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Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

AUSTRALIAN RUGBY LEAGUE COMMISSION LIMITED

ACN

003 107 293

Reason for lodgement of statement and reports

A public company limited by guarantee who qualifies under Tier 2

Dates on which financial year ends

Financial year end date
31-10-2020

Auditor's report

Were the financial statements audited or reviewed?

Audited

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 **23-11-2011**

Name of auditor

ERNST & YOUNG

Address

LEVEL 46
680 GEORGE 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	Eleni NORTH
Date	14-03-2021

Australian Rugby League Commission Limited

ABN 94 003 107 293

Financial Report
for the year ended 31 October 2020

Contents

Directors' Report

The Directors present their report for the Australian Rugby League Commission Limited ("ARLC" or "the Company") for the year ended 31 October 2020.

DIRECTORS

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

Peter V'landys AM (Chairman)

Mr V'landys is Chief Executive and board member with Racing NSW a position he has held since February 2004. Mr V'landys holds a Bachelor of Commerce degree majoring in Accounting and serves across a number of Boards associated with the thoroughbred racing industry. Mr V'landys is also Chairman of the Fairy Godfather Foundation which assists people in Australia in necessitous circumstances. In 2014, Mr V'landys was appointed as a Member of the Order of Australia for his services to the Racing industry.

The Hon. Peter Beattie AC

Mr Beattie is a Director of the Medical Research Commercialisation Fund, Ambassador for Life Sciences Queensland, joint adjunct professor at the University of Queensland's Australian Institute for Bioengineering & Nanotechnology & Institute for Molecular Bioscience and former Chairman of GOLDOC. Mr Beattie is also a Director of the International Rugby League Board and Director of the Asia Pacific Rugby League Board. Mr Beattie served as the 36th Premier of Queensland and Minister for Trade from 1998 to 2007 and Leader of the Australian Labor Party in that state from 1996 to 2007 and Health Minister from 1995 to 1996.

Tony McGrath

Mr McGrath is a former partner at KPMG and is a co-founder of McGrathNicol. Mr McGrath is a Director of the National Foundation for Medical Research and a Non-Executive Director for Servcorp Limited.

Wayne Pearce OAM

Mr Pearce is a former Kangaroos representative who also captained and coached the New South Wales State of Origin side. Mr Pearce is a business consultant and Director of Wayne Pearce Advantage and the Wayne Pearce Academy. Mr Pearce is also a Director of the International Rugby League Board and Chair of the ARLC Innovation Committee. Mr Pearce holds an Order of Australia medal for services to Rugby League and the community.

Dr Gary Weiss AM

Dr Weiss is Executive Director of Ariadne Australia Ltd, Chairman of Ardent Leisure Limited and Estia Health Limited, and a director of Cromwell Property Group, Thorney Opportunities Limited, Hearts & Minds Investments Limited, Victor Chang Cardiac Research Institute and The Centre for Independent Studies. Dr Weiss was appointed as a Member of the Order of Australia in 2019 for significant services to business and to the community.

Professor Megan Davis

Professor Davis is Pro Vice Chancellor and the Balnaves Chair in Constitutional Law, UNSW. Professor Davis is an Acting Commissioner of the NSW Land and Environment Court and an expert member of the United Nations Expert Mechanism on the Rights of Indigenous People in Geneva. Professor Davis is a constitutional law professor specialising in constitutional design and constitution building and one of the nation's leading public constitutional lawyers.

Amanda Laing (retired 10 March 2020)

Ms Laing is an experienced media executive, working previously as Group General Counsel and Managing Director of Nine Entertainment Co. Ms Laing is a former board member of Australian News Channels (Sky News), Stan and Pedestrian Group. She is currently on the board of Sports Australia and is Chief Commercial Officer of Foxtel.

Directors' Report (Continued)

COMPANY SECRETARY

Eleni North, General Counsel and Company Secretary. Ms North has been the Company Secretary of the Australian Rugby League Commission Limited and National Rugby League Limited since 13 August 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the financial year was the fostering and propagation of the game of Rugby League Football throughout the States and Territories of Australia and internationally.

The short and long term objectives of the Australian Rugby League Commission are to foster, develop, extend and adequately fund the game from grassroots to elite level; conduct State of Origin and Australian representative matches; organise, conduct and foster the National Rugby League ("NRL") competition; liaise with the Rugby League International Federation on the international game and to promote and encourage sport, recreation and the general welfare of young people in the community. The success of the Company's performance of these objectives is indicated by the growing awareness and participation in Rugby League.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

Revenue generated for the year was $419,672,860 (2019: $555,914,757). The Group's current year operating deficit was $24,742,261 (2019: $28,982,716 surplus).

DIVIDENDS

No dividends have been paid, declared, or recommended by the Company during the financial year.

SIGNIFICANT EVENTS AFTER THE YEAR END

In January 2021, the NRL and the Rugby League Players' Association ("RLPA") agreed a revised CBA, equivalent to a 6% reduction in the salary cap for 2021 and 2022. In finalising the revised CBA, it was agreed that accrued contributions to the RLPA Retirement Fund, held as restricted cash on the Statement of Consolidated Financial Position at balance date will be paid to the RLPA within 30 days of finalisation of the revised CBA, which was signed on 19 January 2021. In the interval between the end of the financial period and the date of this report, there have been no other items, transactions or events of a material and unusual nature likely, in the opinion of the Directors of the organisation, to affect significantly the operations of the organisation and the state of affairs in future financial years.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Directors are not aware of any other particular changes in the operations of the Company which will materially affect the results in subsequent years.

ENVIRONMENTAL ISSUES

The Company operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

DIRECTORS' INTERESTS AND BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit because of a contract made by the Company or a related body corporate with a Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest.

INDEMNIFICATION OF OFFICERS

The Company paid an insurance premium of $362,821 (2019: $276,347) in respect of a contract insuring the Directors of the Company named earlier in this report and each executive officer, against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law, up to the policy limit.

Directors' Report (Continued)

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify the auditors, Ernst & Young, 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 financial year.

MEMBERS' GUARANTEE

The Company is a company limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. At 31 October 2020, the number of members was 24 (2019: 25).

BOARD MEETINGS

The number of Board Meetings held during the year and the number of meetings attended by each Director was as follows:

	Board Meetings	
Directors	**Eligible to Attend**	**Attended**
Peter V'landys AM	21	21
The Hon. Peter Beattie AC	21	21
Tony McGrath	21	20
Wayne Pearce OAM	21	21
Dr Gary Weiss AM	21	21
Professor Megan Davis	21	21
Amanda Laing (retired 10 March 2020)	3	0

REGISTERED OFFICE

The registered office of Australian Rugby League Commission Limited is located at:

Rugby League Central, Driver Avenue, Moore Park, NSW, Australia, 2021.

CORPORATE STRUCTURE

Australian Rugby League Commission Limited is a public, not-for-profit company, limited by guarantee.

The domicile of the Company is Sydney, Australia.

EY
Building a better working world

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Auditor's Independence Declaration to the Directors of Australian Rugby League Commission Limited

As lead auditor for the audit of the Australian Rugby League Commission Limited for the financial year ended 31 October 2020, 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.

This declaration is in respect of Australian Rugby League Commission Limited and the entities it controlled during the financial year.

Ernst & Young

Ernst & Young

JHiggins

James Higgins
Partner
Sydney
18 February 2021

Signed in accordance with a resolution of the Directors.

Peter V'landys
Chairman

Tony McGrath
Director

Sydney
18 February 2021

Statement of Consolidated Comprehensive Income

Year ended 31 October 2020	Notes	2020 $'000	2019 $'000
REVENUE			
Revenue	3(a)	419,673	555,915
		419,673	555,915
EXPENSE			
Event, game and sponsorship		(45,462)	(99,840)
Media contra		(15,454)	(25,681)
Football		(31,028)	(25,580)
Community and player welfare		(12,601)	(17,219)
Administration, Integrity and Salary Cap		(14,184)	(22,217)
Clubs and Players		(245,625)	(228,132)
States, Affiliates and New Zealand Rugby League		(25,078)	(46,640)
Development		(30,897)	(43,253)
Depreciation and amortisation	3(a)	(9,234)	(5,613)
Insurance and finance costs	3(a)	(10,283)	(12,757)
Restructuring - redundancies	3(a)	(4,569)	-
		(444,415)	(526,932)
SURPLUS / (DEFICIT)		**(24,742)**	**28,983**
Income tax expense	2(c)	-	-
NET SURPLUS / (DEFICIT)		**(24,742)**	**28,983**
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE SURPLUS / (DEFICIT) FOR THE PERIOD ATTRIBUTABLE TO THE MEMBERS OF ARLC LIMITED		**(24,742)**	**28,983**

The accompanying notes form an integral part of this Statement of Consolidated Comprehensive Income.

Statement of Consolidated Financial Position

Year ended 31 October 2020	Notes	2020 $'000	2019 $'000
CURRENT ASSETS			
Cash and cash equivalents - Controlling Body	4	125,985	160,986
Cash and cash equivalents - Controlled Entities	4	4,674	4,160
Restricted Cash - RLPA Retirement Fund	4	16,669	10,549
Restricted Cash - Distressed Club Fund	4	-	6,000
Trade receivables	5	20,072	11,924
Prepayments and other receivables	6	26,742	31,078
TOTAL CURRENT ASSETS		194,142	224,697
NON CURRENT ASSETS			
Intangibles	7	9,730	11,434
Right-of-use lease assets	8a	10,064	-
Property, plant and equipment	9	16,487	17,702
Other receivables	10	11,902	18,000
TOTAL NON CURRENT ASSETS		48,183	47,136
TOTAL ASSETS		242,325	271,833
CURRENT LIABILITIES			
Trade payables		27,079	32,611
Other payables	11	100,476	105,055
Lease liabilities	8b	2,696	-
Provisions	12	4,055	5,935
TOTAL CURRENT LIABILITIES		134,306	143,601
NON CURRENT LIABILITIES			
Other payables	13	0	6,000
Lease liabilities	8b	10,554	-
Provisions	14	1,545	1,570
TOTAL NON CURRENT LIABILITIES		12,099	7,570
TOTAL LIABILITIES		146,405	151,171
NET ASSETS		95,920	120,662
EQUITY			
Reserves		2,228	2,228
Retained surplus		93,692	118,434
TOTAL EQUITY		95,920	120,662

The accompanying notes form an integral part of this Statement of Consolidated Financial Position.

Statement of Consolidated Changes in Equity

	Reserves $'000	Retained Surplus $'000	Total $'000
As at 1 November 2019	2,228	118,434	120,662
Net deficit for the year	-	(24,742)	(24,742)
As at 31 October 2020	2,228	93,692	95,920

	Reserves $'000	Retained Surplus $'000	Total $'000
As at 1 November 2018	2,228	89,451	91,679
Net surplus for the year	-	28,983	28,983
As at 31 October 2019	2,228	118,434	120,662

The accompanying notes form an integral part of this Statement of Consolidated Changes in Equity.

Statement of Consolidated Cash Flows

Year ended 31 October 2020	Notes	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from ordinary operations		422,757	570,574
Payments to suppliers and employees		(215,877)	(307,656)
Payments to clubs		(239,174)	(214,464)
Lease payments (interest component)		(678)	-
Interest received		889	1,378
Interest paid		(20)	(89)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES		(32,103)	49,743
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property plant and equipment		(789)	(963)
Payments for intangibles		(2,709)	(4,742)
NET CASH FLOWS FROM/(USED IN) INVESTING ACTIVITIES		(3,498)	(5,705)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of loans		4,316	-
Lease payments (principal component)		(3,082)	-
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		1,234	0
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(34,367)	44,038
CASH AT THE BEGINNING OF THE PERIOD		181,695	137,657
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	147,328	181,695

The accompanying notes form an integral part of this Statement of Consolidated Cash Flows.

Notes to the Financial Statements

Year ended 31 October 2020

1. CORPORATE INFORMATION

The consolidated financial statements of Australian Rugby League Commission Limited and its subsidiaries (collectively, 'the Group') for the year ended 31 October 2020 were authorised for issue in accordance with a resolution of the Directors on 18 February 2021. Australian Rugby League Commission Limited is a company limited by guarantee incorporated in Australia, formerly the Company was called Australian Rugby Football League Limited.

The registered office and principal place of business is Rugby League Central, Driver Avenue, Moore Park, NSW Australia 2021.

The nature of the operations and principal activities of the Company are described in the Directors' report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These general purpose financial statements have been prepared, in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. The financial report has also been prepared on a historical cost basis. All amounts are in Australian Dollars.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts.

(b) Statement of compliance

The Group has adopted AASB 1053 'Application of Tiers of Australian Accounting Standards' and AASB 2012-2 'Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements'.

In the opinion of the Directors, having regard to the not-for-profit nature of the Group's business, the terms used in the prescribed format of the Statement of Comprehensive Income are not appropriate. "Profit or Loss" in the prescribed format of the Statement of Comprehensive Income has been substituted by "Surplus or Deficit".

The Group has adopted all of the new, revised or amending Accounting Standards and interpretations issued by the AASB that are mandatory for the current reporting period. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted. With the exception of the adoption of AASB 16 Leases, there was no impact to the financial statements.

AASB 16 Leases
AASB 16 supersedes AASB 117 Leases, AASB Interpretation 4 Determining whether an Arrangement contains a Lease, AASB Interpretation 115 Operating Leases-Incentives and AASB Interpretation 127 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the consolidated statement of financial position.

In December 2018, AASB 2018-8 Amendments to Australia Accounting Standards - Right-of-use Assets of Not-for-Profit Entities allows a peppercorn lease to be recognised at cost or fair value. The Group have chosen to recognise right-of-use assets at cost.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (continued)

The Group adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 November 2019. Under this method, the standard is applied retrospectively with the cumulative effect on initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 November 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying AASB 117 and AASB Interpretation 4 at the date of initial application.

The Group has lease contracts for various items of plant and equipment, computer equipment, buildings and motor vehicles. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

The accounting policy for leases from 1 November 2019 is as follows:

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(i) Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Plant and equipment	25%
Computer equipment	25%
Buildings	3.33%
Motor vehicles	25%

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Statement of compliance (continued)

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing loans and borrowings.

(iii) Short-term leases and leases of low-value assets
The Group applies the low-value assets recognition exemption to property leases that are considered to be low value. Lease payments low-value assets are recognised as expense on a straight-line basis over the lease term.

Leases previously accounted for as operating leases
The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease

Based on the above, on transition as at 1 November 2019, the Company recognised $12,881,000 as right of use assets and a finance lease receivable of $3,453,000. The lease liabilities as at 1 November 2019 can be reconciled to the operating lease commitments as of 31 October 2019, as follows:

	$'000
Operating Lease Commitments as at 31 October 2019	22,392
Other Leases	5,295
Impact of Discounting	(11,353)
Lease liabilities as at 1 November 2019	16,334

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Income tax

The group is a not-for-profit organisation in accordance with section 50-45 of the Income Tax Assessment Act of 1997.

(d) Foreign currency translation

The functional and presentation currency of Australian Rugby League Commission Limited is Australian dollars ($).

Translation of foreign currency transactions

Transactions in foreign currencies are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign exchange monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

(e) Cash and cash equivalents

Cash and short-term deposits in the Statement of Consolidated Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

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

(f) Receivables

Initial recognition and measurement
Financial assets are classified at initial recognition and subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss. The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the consolidated entity's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets, or both.

Subsequent measurement
The Group measures financial assets at amortised cost if both of the following conditions are met;

- The financial asset is held within a business model with the object to hold financial assets in order to collect contractual cash flows, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. The Group's financial assets at amortised cost includes trade receivables.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in the accounting estimate and is thus accounted for on a prospective basis.

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible assets as follows:

	2020	**2019**
Computer Software / Legal Trademarks / Digital Assets	3 - 10 years	3 - 10 years

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Comprehensive Income as incurred.

Plant and equipment have been depreciated over their useful economic life in 2020 and 2019 as follows:

	Life (Years)	Method
Leasehold Improvements	10 – 20	Straight Line
Building Costs	10 - 40	Straight Line
Owned Plant and Equipment	3 - 10	Straight Line

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

Derecognition and disposal
An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset is derecognised.

(i) Impairment of assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have been decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid and arise when the entity becomes obliged to make future payments in respect of the purchase of these goods and services.

The Group's financial liabilities include trade and other payables.

Initial recognition and measurement
All financial liabilities are initially measured at fair value and, in the case of trade payables, net of directly attributable transaction costs and are subsequently measured at amortised cost.

(k) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position. Cash flows are included in the Statement of Consolidated Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(l) Provision for employee benefits

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.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits due to be settled within twelve months of the reporting date are measured at their nominal amounts based on rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to corporate bonds, which have terms to maturity approximating the terms of the related liability, are used.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue

The main revenue streams for the Group relate to the following sources:
- Licensing which includes Media, Wagering product fees and Merchandise Royalties
- Operations and Events which includes Sponsorship, Game Receipts and Government Income
- Other income which includes Financing Income, Digital Services Income, Job keeper and Sundry Income

Media
The Group grants media organisations the right to broadcast rugby league matches on television, radio or online in exchange for consideration that includes both cash amounts and contra (which are rights the Group is granted to use advertising slots provided by the media partner). The broadcasting rights provide the media partner with a right to access the Group's intellectual property as it exists as the games are played.

The method of measuring progress for the transfer of broadcasting rights is costs incurred associated with the competition for the broadcasting period. The costs incurred are reflective of club grants that are paid to the Clubs over the 5 year performance period necessary to fund and support each NRL Club's participation in the national rugby league competition and where applicable, the State of Origin grants paid to the respective State Leagues. The pattern of revenue recognition in each reporting period will follow the movement in the cost profile.

A significant financing component will be accounted for by the ARLC in instances where the timing of cash received differs from performance of their obligation. An interest expense will be recognised by the ARLC as this occurs in each reporting period. An interest rate of 10% has been utilised by the ARLC to account for the significant financing component and is reflective of the borrowing rate that the ARLC would be offered for a separate lending transaction.

Cash received and interest expenses associated with the significant financing component are to be recorded as deferred revenue and then to be recognised as revenue as and when ARLC carries out its obligation.

Wagering product fees
The Group grants sports betting operators a licence being a promise to provide rights to the sports betting operators to access the Group's intellectual property. In exchange, the Group will receive royalties from the Sports Betting operators for the usage of the licence granted over the contract term as the Sports Betting operators carry on their business. The Group will recognise revenue when or as the sales relating to each bet occurs.

Merchandise Royalties
The Group grants licences to manufacture and sell Club and Player merchandising containing NRL branding. The rights granted to merchandisers are able to be accessed consistently over the contract term and thus the most appropriate measure of progress is time that has elapsed to determine revenue recognition. Revenue is recognised when it becomes probable that the Group will collect the consideration to which it will be entitled in exchange for the services transferred to the customer.

Sponsorship
The Group grants sponsors the right to operate as a sponsor of the National Rugby League and its rugby league matches in exchange for consideration. Sponsors are also granted access to the intellectual property of the Group and are able to access throughout the contract term and so benefits are received and consumed simultaneously as the Group is performing its obligation. Sponsorship income is therefore to be recognised over time and measured as time elapses over the contract term.

Game Receipts Revenue
The performance obligation of the ARLC is defined as the operation and management of each match. The measure of progress for revenue recognition is the completion of each rugby league match where ARLC is entitled to the game receipts revenue relating to tickets purchased by event attendees.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Revenue (continued)

Government Income
Government funding contracts with the Group creates enforceable rights and obligations for the Group to carry out its promise of the operation and running of a rugby league event for the Government or at a location chosen by the Government. Government income is initially recognised as deferred revenue where funding is received in advance, with revenue recognised as the services are performed or the conditions are fulfilled. The government entity only receives the benefits of the Group's ongoing obligations and activities upon the execution of each event. Therefore, revenue is to be recognised at a point in time being the point at which the event is complete.

Financing Income
Interest revenue 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.

Digital Services Income
The Group sells Digital Inventory to digital sponsors to assist with the promotion of rugby league through the NRL network. Digital inventory that is sold by the Group is sufficiently specific to a financial period and for promotion of rugby league throughout that period. Digital inventory is able to be produced by the Group and benefited by the digital sponsors simultaneously over the term of the contract. The measure of progress to recognise digital revenue is therefore time that has elapsed over the contract term.

JobKeeper
The government introduced a JobKeeper Payment scheme to support businesses significantly affected by the Coronavirus pandemic to help keep more Australians in jobs. The JobKeeper Payment is available to enable employers to enable them to pay their eligible employee's salary of wages of at least $1,500 (before tax) per fortnight. Eligible employers are reimbursed a fixed amount of $1,500 per fortnight for each eligible employee from 30 March 2020, for up to 13 fortnights.

Employers are required to pay eligible employees a minimum of $1,500 (before tax) per fortnight to claim the JobKeeper payment. This is paid to the employer in arrears each month by the Australian Taxation Office (ATO). If employers do not continue to pay their employees for each pay period, they cease to qualify for the JobKeeper payment.

The Group has received $11,518,500 in relation to JobKeeper Payments.
The Group has recognised a receivable and income when it obtained control over the funding during the year.

Sundry Income
This includes football statistics revenue, player agent registration fees, and shared service charges to entities affiliated with the Group. The performance obligation is the provision of service, and the measure of progress for revenue recognition is when the service is provided. In addition, salary cap and other fine revenue are brought to account when the amount of the fine has been approved by the Board and any appeals process is concluded.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Significant accounting judgements, estimates and assumptions

(i) Critical accounting estimates and assumptions
The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. There were no judgements, apart from those involving estimations, that management has made in the process of applying the Group's accounting policies that had a significant effect on the amounts recognised in the financial report.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(ii) Impairment of Financial assets
The Group recognises an allowance for expected credit losses (ECLs) for debt instruments measured at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the consolidated entity expects to receive, discounted at an approximation of the original effective interest rate.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within in the next 12 months. For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default.

For trade receivables, the Group applies the simplified approach for calculating ECLs. Therefore the entity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

(o) Going concern

The financial report has been prepared on a going concern basis which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern basis includes an assumption that there will be no suspension of the 2021 NRL season.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000
3(a). INCOME STATEMENT DISCLOSURES			
Licensing		332,233	403,381
Operations and Events		67,165	136,283
Other income			
Financing income		889	1,378
Digital Services income		2,844	4,468
JobKeeper		11,518	-
Sundry income		5,024	10,405
Total other income		20,275	16,251
Total revenue		419,673	555,915
Depreciation and amortisation			
Depreciation of plant and equipment			
Building	9	626	626
Plant and equipment	9	1,377	1,307
Right-of-use lease assets	8a	2,817	-
Amortisation of Digital asset	7	4,122	3,309
Amortisation of Intangible assets	7	292	371
		9,234	5,613
Insurance and finance costs			
Interest expenses - lease liabilities		678	-
Interest charge		4,978	7,507
Insurance		4,588	3,031
Provision for doubtful debts / (reversal of expense)		(54)	2,004
Interest expenses		93	215
		10,283	12,757
Restructuring - redundancies		4,569	-
Employee Benefits Expense / (Reversals)			
Salary and wages		55,483	61,383
Annual leave		(2,253)	466
Long service leave		520	485

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

3(b). INCOME STATEMENT ANALYSIS

The following tables provide an analysis of the operations of the Group that is used by management to assess the financial performance of the Group. The 'Controlling Body' column contains the consolidated financial results for the Australian Rugby League Commission Limited ("ARLC") and National Rugby League Limited ("NRL") legal entities. The 'Controlled Entities' column contains the financial results for the various state league entities and NRL Foundation that are controlled by the ARLC. The accounting policies used to prepare the tables are consistent with those used by the Group.

	2020			
	Controlling Body $'000	Controlled Entities $'000	Consolidation Adjustments $'000	Total $'000
REVENUE	**417,273**	**2,941**	**(541)**	**419,673**
EXPENSE				
Event, game and sponsorship	(45,153)	(309)	-	(45,462)
Media contra	(15,454)	-	-	(15,454)
Football	(30,592)	(436)	-	(31,028)
Community and player welfare	(12,547)	(54)	-	(12,601)
Administration, Integrity and Salary Cap	(14,166)	(17)	-	(14,184)
Clubs and Players	(245,625)	-	-	(245,625)
States, Affiliates and New Zealand Rugby League	(25,619)	-	541	(25,078)
Development	(29,225)	(1,672)	-	(30,897)
Depreciation and amortisation	(9,220)	(14)	-	(9,234)
Insurance and finance costs	(10,284)	-	-	(10,284)
Restructuring - redundancies	(4,569)			(4,569)
	(442,454)	**(2,502)**	**541**	**(444,415)**
SURPLUS / (DEFICIT)	**(25,181)**	**439**	**-**	**(24,742)**

	2019			
	Controlling Body $'000	Controlled Entities $'000	Consolidation Adjustments $'000	Total $'000
REVENUE	**552,941**	**4,329**	**(1,355)**	**555,915**
EXPENSE				
Event, game and sponsorship	(99,293)	(547)	-	(99,840)
Media contra	(25,681)	-	-	(25,681)
Football	(24,885)	(695)	-	(25,580)
Community and player welfare	(17,177)	(42)	-	(17,219)
Administration, Integrity and Salary Cap	(22,201)	(16)	-	(22,217)
Clubs and Players	(228,132)	-	-	(228,132)
States, Affiliates and New Zealand Rugby League	(47,940)	-	1,300	(46,640)
Development	(40,395)	(2,913)	55	(43,253)
Depreciation and amortisation	(5,603)	(10)	-	(5,613)
Insurance and finance costs	(12,757)	-	-	(12,757)
	(524,064)	**(4,223)**	**1,355**	**(526,932)**
SURPLUS / (DEFICIT)	**28,877**	**106**	**-**	**28,983**

Included within the Football expenses caption in the Income Statement is non-recurring costs of $11,376,050 incurred in connection with measures required to run the NRL Game during the COVID-19 pandemic. In addition to this, included within the Clubs expense line in the Income Statement are non-recurring costs including Club charter and relocation flights totalling $3,960,281. Recurring Football costs excluding the impact of the COVID-19 pandemic are $19,651,628 (FY19: $25,580,134).

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000

4. RECONCILIATION OF CASH AND CASH EQUIVALENTS

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and deposits at call. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2020 $'000	2019 $'000
Cash at bank - Controlling Body	114,181	99,006
Short term cash deposits	11,804	61,980
Cash at bank - Controlled Entities	4,674	4,160
Restricted Cash - RLPA Retirement Fund	16,669	10,549
Restricted Cash - Distressed Club Fund	-	6,000
Total cash and cash equivalents	147,328	181,695

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term cash deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates. The RLPA Retirement Fund Account represents funds committed by the Group to be paid to the RLPA in accordance with the NRL Players Collective Bargaining Agreement.

5. TRADE RECEIVABLES

	2020 $'000	2019 $'000
Trade receivables	23,598	16,252
Provision for doubtful debts	(3,526)	(4,328)
Total trade receivables	20,072	11,924

(i) For terms and conditions relating to related party receivables refer to Note 16.
(ii) Trade receivables are non-interest bearing and are generally on 30-60 day terms.

As at 31 October 2020, trade receivables of an initial value of $3,526,172 (2019: $4,327,099) were impaired and fully provided for. See below for movements in the provision for impairment of receivables.

	Collectively impaired $'000	Total $'000
At 1 November 2018	(2,510)	(2,510)
Charge for the year	(1,844)	(1,844)
Utilised	26	26
At 31 October 2019	(4,328)	(4,328)
Provision reversal for the year	250	250
Utilised	552	552
At 31 October 2020	(3,526)	(3,526)

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000

6. PREPAYMENTS AND OTHER RECEIVABLES (CURRENT)

		2020	2019
Prepayments and other assets		10,953	10,774
Accrued income		4,165	1,709
Taxes receivable		2,073	5,278
Loans to NRL clubs		-	4,317
Advances to NRL clubs		9,000	9,000
Lease receivables		551	-
Total prepayments and other receivables		26,742	31,078

7. INTANGIBLES (NON CURRENT)

		2020	2019
Digital asset			
Opening balance		10,716	9,284
Additions		2,526	4,741
Amortisation		(4,122)	(3,309)
Closing balance		9,120	10,716
Software development costs and legal trademarks			
Opening balance		718	1,089
Additions		183	-
Amortisation		(292)	(371)
Closing balance		609	718
Total intangibles		9,730	11,434

8a. RIGHT OF USE LEASE ASSETS (NON CURRENT)

		2020	2019
Cost - Property		9,339	-
Cost - Motor Vehicles		3,542	-
Accumulated Depreciation - Property		(1,136)	-
Accumulated Depreciation - Motor Vehicles		(1,681)	-
Carrying value		10,064	0
Opening balances from adopting AASB 16 Leases - Property		9,339	-
Opening balances from adopting AASB 16 Leases - Motor Vehicles		3,542	-
Depreciation - Property		(1,136)	-
Depreciation - Motor Vehicles		(1,681)	-
		10,064	0

8b. LEASE LIABILITIES

		2020	2019
Opening balances from adopting AASB 16 Leases		16,334	-
Interest		678	-
Repayments		(3,762)	-
		13,250	0
Current liabilities		2,696	-
Non-current liabilities		10,554	-
		13,250	0

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000

9. PROPERTY, PLANT AND EQUIPMENT (NON CURRENT)

		2020 $'000	2019 $'000
Building			
Opening balance - cost		20,844	20,844
Disposals		-	-
Closing balance		20,844	20,844
Accumulated depreciation		(5,354)	(4,728)
Depreciation for the year		(626)	(626)
Disposals		-	-
Closing balance		(5,980)	(5,354)
Net book value		14,864	15,490
Plant and Equipment			
Opening balance - cost		9,384	8,420
Additions		788	996
Disposals		-	(32)
Closing balance		10,173	9,384
Accumulated depreciation			
Opening balance		(7,172)	(5,897)
Depreciation for the year		(1,377)	(1,307)
Disposals		-	32
Closing balance		(8,550)	(7,172)
Net book value		1,623	2,212
Total property, plant and equipment		16,487	17,702

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000
10. OTHER RECEIVABLES (NON CURRENT)			
Advances to NRL clubs		9,000	18,000
Lease receivables		2,902	-
Total non-current other receivables		11,902	18,000

11. OTHER PAYABLES (CURRENT)

	Notes	2020 $'000	2019 $'000
Accruals		23,621	22,750
Taxes payable		35	346
Other payables		4,634	8,210
Deferred revenue		72,186	73,749
Total current other payables		100,476	105,055

Deferred revenue predominantly relates to cash received from future media rights fees, recognised over the life of the next media rights deal covering financial years 2018 to 2022 and 2017. This is therefore a 'non cash' liability which will be amortised to revenue over financial years 2018 – 2022 with a portion amortised to 2027.

12. PROVISIONS (CURRENT)

	Notes	2020 $'000	2019 $'000
Employee benefits	15	4,055	5,935
Total current provisions		4,055	5,935

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000

13. OTHER PAYABLES (NON CURRENT)

		2020 $'000	2019 $'000
Distressed Clubs Reserve		0	6,000
Total non-current other payables		0	6,000

Under the 2018-22 Club Funding Deed, the Group contributes $3m per year into a Distressed Clubs Reserve. An NRL Club can apply for funds from this reserve in the event of financial difficulty. This reserve was fully paid out to Clubs in March and May 2020.

14. PROVISIONS (NON CURRENT)

	Notes	2020 $'000	2019 $'000
Employee benefits	15	1,545	1,570
Total non-current provisions		1,545	1,570

15. EMPLOYEE BENEFITS

	Notes	2020 $'000	2019 $'000
Aggregate employee entitlements includes on-costs:			
Current	12	4,055	5,935
Non-current	14	1,545	1,570
Total employee benefits		5,600	7,505

The accounting treatment for employee benefits is detailed in the accounting policy Note 2(m).

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000
16. EXPENDITURE COMMITMENTS			
(a) Grants to NRL clubs are contracted as follows:			
Not later than one year		221,664	206,910
Later than one year but not later than five years		225,928	421,812
		447,592	628,722

The grant committed to NRL clubs for 2020 was renegotiated in 2020 following the initial suspension of the NRL competition in March 2020, and then again with the return of the NRL competition in May 2020. An initial revised funding agreement for 2020 was entered into on 1 April 2020 with all NRL clubs on the basis of the season being suspended. A superseding agreement was then entered into with all clubs on 10 June 2020 following the resumption of the NRL competition on 28 May 2020.

(b) Grants to state leagues

ARLC provides funding to New South Wales Rugby League Limited and Queensland Rugby League Limited to administer the game in their respective states in accordance with the New Members Agreement dated 10 February 2012. The original funding agreement provided for a 4% per annum increase in funding. With the suspension of the NRL competition in March 2020, and its subsequent return in May 2020, the cancellation of State based competitions and restrictions on community program delivery due to the impacts of COVID-19, a revised funding agreement for 2020 was agreed with both States on 28 August 2020.

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

	Notes	2020 $'000	2019 $'000

16. EXPENDITURE COMMITMENTS (CONTINUED)

(c) Other operating expenditure commitments:

		2020 $'000	2019 $'000
Not later than one year		1,954	6,245
Later than one year but not later than five years		21	1,217
Later than five years		-	-
		1,975	7,462

These commitments include IT services contracts.

(d) Contingent Liabilities:

If a Licence Agreement enabling participation in the NRL Premiership that has been granted to an NRL Club is terminated by the NRL, the Group will assume liability for player payments guaranteed or underwritten by the Club that was a party to that Club Agreement.

The Group has received claims made against it. The Directors have obtained external advice with respect to these matters. The Directors do not expect these matters to have a material financial impact on the results of the Company.

17. RELATED PARTY DISCLOSURES

(a) Details of Directors/Independent Commissioners

The following persons held the position of director of the Australian Rugby League Commission Limited and its controlled entities during the past financial year, unless otherwise stated.

Peter V'landys (Chairman)
Tony McGrath
The Hon. Peter Beattie AC
Wayne Pearce OAM
Dr Gary Weiss
Professor Megan Davis
Amanda Laing

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

17. RELATED PARTY DISCLOSURES (CONTINUED)

(b) Compensation of Key Management Personnel

Key Management Personnel are those who have the authority and responsibility for planning, directing and controlling the activities of Australian Rugby League Commission Limited and National Rugby League Limited, directly or indirectly, including all directors (executive and otherwise). The remuneration of Key Management Personnel for the full year is as follows:

	2020 $	2019 $
Remuneration Total	5,152,073	6,039,176

Key Management Personnel compensation comprises short term benefits (salary), post-employment and contractual payments (superannuation), bonuses paid and provided, and termination benefits.

During the 2020 financial year, key management personnel included the roles of the Commissioners, Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, Chief Commercial Officer, Head of Corporate Affairs, Head of Football, Head of Participation & Game Development and Chief Digital Officer.

Included within the 2020 Key Management Personnel compensation includes salaries and termination payments to personnel no longer employed and the reversal of STI and LTI provisions.

(c) Key Management Personnel

Key Management Personnel of the Company and Key Management Personnel of its related parties, or their related entities, conduct transactions with entities within the consolidated group that occur within a normal business relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Key Management Personnel or related entity at arm's length in similar circumstances.

(d) Terms and conditions

Sales to and purchases from related parties are made in arms' length transactions both at normal market prices and on normal commercial terms.

18. MEMBERS' GUARANTEE

The Company is a company limited by guarantee. If the Company is wound up, the articles of association state that each member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company. At 31 October 2020 the number of members was 24 (2019: 25).

Notes to the Financial Statements (Continued)

Year ended 31 October 2020

19. FINANCIAL ASSETS

(a) Bank Guarantee

There is a security deposit guarantee held for Rugby League Central Queensland totalling $397,025 as at 31 October 2020 (2019: $397,025).

20. ARLC ENTITY DISCLOSURES

The summary financial information of the Australian Rugby League Commission Limited entity is disclosed in the tables below.

a) Financial Position	**2020**	**2019**
	$'000	**$'000**
Current assets	165,379	189,335
Non-current assets	4,399	956
TOTAL ASSETS	**169,778**	**190,291**
Current liabilities	74,906	73,497
Non-current liabilities	3,342	83
TOTAL LIABILITIES	**78,248**	**73,580**
NET ASSETS	**91,530**	**116,711**
EQUITY		
Reserves	2,228	2,228
Retained surplus	89,302	114,483
TOTAL EQUITY	**91,530**	**116,711**

b) Financial Performance		
Net surplus/(deficit)	(25,181)	15,208
Total Comprehensive Surplus/(Deficit)	**(25,181)**	**15,208**

21. EVENTS SUBSEQUENT TO BALANCE DATE

In January 2021, the NRL and the Rugby League Players' Association ("RLPA") agreed a revised CBA, equivalent to a 6% reduction in the salary cap for 2021 and 2022. In finalising the revised CBA, it was agreed that accrued contributions to the RLPA Retirement Fund, held as restricted cash on the Statement of Consolidated Financial Position at balance date will be paid to the RLPA within 30 days of finalisation of the revised CBA, which was signed on 19 January 2021

In the interval between the end of the financial period and the date of this report, there have been no other items, transactions or events of a material and unusual nature likely, in the opinion of the Directors of the organisation, to affect significantly the operations of the organisation and the state of affairs in future financial years.

Directors' Declaration

In accordance with a resolution of the Directors of Australian Rugby League Commission Limited, we state that:

In the opinion of the Directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the Corporations Act 2001, including;

    (i) giving a true and fair view of the consolidated entity's financial position as at 31 October 2020 and of its performance for the period 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.

On behalf of the Board

Peter V'landys
Chairman

Tony McGrath
Director

Sydney
18 February 2021

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Independent Auditor's Report to the Members of Australian Rugby League Commission Limited

Opinion

We have audited the financial report of Australian Rugby League Commission Limited (the Company) and its subsidiaries (collectively the Group), which comprises the statement of consolidated financial position as at 31 October 2020, the statement of consolidated comprehensive income, statement of consolidated changes in equity and statement of consolidated 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 Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2020 and of its consolidated 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 Group 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 (including Independence Standards)* (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.

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 Group'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 Group 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 judgment 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 Group'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 Group'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 Group to cease to continue as a going concern.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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.

Ernst & Young

James Higgins
Partner
Sydney
18 February 2021