(53,327,519)	(53,065,550)
(Loss) / profit before income tax expense		(509,625)	520,509
Income tax expense	13(a)	-	-
Net (loss) / profit after income tax expense attributable to members		(509,625)	520,509
Other comprehensive income for the year, net of tax		-	-
Total comprehensive (loss) / income for the year attributable to members		(509,625)	520,509

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 13 to 26.

Sydney Swans Limited
Statement of Financial Position
As at 31 October 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		6,514,923	3,673,519
Trade and other receivables	3	3,626,280	4,276,819
Inventories		41,042	52,002
Other current assets		253,176	222,385
		<hr/>	<hr/>
Total Current Assets		10,435,421	8,224,725
		<hr/>	<hr/>
Non-Current Assets			
Trade and other receivables	3	1,960,963	200,000
Property, plant and equipment	4	4,119,281	1,582,382
Intangible assets		145,356	9,725
		<hr/>	<hr/>
Total Non-Current Assets		6,225,600	1,792,107
		<hr/>	<hr/>
Total Assets		16,661,021	10,016,832
		<hr/>	<hr/>
LIABILITIES			
Current Liabilities			
Trade and other payables	5	13,190,347	5,870,427
Employee benefits	6	1,019,618	1,189,743
Lease liability		14,836	14,836
		<hr/>	<hr/>
Total Current Liabilities		14,224,801	7,075,006
		<hr/>	<hr/>
Non-Current Liabilities			
Employee benefits	6	173,380	154,525
Lease liability		60,951	75,787
		<hr/>	<hr/>
Total Non-Current Liabilities		234,331	230,312
		<hr/>	<hr/>
Total Liabilities		14,459,132	7,305,318
		<hr/>	<hr/>
Net Assets		2,201,889	2,711,514
		<hr/>	<hr/>
Members' Funds			
Accumulated funds		2,201,889	2,711,514
		<hr/>	<hr/>
Total Members' Funds		2,201,889	2,711,514
		<hr/>	<hr/>

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 13 to 26.

Sydney Swans Limited
Statement of Changes in Members' Funds
For the Year Ended 31 October 2019

	Accumulated Funds \$	Total Members' Funds \$
Balance at 1 November 2017	2,191,005	2,191,005
Net profit after income tax expense for the year	520,509	520,509
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	520,509	520,509
Balance at 31 October 2018	2,711,514	2,711,514
Net loss after income tax expense for the year	(509,625)	(509,625)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(509,625)	(509,625)
Balance at 31 October 2019	2,201,889	2,201,889

The Statement of Changes in Members' Funds should be read in conjunction with the accompanying notes set out on pages 13 to 26.

Sydney Swans Limited
Statement of Cash Flows
For the Year Ended 31 October 2019

	2019	2018
	\$	\$
Cash Flows From Operating Activities		
Receipts from customers (inclusive of GST)	56,623,738	56,686,520
Payments to suppliers and employees (inclusive of GST)	(57,300,283)	(54,376,953)
Interest received	114,700	121,537
Interest paid	(5,851)	(6,401)
	<hr/>	<hr/>
Net cash (outflow) / inflow from operating activities	(567,696)	2,424,703
	<hr/>	<hr/>
Cash Flows From Investing Activities		
Payments for property, plant and equipment	(2,947,392)	(417,891)
Payments for intangible assets	(143,508)	-
Proceeds from grants	6,500,000	-
Proceeds from sale of property, plant and equipment	-	23,227
	<hr/>	<hr/>
Net cash inflow from investing activities	3,409,100	(394,664)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	2,841,404	2,030,039
Cash and cash equivalents at the beginning of the financial year	3,673,519	1,643,480
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year	6,514,923	3,673,519
	<hr/>	<hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 13 to 26.

Sydney Swans Limited

Notes to the Financial Statements

For the Year Ended 31 October 2019

About This Report

Sydney Swans Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Sydney Swans Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 12 December 2019, in accordance with a resolution of directors. The directors have the power to amend and reissue the financial report.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements issued by the Australian Accounting Standards Board ('AASB');
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- Have been prepared on a going concern basis.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Estimation of useful lives of assets	Note 4
Identification of joint operation	Note 8

New accounting standards and interpretations adopted

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the group from the adoption of these Accounting Standards and Interpretations are disclosed below.

AASB 9 - Financial Instruments

The Company has adopted AASB 9 from 1 November 2018. The standard introduced new classification and measurement models for financial assets. A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest.

New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The adoption of this accounting standard had no impact on the Company at 1 November 2018 or during the period to 31 October 2019.

Sydney Swans Limited

Notes to the Financial Statements

For the Year Ended 31 October 2019

About This Report (Continued)

New accounting standards and interpretations not yet mandatory or early adopted

AASB 16 - Leases

The new standard AASB 16 is effective for periods beginning on or after 1 January 2019. Leases will be adopted by the Company for the financial year starting on 1 November 2019. For leases currently classified as operating leases, under current accounting requirements the Company does not recognise assets or liabilities, and instead spreads the lease payments on a straight-line basis over the lease term, disclosing in its annual financial statements the total commitment. The impact of the new standard will result in operating lease arrangements capitalised onto the statement of financial position, with a right of use asset and corresponding financial liability recognised on transition.

The Company has material operating lease commitments as set out in Note 7 and therefore the adoption of the standard is expected to have a material impact on the Financial Statements of the Company. The Board will decide on the transition method it will adopt. It is noted that the application of AASB 16 will not impact the statement of cash flows. The portfolio of leases consists of property leases. For leases with lease terms that end within 12 months from the date of transition the Company will apply the practical expedient to account for these leases as a short-term lease. Leases of low value are also excluded from the scope of this standard and may be recognised as lease expense at an amount equal to the lease payment.

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

AASB 15 is applicable to annual reporting periods beginning on or after 1 January 2018. However, per AASB 1058 application has been deferred by one year for not-for-profit entities. This standard will replace the current accounting requirements applicable to revenue with a single, principles-based model. Except for a limited number of exceptions, including leases, the new revenue model in AASB 15 will apply to all contracts with customers as well as non-monetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers. The core principle of the Standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for the goods or services.

The main areas of impact for AASB 1058 will be when accounting for the receipt of volunteer services and transactions where the consideration to acquire an asset is significantly less than its fair value.

The combined operation of AASB 1058 and AASB 15 will come in to affect for periods commencing after 1 January 2019 and therefore will impact the company as of 1 November 2019.

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

	2019 \$	2018 \$
1 Revenue and Other Income		
AFL distributions	14,720,664	14,886,155
AFL finals prize money	-	65,000
Membership and match day	16,051,884	16,876,345
Other revenue	616,718	726,443
Sponsorship and marketing	19,225,226	19,784,794
Grants from Sydney Swans Foundation	1,669,000	336,000
Merchandise Revenue	419,702	766,558
	<hr/>	<hr/>
Total Revenue	52,703,194	53,441,295
	<hr/>	<hr/>
Other Income		
Interest received	114,700	121,537
Net profit on disposal of plant and equipment	-	23,227
	<hr/>	<hr/>
Total Other Income	114,700	144,764
	<hr/>	<hr/>
Total Revenue and Other Income	52,817,894	53,586,059
	<hr/> <hr/>	<hr/> <hr/>

Recognition and Measurement

Revenue is recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the Australian Taxation Office (ATO). No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

Merchandise and Match Day Revenue

Revenue from merchandise and match day ticketing is recognised as earned based on the gross amount charged to the ultimate customer, net of GST.

Membership, Sponsorship and Marketing Revenue

Revenue from membership, sponsorship and marketing services is recognised in the period the service is provided at the fair value of the consideration received, net of GST. Sponsorships involving contra arrangements are recognised as revenue equivalent to the fair value of the services or goods provided by the sponsor.

AFL Distributions and AFL Finals

Revenue from AFL Distributions and AFL Finals is recognised when the club is entitled to the distribution.

Grant Income

Grant income is recognised in the statement of profit or loss and other comprehensive income when the performance obligation associated with the grant's recognition has been met.

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

1 Revenue and Other Income (continued)

Other income

Sale of non-current assets

The gain or loss on disposal of property, plant and equipment and/or intangibles is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other revenue at the date control of the asset passes to the buyer. Disposals during the current period had no written down value.

Interest income

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

	2019 \$	2018 \$
2 Expenses		
Profit before income tax includes the following specific expenses:		
Depreciation		
Furniture and equipment	278,407	326,261
Leasehold improvements	117,475	130,800
Motor vehicles	14,612	5,884
Amortisation		
Intangible assets	7,877	104,022
Total depreciation and amortisation	<u>418,371</u>	<u>566,966</u>
Minimum lease payments under operating leases	3,658,374	2,611,980
Finance costs	5,851	6,401
Employee benefits expenses		
Salaries and wages	25,047,082	24,512,766
Defined contribution superannuation expense	1,642,754	1,609,821
Other employee benefits expense	1,610,794	2,103,688
Net (decrease) / increase in liability for employee benefits	(151,270)	26,427
Total employee benefits expenses	<u>28,149,360</u>	<u>28,252,702</u>

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

	2019 \$	2018 \$
3 Trade and Other Receivables		
Current		
Trade receivables	1,360,761	1,026,530
Less: Provisions for expected credit losses	(72,396)	(52,299)
	<hr/>	<hr/>
Net trade receivables	1,288,365	974,231
	<hr/>	<hr/>
Grant receivable	-	1,100,000
Loans to related parties	2,125,000	2,000,000
Other receivables	212,915	202,588
	<hr/>	<hr/>
Total current trade and other receivables	3,626,280	4,276,819
	<hr/>	<hr/>
Non-Current		
Loans to employees	200,000	299,205
Less: Provision for expected credit losses	-	(99,205)
Bank guarantee (refer to note 10)	1,760,963	-
	<hr/>	<hr/>
Total non-current trade and other receivables	1,960,963	200,000
	<hr/>	<hr/>
Movement in the provision for impairment of receivables is as follows:		
Opening balance	151,504	153,479
Provision for expected credit losses expense	20,097	33,261
Reversal of provision for expected credit losses	(99,205)	(35,236)
	<hr/>	<hr/>
Closing balance	72,396	151,504
	<hr/>	<hr/>

Recognition and Measurement

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for provision for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses trade receivables have been grouped based on days overdue. Contract assets are also subject to expected credit losses impairment analysis.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

	2019 \$	2018 \$
4 Property, plant and Equipment		
Leasehold Improvements		
<i>At cost</i>	4,250,937	4,234,224
<i>Accumulated amortisation</i>	(3,902,809)	(3,770,571)
	348,128	463,653
Furniture And Equipment		
<i>At cost</i>	2,639,332	2,422,824
<i>Accumulated depreciation</i>	(2,126,768)	(1,883,351)
	512,564	539,473
Motor Vehicles		
<i>At cost</i>	255,790	255,790
<i>Accumulated depreciation</i>	(179,744)	(165,133)
	76,046	90,657
Work In Progress		
<i>At cost</i>	3,182,543	488,599
	3,182,543	488,599
Total property, plant and equipment net book value	4,119,281	1,582,382

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

	2019 \$	2018 \$
4 Property, plant and Equipment (continued)		
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
Leasehold Improvements		
Carrying amount at beginning of year	463,653	587,858
Additions	1,950	6,595
Amortisation charge	(117,475)	(130,800)
	<hr/>	<hr/>
Carrying amount at end of year	348,128	463,653
	<hr/>	<hr/>
Furniture and Equipment		
Carrying amount at beginning of year	539,473	782,311
Additions	251,498	83,423
Depreciation charge	(278,407)	(326,261)
	<hr/>	<hr/>
Carrying amount at end of year	512,564	539,473
	<hr/>	<hr/>
Motor Vehicles		
Carrying amount at beginning of year	90,657	-
Additions	-	96,541
Depreciation charge	(14,611)	(5,884)
	<hr/>	<hr/>
Carrying amount at end of year	76,046	90,657
	<hr/>	<hr/>
Work in Progress		
Carrying amount at beginning of year	488,599	152,433
Additions	2,693,944	336,166
	<hr/>	<hr/>
Carrying amount at end of year	3,182,543	488,599
	<hr/>	<hr/>

Recognition and Measurement

Property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

4 Plant and Equipment (continued)

Recognition and Measurement (continued)

Work in progress relates to expenditure directly attributable to the construction of property, plant or equipment in relation to the Royal Hall of Industries, please refer to note 7 for further details.

Depreciation is charged to the Statement of Profit or Loss and Other Comprehensive Income using the straight-line method over the estimated useful lives of each component of an item of plant and equipment. The estimated useful lives for each class of depreciable assets are as follows:

Leasehold improvements	3 to 10 years
Furniture and equipment	3 to 20 years
Motor vehicles	3 to 4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Key Estimate and Judgement: Estimated Useful Lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives.

	2019 \$	2018 \$
5 Trade and Other Payables		
Trade payables	2,326,477	1,690,260
Other creditors and accruals	2,725,032	1,568,528
Deferred grants (refer to note 7)	6,500,000	1,000,000
Income received in advance	1,638,838	1,611,639
	13,190,347	5,870,427
	13,190,347	5,870,427

Recognition and Measurement

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30-60 days of recognition.

Income received in advance represents sponsorship revenue received in advance of subsequent financial years and has therefore been deferred.

Deferred grants include amounts received or receivable for which the performance obligation associated with grant's recognition has not yet been met.

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

	2019 \$	2018 \$
6 Employee Benefits		
Current	1,019,618	1,189,743
Non-current	173,380	154,525

Contributions

The company is under a legal obligation to contribute 9.5% (2018: 9.5%) of each employee's base salary to a superannuation fund. The company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

Recognition and Measurement

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

A portion of annual leave may not be expected to be settled within 12 months of the reporting date however the company does not have the unconditional right to defer payment, therefore, annual leave has been recognised as a current liability.

Other long-term employee benefits

The liability for long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

7 Commitments & Contingencies

Commitments

Operating lease commitments in relation to the Club's playing and occupancy arrangements at sporting venues are payable as follows:

Less than one year	4,933,392	2,394,482
Between one and five years	17,827,271	6,559,723
More than five years	53,513,312	4,289,546
	<u>76,273,975</u>	<u>13,243,751</u>

Sydney Swans Limited

Notes to the Financial Statements

For the Year Ended 31 October 2019

7 Commitments & Contingencies (continued)

Royal Hall of Industries facility arrangement

On 1 May 2019 PlayOn Group Pty Ltd entered into a 27-year lease and capital improvement arrangement for the repurposing of the Royal Hall of Industries Building. Sydney Swans Limited and Playbill Venues Pty Ltd are 50:50 shareholders in PlayOn Group Pty Ltd as a result of an executed shareholder arrangement. This agreement involves the appointment of two directors by each shareholder, giving joint control of this entity to both Sydney Swans Limited and Playbill Venues Pty Ltd. Please see note 8 for details of the joint operations which exists as a result of this agreement.

Sydney Swans Limited obtain the use of the Royal Hall of Industries for its Sydney Swans HQ and Community Centre. The associated partner, Playbill Venues Pty Ltd obtained the continued usage of the live music entertainment venue, Hordern Pavilion. Both parties have mutual usage of the newly planned Plaza which separates the two buildings and will be used as an entertainment common area.

Capital commitments and associated grant funding

Sydney Swans Limited have made commitments to a scope of works of the Royal Hall of Industries Building for an approved budgeted capital amount of \$58,600,000.

Sydney Swans Foundation has made a commitment to the Centennial Park and Moore Park Trust in relation to the capital works of the Royal Hall of Industries development. The total balance of the Swans Foundation guarantee is \$30,000,000, however based on the expected funding to be provided from the AFL, Federal Government and NSW State Government, it is anticipated that the total contribution to be provided by the Sydney Swans Foundation is approximately \$18,000,000. Funding from the AFL and NSW State Government amounting to \$5,000,000 and \$20,000,000 respectively has been confirmed as at the date of this report. Federal Government funding is still to be finalised.

At 30 June 2019, the Sydney Swans Foundation's net assets were less than the required funding committed under the project. A number of pledges have already been received from individuals close to the club, with a number of other avenues of donations presently being assessed. The Directors of the Foundation are confident that adequate funding will be accessible based on current interest from donors. In the event that the Foundation does not obtain sufficient capital from donations, a number of other options are available, such as external debt funding, or scaling back the level of work to be performed on the project.

Currently funding grants amounting to \$6,500,000 have been received to date. These grants have been deferred given the construction of the RHI is the grants' associated performance obligation.

Royal Hall of Industries facility lease

Sydney Swans Limited and Playbill Venues Pty Ltd are guarantors to the PlayOn Group Pty Ltd lease of the Hordern Pavilion, Royal Hall of Industries and other land. This is a property lease from the 1st of May 2019 to 21st April 2046. The financial impact of the lease commitment made by Sydney Swans Limited is included within the operating commitments note.

Contingencies

Royal Hall of Industries capital works

Sydney Swans Limited and Playbill Venues Pty Ltd are guarantors for the capital works arrangement made by PlayOn Group Pty Ltd. This includes the Sydney Swans Limited portion of the works, amounting to \$34,960,000 as well as the remainder of the works, being the Hordern Pavilion at \$9,310,000 and the Plaza at \$2,440,000. Total guarantees amount to \$46,710,000. These guarantees are largely made for the purposes of insurance and accountability for each of the parties throughout the life of the works program and property lease. As stated above, the budgeted cost of the scope of works is currently estimated at \$58,600,000.

Sydney Swans Limited

Notes to the Financial Statements

For the Year Ended 31 October 2019

7 Commitments & Contingencies (continued)

Bank guarantees

The sublease of the Royal Hall of Industries entered into by Sydney Swans Limited required an irrevocable and unconditional undertaking of \$1,760,963 by no later the 1st of May 2019, being the commencement date of the lease. This amount is expressed as being security for the performance by the Sydney Swans Limited of its obligations under the sublease. This amount has been provided to Play On Group Limited and is detailed at note 3.

8 Interests in Joint Operation

The company has recognised its share of jointly held assets, liabilities, revenues, expenses and cash flows of joint operations. These have been incorporated in the financial statements under the appropriate classifications. The company holds a 50% interest in the joint operation, PlayOn Group Pty Ltd.

Key Estimate and Judgement: Identification of Joint Operation

The identification of this shareholding as a joint operation is a significant judgement, made as a result of the arrangement prescribing each party's share of assets, liabilities, revenues and expenses.

9 Key Management Personnel Details

(a) Directors

The following persons were non-executive directors of the company during the financial year:

Andrew Pridham - Chairman
Robert Morgan
Rob Pascoe
Greg Paramor
Brian Tyson
Brad Seymour
Alexandra Goodfellow
Sam Mostyn
Andrew Ireland

(b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
Andrew Ireland	Chief Executive Officer & Managing Director (resigned 31 December 2018)
Kirsty Walker	Chief Financial Officer (appointed 1 January 2019)
Tim Laing	Chief Financial Officer (resigned 31 December 2018)
Tom Harley	General Manager - Football (up to 31 December 2018)
	Chief Executive Officer (appointed 1 January 2019)
Charlie Gardiner	Head of Football (appointed 1 November 2018)
John Longmire	Senior Coach

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

9 Key Management Personnel Details (continued)

(c) Key Management Personnel Compensation

The non-executive directors did not receive any remuneration during the year or in the prior year. The key management personnel compensation included in Employee benefits expenses in Note 2 is as follows:

	2019 \$	2018 \$
Aggregate compensation	2,234,725	2,359,730

10 Related Parties

Transactions with related parties

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers.

In a prior year, Sydney Swans Limited provided a loan to the Sydney Swans Foundation of \$2,000,000 which remains receivable at year end (refer to note 3). The loan attracts interest at the official cash rate plus a margin of 1.75% and is repayable at a later date as deemed by the Lender. The Sydney Swans Limited have classified the loan receivable as current during this financial year as it is expected that the loan will be repaid within the next financial year. During the year, \$65,000 of interest was received from the Sydney Swans Foundation in relation to this loan (2018: \$65,000).

Sydney Swans Limited provided a loan to a member of the key management personnel totalling \$200,000 which remains receivable at year end (refer to note 3). The loan is interest free and repayable upon termination of employment. The Sydney Swans Limited has classified the loan receivable as non-current as the loan will not be required to be repaid within the next financial year.

Sydney Swans provided \$125,000 to Play On Group Pty Limited in connection with the Royal Hall of Industries arrangement which remains receivable at year end (refer to note 3). This amount has been presented as current, given that a net commitment in the form of rental expense is made to Play On Group Limited, it is expected that this balance will be recovered within the next financial year.

During the year Sydney Swans Foundation provided a distribution of \$1,669,000 (2018: \$336,000) to Sydney Swans Limited. The distribution was made in order to assist with operating expenses of the Royal Hall of Industries agreement. (2018: The distribution was provided to support the continued success of the Sydney Swans Academy, football department and development of rookie players). These amounts are disclosed in Other Revenue within Note 1.

Apart from the above, no director or related party has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date, apart from those noted above.

Sydney Swans Limited

Notes to the Financial Statements

For the Year Ended 31 October 2019

10 Related Parties (continued)

Australian Football League (AFL)

A total amount of \$14,720,664 (2018: \$14,886,155) was received from the AFL comprising Club distributions, allowances and other grants and funding allowances. The Club also received \$2,500,000 (2018: \$1,000,000) in relation to funding for the Royal Hall of Industries Building.

As at 31 October 2019 a net amount payable of \$112,839 (2018: \$97,681) with respect to normal operating activities (2018: included a Royal Hall of Industries funding grant of \$1,100,000) was owed by Sydney Swans Limited to the AFL.

11 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 October 2019 there was one Transitional Member, being the AFL. In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company.

The registered office of the company is:
SCG Light Tower 4
Driver Avenue
Moore Park NSW 2021

12 Events Subsequent to Reporting Date

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

13 Summary of Other Accounting Policies

The other significant accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Income Tax

The Club, as a sporting body, is exempt from the payment of income tax pursuant to Section 50-45 Item 9.1(c) of the Income Tax Assessment Act 1997.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs have been assigned to inventory quantities on hand at balance date using the weighted average basis.

(c) Cash and cash equivalents

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

Sydney Swans Limited
Notes to the Financial Statements
For the Year Ended 31 October 2019

13 Summary of Other Accounting Policies (continued)

(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 Taxation Office. 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 in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office 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, except for the GST component of investing and financing activities, which is disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

(e) Intangible assets

Intangible assets represent commercial operations and performance management databases. Intangible assets acquired, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives of the classes' intangible assets are as follows:

Performance management database	3 - 5 years
---------------------------------	-------------