

ANNUAL REPORT

2019

Brothers Leagues Club (Townsville) Ltd



— Best Club North Queensland —

BROTHERS

Stadium 1300

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NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that Annual General Meeting of Brothers Leagues Club (Townsville) Ltd will be held at Jack Manski Oval Clubhouse, Herveys Range Road, Kirwan on 27th November 2019 at 6.00pm to conduct the following business:

1. To receive, consider and adopt the financial statements of the company for the year ended September 30th 2019, together with reports of the directors and auditors thereon.
2. To transact any other business which may be brought forward in conformity with the Constitution and to consider any further matters that may be brought forward as general business.
3. To elect the Board of Directors, in accordance with the constitution.
4. Nominations for the Board are now called for on or before Wednesday, 13th November 2019 at 5.00pm. Nomination forms can be collected at reception and returned to the Club addressed to "The Secretary".

By Order of the Board



P. McNamara (Secretary)

Dated this 6th of November 2019

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

I submit to you the annual report of the club with the financial statements for the year ended 30th September 2019.

In our 100th Anniversary year it is with great pride I can recognise our achievements both on and off the field for our Club.

In 2019 our Football club provided a record 51 teams across 18 grades, 828* registered players and over 300 coaches, managers, trainers.

Our achievements for the season include: -

- Club Championship for TDRL and TDJRL
- Minor Premiers: A Grade, Reserve Grade, Under 19, Under 16 Blue, Under 16 Girls, Under 14 Blue, Under 14 Girls
- Premiers: A Grade, Under 16 Blue and Under 16 Girls
- Runners-Up: Open Women, Reserve Grade, Under 19, Under 17, Under 15 White, Under 14 Blue, Under 14 Girls, U13 Blue
- Tassell Trophy Challenge: U14 Boys won Tom Tassell Trophy, and U14 Girls won Sandy Tassell Trophy
- There were 23 genuine Brothers Juniors who pulled on an A Grade jumper at some point in the season.

Congratulations to Adam Peluchetti as Chair and Roger Whyte as Vice-Chair and the Football Board for leading our club in achieving this very successful and memorable outcome. Good luck in 2020.

The Townsville Mendi Blackhawks team had another successful year in the competition again making the semi-finals. The appointment of Cowboys great and local junior Aaron Payne as Head Coach re-invigorated our squad and we saw many exciting moments however we unfortunately fell one game shy of a Grand Final appearance. There are many promising signs ahead especially with the ongoing success of our u20's (Minor Premiers) and retention of the majority of our current squad. Our success is always built on what happens off the field and so I would also like to recognise the efforts of Adrian "Happy" Thomson as Football Manager who along with all our administrative and football support staff have contributed significantly to the ongoing success and professionalism of our Mendi Blackhawks.

This annual report again reinforces the strength of our operations at Brothers Leagues and Kirwan Sports Clubs. We have achieved a record profit for the current financial year and this is an indication of the professionalism and hard work of our club employees lead by CEO Justin Wilkins and the continued support of our members. Our membership base continues to remain strong and has exceeded 40,000 throughout the year and I would like to express the appreciation of the Board to all our members for your valued patronage and I look forward to your continued support in the future to ensure the ongoing success of our clubs and the contribution we make to the community.

In 2020, members will see three exciting projects come to fruition. A major upgrade to Brothers beer garden which will provide an exciting entertainment and food and beverage offer, a significant revamp to Kirwan Sports with a revamped dining and sports bar to create a much more spacious and comfortable experience and finally we are well advanced on planning a new entrance road to service Brothers. A lot to look forward to in the year ahead.

In closing I would also like to express my thanks and appreciation to all my fellow Directors who have displayed their full support, commitment and confidence in the Club and our future. We are all proud of the contribution our club makes to our local community.

Have a Merry Christmas and a happy and prosperous New Year. See you at the Club.



Gavin Lyons
Chairman





MAKING A DIFFERENCE

Brothers Leagues Club (Townsville) Ltd through the efforts of our Football Club and Leagues Clubs operations makes a significant difference to our local community. Our contributions over the past twelve (12) months are listed below.

Our Community

We use local suppliers and contractors and in this financial year expended \$10.15 million;

- We provide our members with a Club Rewards program giving a member's discount and encouraging them to spend at over 170 local businesses - \$24,000 was spent through this program this year;
- We have donated to local organisations and charities a total of \$770,000, with us supporting 6 schools, 45 sporting clubs/associations, 44 charitable community groups;
- We support Community transport and provide the Thuringowa Senior Citizens and other groups with free access to our bus on a weekly basis;
- We contribute to the State and Federal economy through an annual tax bill that Brothers pays over \$8.5 million in taxes (PAYG, GST, gaming tax, FBT, payroll tax);
- We support our Brothers Footy club who have registered 696 junior players and 132 senior players. Our volunteers include 72 junior coaches and 4 senior coaches who support 47 junior teams and 4 senior teams;

Our Members

- At June 30 we exceeded 40,000 members;
- We have provided approx. \$2.45 million in cash and prizes given away to members through draws and promotions;
- We provide a free courtesy bus daily to our members and guests;
- We have provided over 326,000 meals to our members and guests visiting our clubs;
- We have served the equivalent of almost 580,000 pots of beer to our visiting members and guests;
- We have provided the venue for over 700 functions celebrating weddings, birthdays and other family and business events;

Our Staff

- We provide employment for 139 employees (58% female and 42% male) with an annual payroll bill of \$6.16 million;
- We provide opportunities for work experience employees including 36 Dream Believe Achieve trainees, 8 special needs students, 47 school work experience students, 6 long term unemployed work placements;

Our Facilities

- We have re-invested approximately \$2.3 million in maintaining and upgrading our facilities and fields;
- We provide field access to many local sporting groups who conducted 24 sporting competitions ranging from primary and secondary school programs to regional and state championships throughout the past 12 months;

We are Making a Difference!

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Fellow members, as Chief executive Officer it is with great satisfaction that I report on the Club's Annual Report and Financial Statements for the year ending 30th September 2019.

Brothers Leagues Club (Townsville) Ltd returned a net profit of \$2,219,787 after amortisation and depreciation of \$2,318,365. This has been a great year for the group with profit up over \$1.1 million on last year's result.

Brothers RLFC celebrated its 100th year in 2019 and our centenary year was very successful one with the club represented in the grand final for every international age group - U13, U14, U14 girls, U15, U16, U16 girls, U17, U19, Reserve Grade, Open Women and A Grade. Congratulations must go to Adam Peluchetti the Brothers RLFC President for 2019 who has recently stepped down from President but remains on the Brothers RLFC board and has passed the reins over to Vice President Roger Whyte.

The Blackhawks completed their fifth season in the Intrust Super Cup competition. We finished the regular season in fourth place and had ourselves in a prime position when we knocked over the seemingly unbeatable Sunshine Coast Falcons in the first week of the finals. A home semi-final beckoned, and we were just one win away from our second grand final appearance however a poor first half seen us go down to the Wynnum Manly Seagulls. Aaron Payne did a marvellous job with the club in his first year as Head coach and Aaron and our Football Operations Manager Adrian Thomson have put together a side that has many returning faces with a few new additions that will have us contending again I'm sure for that elusive first premiership in 2020. Dave Elliot our U20's coach finished the season as minor premiers but bowed out unexpectedly early in the finals and Matt Bowen made huge strides with the U18's and I'm glad to say both will be returning in 2020.

In order to stay relevant, it is important that we continue to reinvest in our facilities. The Our extension and renovation to our gaming room and facelift to the gaming bar, lounge area and sports bar in 2018 freshened up two of our most patronised areas of the club. Functions have become a very busy department for the club, and during the year we improved the arrival to the function room as well as adding a new deck that gives us an alfresco offering as well to the room.

The function room toilets are in the process of being modernised to match the glamour of the room. We have also started work on transforming the garden bar into a new food, beverage and entertainment offering that Townsville "suburbia" doesn't have and all going to plan will be opening in early April 2020.

Kirwan Sports Club will also undergo a significant renovation in January 2020 that will see it grow significantly in size with the club expanding out towards the first green which will allow for an increased dining and lounge area, alfresco dining, sports bar with TAB and DOSA and a kids lounge. The gaming room will also expand into an unused area.

The football precinct, thanks to our local State Member Aaron Harper and the State Government, has received a \$564,000 grant to upgrade and extend our change rooms to be unisex compliant with the growing number of females now playing the great game of rugby league as well as a new toilet block.

Brothers had success again at the Annual Clubs Queensland Awards for Excellence going back to back winning "Best Club North Queensland" for a record 8th time. Our Executive Chef Scott Chandler was also recognised for his great work where after two years of being a finalist took out the coveted "Clubs Queensland Chef of the Year". Kirwan Sports Club were unlucky at the awards narrowly missing out on "Best Bowls Club Large" and "Best Gaming Venue Small" where they finished runner up in both.

Allyson Pascoe stepped up to the role of Operations Manager at Kirwan Sports Club in January 2019 and has led her team admirably and been a vital part of their success.

We were once again highly involved in the community contributing over \$436,000 through cash and in-kind support to schools, sporting clubs (excluding Brothers and Blackhawks), charities and community groups. Two organisations that I am proud to say we supported who were in much need due to unprecedented flooding was the Townsville SES and the Queensland Country Women's Association (QCWA). We not only support our football teams but many other sports in the region which is why when the Northern Rays Netball team fell on hard times and were about

to fold we stepped in to ensure this pathway for young netballers in our region remained open. The list of cash and in-kind recipients is impressive, and I recommend you take the time to read the list as we are particularly proud of what we do in our local community.

For the third year in a row by June 30th we exceeded 40,000 members which remains the highest for any club in our region. With approximately 130 employees, a wage bill including superannuation in excess of \$6 million for the year and spending over \$10 million with local trades and suppliers we are not only a venue for leisure but a major employer and player in the community.

To Gavin Lyons and the Board of Directors, thank you for your guidance, support and time you freely give to this organisation. To our staff, well done on a great year and let's continue to strive to improve on what we offer the public every day.

Finally, on behalf of all our staff and Directors, I thank you our loyal members for your continued support of our group and wish you all a merry Christmas and a prosperous New Year and I look forward to your continued patronage in 2020. We know you have a choice and we are delighted when you make either Brothers Leagues Club or Kirwan Sports Club your choice.



Justin Wilkins

Chief Executive Officer





DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

The directors present their report together with the accounts of the company for the year ended 30th September 2019 and the auditor's report therein.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Gavin Lyons	Board Member since 1987
Adam Peluchetti	Board Member since 2015
Keith Gibbon	Board Member since 2010
Glen Carroll	Board Member since 1988
Anthony Stevenson	Board Member since 2016
Bill Munro	Board Member since 2000
Phillip McNamara	Board Member since 2009
Roger Whyte	Board Member since 2015
Jeffrey Doyle	Board Member since 2013

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Principal Activities

The principal activities of the company during the course of the last financial year were:

Short Term

- Provisions for members and their guests of a sporting club with all the usual facilities of a club.

Long Term

- To promote, foster, support and encourage the aims and objectives of Brothers Rugby League Football Club - both Junior and Senior - and all matters pertaining thereto.

Strategies

To achieve its stated objectives, the company strives to attract and retain quality staff and volunteers committed to the advancement of Rugby League within Townsville. The company establishes and fosters working partnerships with a range of community and government stakeholders, and is committed to maintaining existing programs and establishing new pathways for Rugby League participants.

Auditor's Independence Declaration

The lead auditor's independence declaration in accordance with section 307C of the Corporations Act 2001, for the year ended 30 September 2019 has been received and can be found on page 15 of the financial report.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2019

Meetings of Directors

During the financial year 11 meetings of directors were held. Attendances by each director were as follows:

	Number Eligible to Attend	Number Attended
Gavin Lyons	11	9
Adam Peluchetti	11	9
Glen Carroll	11	10
Keith Gibbon	11	11
Bill Munro	11	10
Phillip McNamara	11	11
Roger Whyte	11	8
Jeffrey Doyle	11	9
Anthony Stevenson	11	10

The entity is incorporated under the *Corporations Act 2001* and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of the membership subscription amount each towards meeting any outstanding obligations of the entity. At 30 September 2019, the total amount that members of the company are liable to contribute if the company is wound up is \$45,226 (2018: \$49,078).

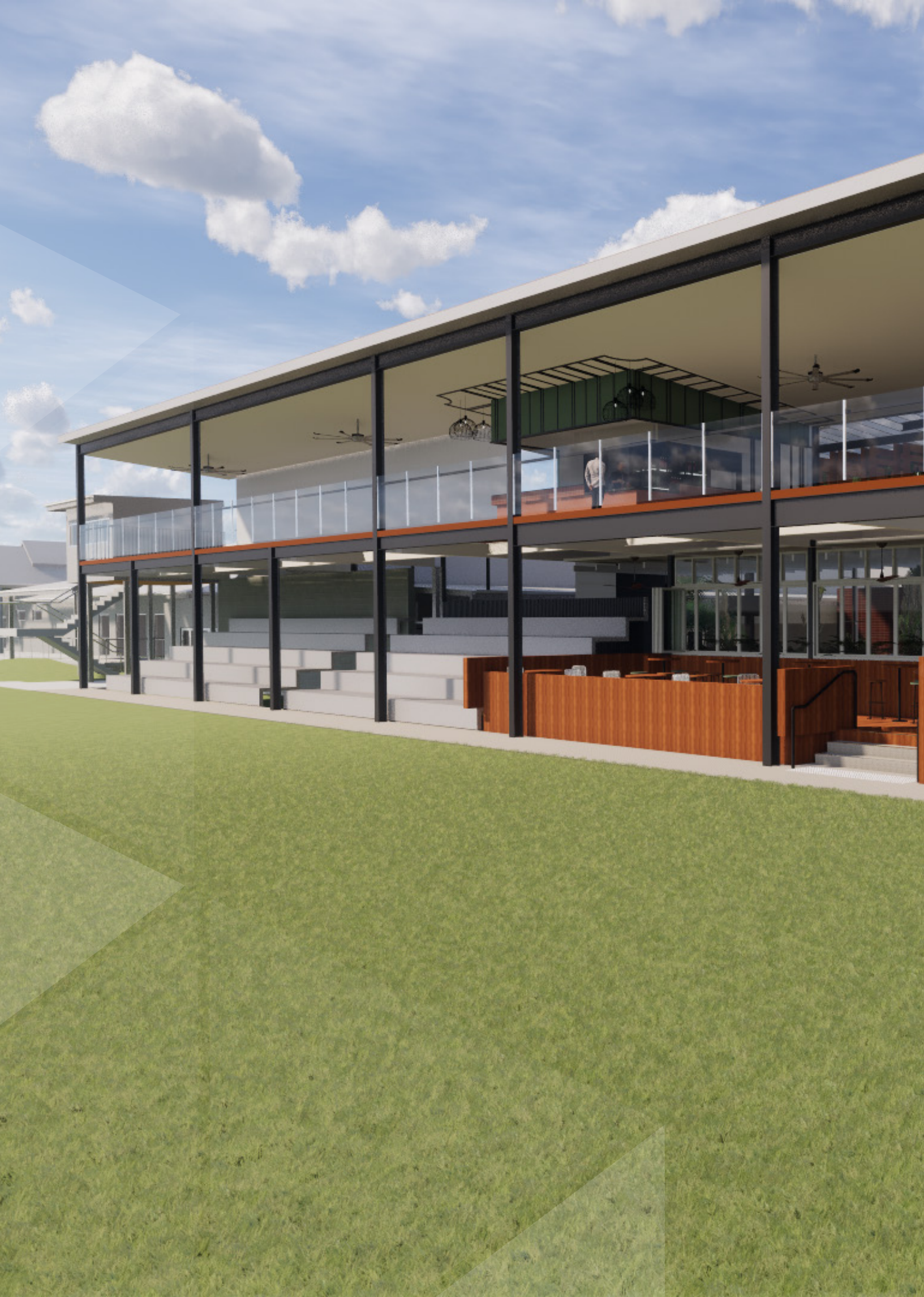
Signed in accordance with a resolution of the Board of Directors:

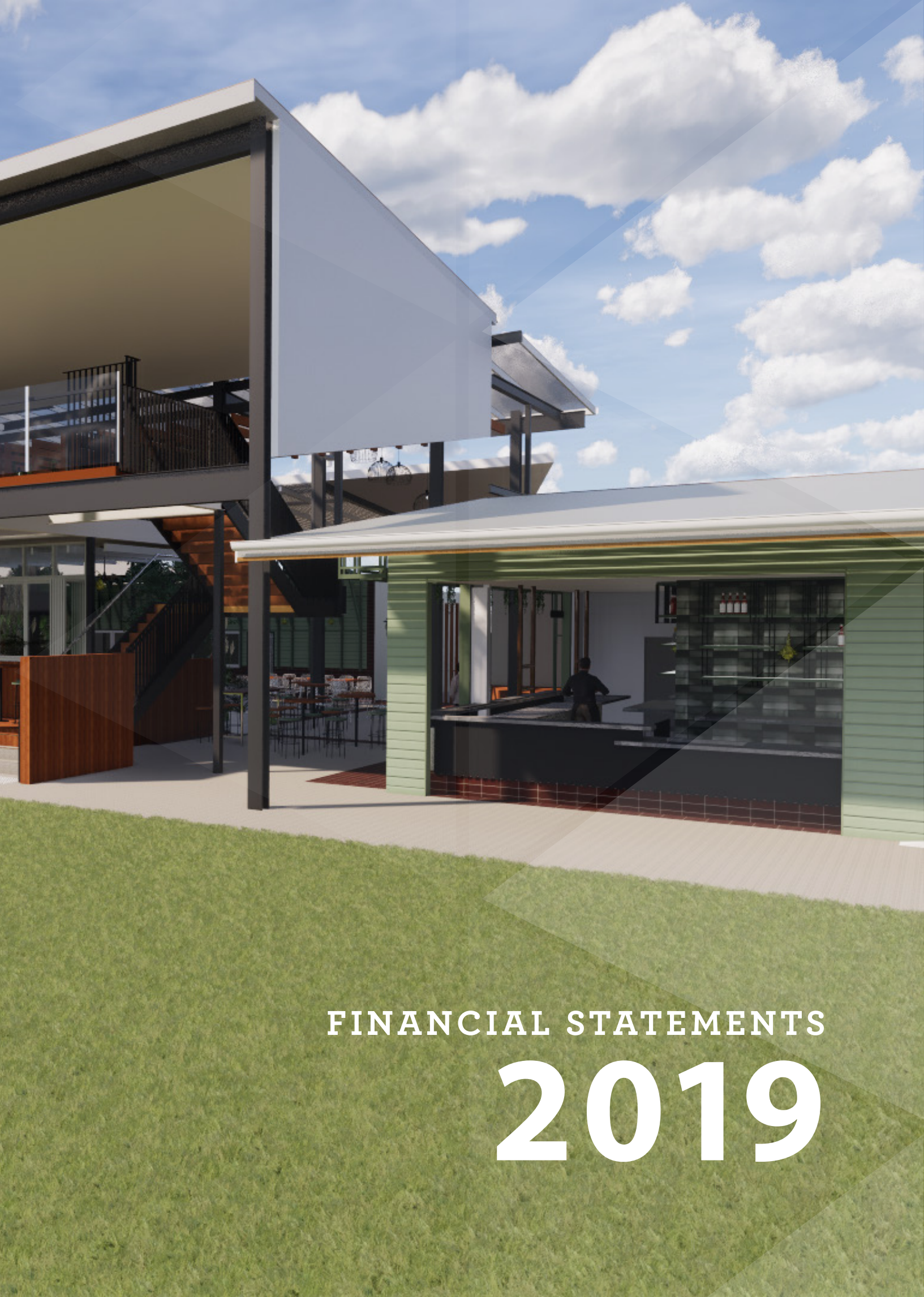
Director: 
Gavin Lyons (Chairman)

Director: 
Phillip McNamara (Secretary)

Dated: 19/11/2019







FINANCIAL STATEMENTS

2019

AUDITOR'S INDEPENDENCE DECLARATION



**BROTHERS LEAGUES CLUB (TOWNSVILLE) LTD
AUDITORS INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF BROTHERS LEAGUES CLUB
(TOWNSVILLE) LTD**

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2019, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

JESSUPS

A handwritten signature in black ink, appearing to be "DT" followed by a long horizontal stroke.

Darren Thamm
Director

Dated 19 November 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 \$	2018 \$
Revenues from ordinary activities	3	29,613,117	25,838,459
Purchase of inventories for sale		(3,241,012)	(3,030,645)
Changes in inventories		18,446	15,093
Employee benefits expense		(6,820,514)	(6,144,297)
Gaming machine tax		(4,923,201)	(4,014,241)
Depreciation and amortisation expense	4	(2,318,365)	(2,076,805)
Advertising and promotions		(1,958,186)	(1,537,037)
Finance costs	4	(424,351)	(432,170)
Sponsorship and donations		(762,455)	(583,105)
Gas and electricity		(573,204)	(638,014)
Members expense		(923,741)	(972,789)
Gaming machine service		(586,489)	(544,203)
Rental expense	4	(80,204)	(77,724)
Payroll tax		(319,548)	(305,819)
Repairs and maintenance		(399,806)	(379,917)
Insurance		(229,676)	(203,258)
Auditor remuneration		(22,000)	(22,000)
Other expenses		(3,829,025)	(3,840,847)
Profit before income tax		2,219,787	1,050,706
Income tax expense		-	-
Profit after income tax expense for the year		2,219,787	1,050,706
Other Comprehensive Income		-	-
Total comprehensive income for the year		2,219,787	1,050,706

THE ABOVE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF FINANCIAL POSITION

AS AT 30 SEPTEMBER 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	5	2,312,631	1,228,959
Trade and other receivables	6	357,375	279,360
Inventories	7	261,480	243,034
Other assets	8	180,880	160,126
TOTAL CURRENT ASSETS		3,112,367	1,911,479
NON-CURRENT ASSETS			
Property, plant and equipment	9	28,171,147	28,185,605
Intangible Assets	10	941,717	941,717
TOTAL NON-CURRENT ASSETS		29,112,864	29,127,322
TOTAL ASSETS		32,225,230	31,038,801
CURRENT LIABILITIES			
Trade and other payables	11	2,133,459	1,884,546
Borrowings	12	2,465,720	2,501,398
Short-term provisions	14	167,309	100,614
TOTAL CURRENT LIABILITIES		4,766,488	4,486,557
NON-CURRENT LIABILITIES			
Borrowings	12	6,999,339	8,336,913
Long-term provisions	14	92,262	67,974
TOTAL NON-CURRENT LIABILITIES		7,091,601	8,404,887
TOTAL LIABILITIES		11,858,089	12,891,444
NET ASSETS		20,367,141	18,147,357
EQUITY			
Retained Earnings		18,347,480	16,127,693
Reserves	18	2,019,661	2,019,661
TOTAL EQUITY		20,367,141	18,147,354

THE ABOVE STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Retained Earnings \$	Reserves \$	Total \$
Balance at 1 October 2017	15,076,987	2,019,661	17,096,648
Profit for the year	1,050,706	-	1,050,706
Balance at 30 September 2018	16,127,693	2,019,661	18,147,354
Balance at 1 October 2018	16,127,693	2,019,661	18,147,354
Profit for the year	2,219,787	-	2,219,787
Balance at 30 September 2019	18,347,480	2,019,661	20,367,141

THE ABOVE STATEMENT OF CHANGES IN EQUITY SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 SEPTEMBER 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from trading		29,537,162	25,713,102
Payments to suppliers and employees		(24,349,918)	(22,041,798)
Interest received		1,999	1,144
Finance costs		(424,351)	(432,170)
Net generated from operating activities		4,764,892	3,240,278
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		9,467	-
Payment for property, plant and equipment		(2,313,375)	(4,709,222)
Payment for intangible assets		-	(85,000)
Net cash used in investing activities		(2,303,908)	(4,794,222)
CASH FLOW FROM FINANCING ACTIVITIES			
Net borrowings / repayments of loans		(1,269,793)	1,800,074
Net borrowings / repayments of leases		(107,520)	(89,445)
Net cash used in financing activities		(1,377,313)	1,710,629
Net Increase/(Decrease) in cash held		1,083,671	156,685
Cash and cash equivalents at beginning of the financial year		1,228,960	1,072,276
Cash and cash equivalents at the end of the financial year	5	2,312,631	1,228,960

THE ABOVE STATEMENT OF CASH FLOWS SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES

NOTES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Brothers Leagues Club (Townsville) Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue by the directors on the date of the directors' declaration.

Revenue recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Club and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods

Sale of goods revenue is recognised at the point of sale, which is where the customer has taken delivery of the goods, the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

Interest

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.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established. All revenue is stated net of the amount of goods and services tax (GST).

Income tax

No provision for income tax has been raised as the company is exempt from income tax under section 23(g)(iii) of the ITAA 1936. In November 2010, the ATO approved the private binding ruling that the company is an exempt sporting club in accordance with s50-45 of the ITAA 1997. The private binding ruling has a term of three years. Subsequently the company is entitled to self-assess in the future with consideration to any significant departure from present circumstances that provide the exemption.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is current when: it is expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within twelve months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

A liability is current when: it is expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within twelve months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current.

NOTES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

Trade and other receivables

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

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the Club will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Inventories

Inventories are stated at the lower of cost and net realisable value on a 'weighted average' basis.

Property, plant and equipment

Land, buildings, plant and equipment are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis

to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings & Improvements	20-50 years
Plant & Equipment	3-20 years
Leased Plant & Equipment	3-5 years

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Club. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is not transferred to retained profits.

Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs except where the instrument is classified "at fair value through profit and loss", in which case transaction costs are recognised as expenses in profit or loss immediately.

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

NOTES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

A distinction is made between finance leases, which effectively transfer from the lessor to the lessee substantially all the risks and benefits incidental to ownership of leased assets, and operating leases, under which the lessor effectively retains substantially all such risks and benefits.

Finance leases are capitalised. A lease asset and liability are established at the fair value of the leased assets, or if lower, the present value of minimum lease payments. Lease payments are allocated between the principal component of the lease liability and the finance costs, so as to achieve a constant rate of interest on the remaining balance of the liability.

Leased assets acquired under a finance lease are depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Club will obtain ownership at the end of the lease term.

Operating lease payments, net of any incentives received from the lessor, are charged to profit or loss on a straight-line basis over the term of the lease.

Intangible assets

Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually.

Impairment of non-financial assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or

changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Club prior to the end of the financial year and 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 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:

- interest on the bank overdraft
- interest on short-term and long-term borrowings
- interest on finance leases
- unwinding of the discount on provisions

NOTES

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognised when the Club has a present (legal or constructive) obligation as a result of a past event, it is probable the Club will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee benefits

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 recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

NOTES

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Club determines the estimated useful lives and related depreciation and amortisation charges for its property, 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, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Indefinite life intangible assets

The Club tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1.

Impairment of non-financial assets other than indefinite life intangible assets

The Club assesses impairment of non-financial assets other than indefinite life intangible assets at each reporting date by evaluating conditions specific to the Club and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES

3. REVENUE AND OTHER INCOME

Revenue

Trading Revenue - Brothers Leagues Club Townsville
Trading Revenue - Kirwan Sports Club
Junior Rugby League
Brothers Rugby League
Blackhawks Rugby League

Total Revenue

Other Income

Grant funding
Commissions
Interest Received
Membership subscriptions
Other Receipts

Total Other Income

Total Revenue and Other Income

2019 \$	2018 \$
20,100,732	17,566,201
5,731,037	5,131,565
-	-
604,336	524,676
2,022,046	1,867,371
28,458,151	25,089,813
-	-
540,307	345,917
1,999	1,144
55,168	60,322
557,492	341,264
1,154,966	748,646
29,613,117	25,838,459

4: PROFIT FOR THE YEAR

a. Expenses

Depreciation and Amortisation
- Land and Buildings
- Plant and Equipment
Total Depreciation and Amortisation

Finance costs

- Interest expense on financial liabilities

Rental expense

- Rental expense on operating leases

b. Significant Revenue and Expenses

Net gain/(loss) on disposal of non-current assets
Property, Plant and Equipment
Proceeds on disposal
Disposals at cost
Net gain/(loss) on disposals

2019 \$	2018 \$
752,071	680,832
1,566,294	1,395,973
2,318,365	2,076,805
424,351	432,170
80,204	77,724
9,467	-
-	-
9,467	-

NOTES

5: CASH AND CASH EQUIVALENTS

CURRENT

Cash on hand

Cash at bank

– General Account

– Blackhawks Account

– Brothers RLFC Account

– Saving Investment Account

2019 \$	2018 \$
687,197	626,587
367,582	270,243
63,431	(13,489)
142,842	85,306
1,051,580	260,310
2,312,631	1,228,959

6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables

Other receivables

2019 \$	2018 \$
346,375	268,360
11,000	11,000
357,375	279,360

7. INVENTORIES

CURRENT

At cost

Inventory

2019 \$	2018 \$
261,480	243,034
261,480	243,034

8. OTHER ASSETS

CURRENT

Prepayments

2019 \$	2018 \$
180,880	160,126
180,880	160,126

NOTES

9. PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDINGS

Freehold land at fair value

Total land

Buildings:

– at deemed cost

Less accumulated depreciation

Total buildings

Total land and buildings

PLANT AND EQUIPMENT

Plant and equipment:

– at cost

Less accumulated depreciation

Total plant and equipment

Total property, plant and equipment

	2019 \$	2018 \$
Freehold land at fair value	1,500,000	1,500,000
Total land	1,500,000	1,500,000
Buildings:		
– at deemed cost	25,866,603	25,134,688
	25,866,603	25,134,688
Less accumulated depreciation	(5,721,588)	(4,969,517)
Total buildings	20,145,015	20,165,171
Total land and buildings	21,645,015	21,665,171
PLANT AND EQUIPMENT		
Plant and equipment:		
– at cost	16,658,216	15,103,926
	16,658,216	15,103,926
Less accumulated depreciation	(10,132,085)	(8,583,493)
Total plant and equipment	6,526,131	6,520,433
Total property, plant and equipment	28,171,147	28,185,605

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings \$	Building & Improvements \$	Plant and Equipment \$	Total \$
2019				
Balance at the beginning of the year	1,500,000	20,165,171	6,520,433	28,185,604
Additions at cost	-	731,915	1,581,459	2,313,375
Additions at fair value	-	-	-	-
Disposals	-	-	(9,467)	(9,467)
Depreciation expense	-	(752,071)	(1,566,294)	(2,318,365)
Carrying amount at end of year	<u>1,500,000</u>	<u>20,145,015</u>	<u>6,526,131</u>	<u>28,171,146</u>

The Directors are satisfied the carrying amounts above do not exceed the recoverable amounts at 30 September 2019.

NOTES

10: INTANGIBLE ASSETS

	2019 \$	2018 \$
Gaming entitlements - at cost	941,717	941,717
Net carrying value	941,717	941,717

Movements in Carrying Amounts

Movement in the carrying amounts for intangible assets between the beginning and the end of the current financial year:

Balance at the beginning of the year	941,717
Additions	-
Carrying amount at end of year	941,717

11: TRADE AND OTHER PAYABLES

	2019 \$	2018 \$
CURRENT		
Trade payables	1,092,630	985,291
Gaming tax payable	403,777	325,223
Accrued expenses	54,263	63,528
Payroll liabilities	27,421	28,335
Provision for annual leave	288,114	297,274
GST payable	146,696	77,120
Employee benefits	64,279	45,496
Payroll tax payable	27,478	26,471
Other current payables	26,787	35,019
Function deposits	2,014	788
	2,133,459	1,884,546

12: BORROWINGS

		2019 \$	2018 \$
CURRENT	Note		
Loans		1,506,650	1,512,107
Lease liabilities	13	959,070	989,291
		2,465,720	2,501,398
NON-CURRENT			
Loans		6,335,084	7,595,358
Lease liabilities	13	664,255	741,554
		6,999,339	8,336,913
TOTAL BORROWINGS	17	9,465,059	10,838,310

The loans are secured by a fixed and floating charge over the company and registered mortgages over the freehold properties situated at:

- Lot 3 Hervey Range Road, Kirwan
- 8 Golf Links Drive, Kirwan
- 10 Golf Links Drive, Kirwan
- 159 Bamford Lane, Kirwan

Leased liabilities are secured by the underlying leased assets.

Debt covenants are in place with National Australia Bank. The company has not breached any of the debt covenants during the financial year.

NOTES

13: CAPITAL AND LEASING COMMITMENTS

a. Finance Lease Commitments

Payable – minimum lease payments:

- not later than 12 months
- later than 12 months but not later than 5 years
- greater than 5 years

Minimum lease payments

Less future finance charges

Present value of minimum lease payments

	2019 \$	2018 \$
	1,011,135	1,046,603
	684,384	765,498
	-	-
	1,695,520	1,812,100
	(72,195)	(81,255)
	1,623,325	1,730,845

Finance leases on motor vehicles and equipment of which there are 15 (2018: 19) commencing between 2016 and 2019 are 3 year leases all of which will be owned by the club upon completion of the term.

b. Operating Lease Commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

Payable – minimum lease payments:

- not later than 12 months
- later than 12 months but not later than 5 years
- greater than 5 years

	-	-
	-	-
	-	-

c. Commitments for Expenditure

Commitments at end of financial year but not recognised in the financial statements are as follows:

Renovation and extension of Garden Terrace

Renovation and extension of Kirwan Sports Club Facilities

Brothers Rugby League Football Club Change Rooms Renovation

Northern Viewing Area Field 1

2,310,000	-
900,000	-
564,000	-
-	142,992
3,774,000	142,992

14: PROVISIONS

CURRENT

- Provision for FBT
- Provision for Blackhawks Sponsors a/c's
- Provision for long service leave

	2019 \$	2018 \$
	29,618	20,560
	52,614	16,614
	85,077	63,439
	167,309	100,614

NON-CURRENT

Long-term Employee Benefits

- Provision for long service leave

92,262	67,974
92,262	67,974

NOTES

Provision for Long-term Employee Benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

15: EVENTS AFTER THE REPORTING PERIOD

Subsequent to the End of Financial Year, the club was successful in obtaining a grant from Sport and Rec Department in order to upgrade change rooms to meet modern standards for all competitions in the amount of \$564,000.

16: KEY MANAGEMENT PERSONNEL COMPENSATION

The totals of remuneration paid to members of key management personnel of the company during the year are as follows:

	2019 \$	2018 \$
Key management personnel compensation	1,422,265	1,566,606

NOTE 17: FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with a bank, market rate loans, leases, accounts payable and accounts receivable.

The company does not have any derivative instruments at 30 September 2019.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

Financial Assets	Note	2019 \$	2018 \$
Cash and cash equivalents	5	2,312,631	1,228,959
Trade and other receivables	6	357,375	279,360
Total Financial Assets		2,670,006	1,508,320
Financial Liabilities			
Financial liabilities at amortised cost			
– Trade and other payables	11	2,133,459	1,884,546
– Borrowings	12	9,465,059	10,838,310
Total Financial Liabilities		11,598,518	12,722,856

Net Fair Values

The carrying amount of bank deposits, loans and leases approximate net fair value. The carrying value of assets and other liabilities approximates net fair values. No financial assets and financial liabilities are readily traded on organised markets in standardised form other than listed investments, of which the company did not hold during the reporting periods. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the balance sheet and in the notes to the financial statements.

NOTES

18: RESERVES

Asset revaluation reserve

2019 \$	2018 \$
2,019,661	2,019,661
2,019,661	2,019,661

The asset revaluation reserve records the revaluations of non-current assets.

NOTE 19: MEMBERS GUARANTEE

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee.

If the company is wound up, the constitution states that each member is required to contribute a maximum of the membership subscription amount each towards meeting any outstanding obligations of the company. At 30 September 2019 the number of members was 22,613 (2018: 24,539).

NOTE 20: ENTITY DETAILS

The registered office of the entity is:

22 Walker Street
Townsville QLD 4810

The principal place of business is:


Lot 3 Hervey Range Road
Kirwan QLD 4817

DIRECTOR'S DECLARATION

In accordance with a resolution of the Directors of Brothers Leagues Club (Townsville) Limited, the Directors of the company declare that:

- 1 The financial statements and notes, as set out on pages 8 to 22, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and;
 - b. give a true and fair view of the financial position of the company as at 30 September 2019 and of its performance for the year ended on that date.
- 2 In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director:


.....
Gavin Lyons (Chairman)

Director:


.....
Phillip McNamara (Secretary)

Dated: 19 / 11 / 2019

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BROTHERS LEAGUES CLUB (TOWNSVILLE) LTD FOR THE YEAR ENDED 30 SEPTEMBER 2019

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brothers Leagues Club (Townsville) Ltd (the company), which comprises the statement of financial position as at 30 September 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Brothers Leagues Club (Townsville) Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 30 September 2019 and of its financial performance for the year then ended; 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110: *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS

CONTINUED



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 a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

JESSUPS

A handwritten signature in black ink, appearing to be "DT" followed by a long horizontal stroke.

Darren Thamm
Partner

Level 1, 211 Sturt Street, Townsville QLD 4810





