



NEWCASTLE RUGBY LEAGUE LIMITED
ABN 39 003 833 654

Financial Report
For the Year Ended
30 September 2020

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Newcastle Rugby League Limited

ABN 39 003 833 654

Directors' Report

30 September 2020

Your Directors present their report on the Company for the financial year ended 30 September 2020.

General information

The names of the Directors in office at any time during, or since the end of, the year are:

Names	Position	Years Service	Occupation
John Crooks	Chairman	12 years	Field Engineer
Charles Haggett	Vice Chairman	6 years	Retired
Mark Hanlon	Director	7 years	Solicitor
Mark Singleton	Director	7 years	CEO
Mike Rabbitt	Director	4 years	Retired
Graham Bailey	Director	4 years	Retired
Brooke Hill	Director	3 years	Contracts Manager
Rob Baker	Director	1 year	Commercial Manager

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

Company Secretary

The Company Secretary is Matthew Harris who was appointed on 30 November 2015.

Principal Activities

The principal activities of the Company during the financial year was the running of the Company with the primary objectives being the promotion of good fellowship in the Newcastle District among players of and persons interested in Rugby League Football.

Members guarantee

Newcastle Rugby League Limited is a company limited by guarantee. In the event of, and for the purposes of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10 for all members, subject to the provisions of the Company's constitution.

At 30 September 2020 the collective liability of members was \$210 (2019: \$210).

Operating Results

The profit of the Company amounted to \$92,900 (2019: loss of \$136,791).

Newcastle Rugby League Limited

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Directors' Report

30 September 2020

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs of the Company during the year, apart from:

In March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a health pandemic. In response to this, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19, which had the effect of impacting the state of the Australian economy (i.e. the impact on supply chain, customers, availability of finance, consumer confidence, etc.).

Please refer to Note 1(b) of the financial report for further information regarding the impacts of COVID-19.

After balance day events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out at page 4.

Short and Long Term Objectives

The Company has established short and long term objectives as outlined in the Company's business plan which is reviewed on an annual basis. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the Company. No information is included on the likely developments in the operations of the Company and the expected results of those operations.

Environmental Issues

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

Newcastle Rugby League Limited

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Directors' Report

30 September 2020

Director Information

Meetings of Directors

During the financial year, 12 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
John Crooks	12	11
Charles Haggett	12	10
Mark Hanlon	12	10
Mark Singleton	12	11
Mike Rabbitt	12	9
Graham Bailey	12	10
Brooke Hill	12	11
Rob Baker	12	10

Directors Indemnification

The Company has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of the Company, other than conduct involving a wilful breach of duty in relation to the Company.

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



Director:



Director:

Dated 19 November 2020

Newcastle Rugby League Limited

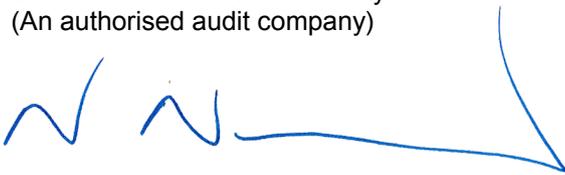
ABN 39 003 833 654

Auditors Independence Declaration under Section 307C of the Corporations Act 2001

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2020 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.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

16 November 2020

Newcastle Rugby League Limited

ABN 39 003 833 654

Independent Audit Report to the members of Newcastle Rugby League Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Newcastle Rugby League Limited (the Company), which comprises the statement of financial position as at 30 September 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (i) giving a true and fair view of the Company's financial position as at 30 September 2020 and of its financial performance for the year 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 (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 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.

Emphasis of Matter

We draw attention to Note 1(b) in the financial statements, which discusses the impact of the COVID-19 health pandemic on the Company's operations and finances. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report was limited to the Directors 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.

Newcastle Rugby League Limited

ABN 39 003 833 654

Independent Audit Report to the members of Newcastle Rugby League Limited

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Responsibilities of 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 and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or 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 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 the financial report.

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

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

20 November 2020

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Newcastle Rugby League Limited

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Directors' Declaration

The Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 8 - 27, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements, and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the financial position as at 30 September 2020 and of the performance for the year ended on that date of the Company.
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.

This declaration is made in accordance with a resolution of the Board of Directors.



Director



Director

Dated 19 November 2020

Newcastle Rugby League Limited

ABN 39 003 833 654

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 September 2020

		2020	2019
	Note	\$	\$
Revenue from ordinary activities	2	319,338	424,689
Revenue from non-ordinary activities	2	63,380	-
Employee benefits expense		(132,985)	(194,748)
Depreciation and amortisation expense		(10,766)	(3,549)
Football expense		(42,456)	(278,180)
Administration expense		(87,420)	(85,003)
Finance costs		(16,191)	-
Profit / (loss) before income tax		92,900	(136,791)
Income tax expense	1(d)	-	-
Operating profit / (loss) for the year		92,900	(136,791)
Other comprehensive income		-	-
Total comprehensive income / (loss)		92,900	(136,791)

The accompanying notes form part of these financial statements

Newcastle Rugby League Limited

ABN 39 003 833 654

Statement of Financial Position

As At 30 September 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	160,238	115,198
Restricted cash equivalents	3	162,987	155,858
Trade and other receivables	4	45,337	85,040
Other assets	5	2,394	6,941
TOTAL CURRENT ASSETS		370,956	363,037
NON-CURRENT ASSETS			
Property, plant and equipment	6	7,914	7,940
Investment properties	7	2,216,181	2,214,823
Right of use assets	8	29,322	-
TOTAL NON-CURRENT ASSETS		2,253,417	2,222,763
TOTAL ASSETS		2,624,373	2,585,800
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	32,373	99,605
Short-term borrowings	10	17,176	18,734
Short-term provisions	11	12,556	30,671
Lease liability		13,137	-
TOTAL CURRENT LIABILITIES		75,242	149,010
NON-CURRENT LIABILITIES			
Long-term borrowings	10	231,266	231,266
Long-term provisions	11	11,325	9,472
Lease liability		17,588	-
TOTAL NON-CURRENT LIABILITIES		260,179	240,738
TOTAL LIABILITIES		335,421	389,748
NET ASSETS		2,288,952	2,196,052
EQUITY			
Retained earnings		2,288,952	2,196,052
TOTAL EQUITY		2,288,952	2,196,052

The accompanying notes form part of these financial statements

Newcastle Rugby League Limited

ABN 39 003 833 654

Statement of Changes in Equity

For the Year Ended 30 September 2020

2020

	Retained Earnings
	\$
Balance at 1 October 2019	2,196,052
Profit / (loss) attributable to members	<u>92,900</u>
Balance at 30 September 2020	<u><u>2,288,952</u></u>

2019

	Retained Earnings
	\$
Balance at 1 October 2018	2,332,843
Profit / (loss) attributable to members	<u>(136,791)</u>
Balance at 30 September 2019	<u><u>2,196,052</u></u>

The accompanying notes form part of these financial statements

Newcastle Rugby League Limited

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Statement of Cash Flows

For the Year Ended 30 September 2020

	2020	2019
Note	\$	\$
CASH FROM OPERATING ACTIVITIES:		
Receipts from customers	387,092	504,152
Payments to suppliers and employees	(367,890)	(567,303)
Interest received	7,140	33,097
Interest paid	(16,191)	-
Federal Government - JobKeeper	19,500	-
Federal Government - Cashflow Boost	21,770	-
State Government - Small Business Support Grant	13,000	-
Net cash provided by / (used in) operating activities	<u>64,421</u>	<u>(30,054)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(3,943)	(490)
Purchase of investment property	(1,358)	(2,214,823)
Net cash provided by / (used in) investing activities	<u>(5,301)</u>	<u>(2,215,313)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	7,426	250,000
Repayment of borrowings	(8,983)	-
Payment of lease liabilities	(5,394)	-
Net cash provided by / (used) by financing activities	<u>(6,951)</u>	<u>250,000</u>
Net increase / (decrease) in cash and cash equivalents held	52,169	(1,995,367)
Cash and cash equivalents at beginning of year	271,056	2,266,423
Cash and cash equivalents at end of financial year	3 <u>323,225</u>	<u>271,056</u>

The accompanying notes form part of these financial statements

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements 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.

(b) Significant changes in the current reporting period

On 11 March 2020, the World Health Organisation (WHO) declared the coronavirus (COVID-19) a health pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions to supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

The pandemic has had the following impact on competitions:

- Competitions were delayed in commencing so that appropriate measures could be implemented in complying with NSW Public Health Orders to ensure the health and safety of all match attendees;
- The Tooheys Newcastle Rugby League competition commenced in July 2020 under a reduced format, with the finals series ending in October 2020;
- Representative team programs did not proceed, and the All Stars game and Annual Presentation night were not held during the 2020 financial year.

The Board and Management have implemented a range of operational and financial strategies in order to minimise the impact of the pandemic, including, but not limited to:

- Accessing available NSW and Federal Government stimulus measures to assist the Company's cashflow;
- Employing government initiatives, in particular with respect to ensuring that our employees can remain employed via JobKeeper payments;

Newcastle Rugby League Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(b) Significant changes in the current reporting period

- Cashflow tightening measures to ensure ongoing adequate cash reserves to trade through the impact, including reduction of operational expenditure.

The Board and Management recognise that the situation associated with the management of COVID-19 continues to evolve on a daily basis.

(c) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(d) Income taxes

The Company is exempt from income tax under section 50-45 of the Income Tax Assessment Act 1997.

(e) Critical accounting estimates and judgments

The Directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

Key estimates - Impairment

The Directors assess impairment at each reporting date by evaluating conditions specific to the entity that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(f) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call with banks and other short term highly liquid investments with original maturities of three months or less.

(g) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

Newcastle Rugby League Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(g) Trade and other receivables

A provision for doubtful debts is established on an expected credit loss (ECL) – forward looking – basis for all trade receivables at amortised cost. The amount of the provision is the difference between the asset's carrying value amount and the nominal value of estimated future cash flows. The amount of the provision is recognised in the statement of surplus or deficit and other comprehensive income.

(h) Property, plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant & equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Plant and Equipment	10% - 27% PC
Motor vehicles	20% PC

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

(i) Investment property

Investment properties, comprising rental properties, are held to generate long term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value unless otherwise specified. Changes to value are to be recorded in the statement of profit or loss and other comprehensive income as other income.

Newcastle Rugby League Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(j) Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right of use asset and a corresponding lease liability are recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The lease payments are discounted at the interest rate implicit in the lease, however where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is amortised over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company anticipates exercising a purchase option, the specific asset is amortised over the useful life of the underlying asset.

(k) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at their nominal amount as it has been determined that they are not materially different from their present value.

The Company does not contribute to a defined benefits scheme and therefore has no liability at balance date.

Contributions are made to employee superannuation funds and are charged as expenses when incurred.

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(I) Investments and other financial assets

i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The Company is using the measured at amortised cost method for all its financial assets, namely trade and other receivables. Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

ii) Recognition and derecognition

Purchases and sales of financial assets are recognised on trade date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

iii) Measurement

Subsequent to initial recognition, financial assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment for expected credit losses are recognised in the profit or loss. Gain or loss on derecognition is recognised in profit or loss.

iv) Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) - forward looking - basis for all financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment, including forward looking information.

Newcastle Rugby League Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(l) Investments and other financial assets

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

(m) Financial Liabilities

i) Classification

The Company classified its financial liabilities as those to be measured at amortised cost.

The Company is using the measured at amortised cost method for all its financial liabilities. The financial liabilities of the Company comprise trade payables and bank loans.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Recognition and derecognition

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(n) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company during the reporting period which remain unpaid at balance date. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(o) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Newcastle Rugby League Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(p) Revenue

The Company recognises revenue when it transfers control over a product or service to a customer. Revenue is measured based on the amount of consideration expected to be received in exchange for the transfer of the good or service to the customer.

Revenue from contracts with customers

Revenue from the sale of goods is recognised upon the delivery of services to customers.

Revenue from the rendering of a service, including finals series ticket sales is recognised upon the delivery of the service to the customer.

Revenue from sponsorships is recognised on an accruals basis consistent with the underlying contractual agreements.

Other revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

(q) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

(r) Adoption of new and revised accounting standards

During the current year, the Company adopted all of the new and revised Australian Accounting Standards and Interpretations applicable to its operations which became mandatory.

The Company applies, for the first time, AASB 16: *Leases*.

The Company has adopted AASB 16: *Leases* with an initial application date of 1 October 2019. As a result, the Company has changed its lease accounting policy as detailed below when compared to the comparative year.

AASB 16 replaces the provisions of AASB 117: *Leases* and provides a new lessee accounting model. The new model requires a lessee to recognise a right of use asset and lease liability for all leases with a term of more than 12 months, unless the underlying asset is low value. Lessor accounting remains the same under AASB 16 when compared to the requirements of AASB 117.

Newcastle Rugby League Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(r) Adoption of new and revised accounting standards

Under AASB 16, a lessee is required to recognise, at the commencement date of the lease, the present value of remaining non-cancellable lease payments as a lease liability on the statement of financial position with a corresponding right of use asset. The unwind of the financial charge on the lease liability and the amortisation of the leased asset are recognised in the statement of comprehensive income based on the incremental borrowing rate and contract term respectively.

The Company did not restate prior amounts reported, electing to use the modified retrospective approach at 1 October 2019 with the opening right of use asset for each lease equal to the corresponding lease liability.

These lease liabilities were discounted using the incremental borrowing rate of 6.09%.

i. Practical expedients applied

In applying AASB 16 for the first time, the Company has used the following practical expedients permitted by the Standard:

- Applying a single discount rate to a portfolio of leases in reasonably similar characteristics;
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts at 1 October 2019;
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right of use asset at the date of initial application; and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Company has elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made when applying AASB 117 and Interpretation 4: *Determining whether an Arrangement contains a lease*.

ii. Measurement of right of use assets

The associated right of use assets recognised for the first time with the adoption of AASB 16 were measured at the amount equal to the lease liability.

On adoption of of AASB 16 there has been no change to the opening balance of accumulated surplus as at 1 October 2019. Reconciliation of the measurement of lease liabilities is performed below.

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(r) Adoption of new and revised accounting standards

	2020
	\$
Operating lease commitments as at 30 September 2019	20,913
Less: Short term leases not recognised as a liability	(6,563)
Discounted using the lessee's incremental borrowing rate of 6.09% at the date of initial application	(1,233)
	<hr/>
Lease liability recognised as at 1 October 2019	13,117
Of which are:	
Current lease liabilities	4,506
Non-current lease liabilities	8,611
	<hr/>
	13,117

(s) New accounting standards for application in future periods

AASB 1060 - *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (applicable to annual reporting periods beginning on or after 1 July 2021)

AASB 1060 is a new self-contained standard that sets out all of the disclosure requirements relevant to a Tier 2 General Purpose Financial Statement (GPFS) preparer. The new disclosures have been significantly simplified when compared to either those required by a Tier 1 entity or those required under AASB's existing Tier 2 Reduced Disclosure Framework (RDR), especially in the areas of revenue, leases, impairment and financial instruments.

The new standard applies to all entities preparing GPFS-Tier 2 and replaces the current Reduced Disclosure Requirements (RDR) framework.

While entities that comply with this Standard need to apply the recognition and measurement requirements in other Standards, they are exempt from the disclosure requirements in specified paragraphs in other Standards.

(t) Authorisation of Financial Statements

The financial statements were authorised for issue on 19 November 2020 by the Directors.

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

2 Revenue

	2020	2019
	\$	\$
Revenue from contracts with customers		
- Competition receipts	-	120,323
- Participation fees	2,380	52,515
- Representative football income	9,000	25,929
- Videoing income	-	46,442
	<u>11,380</u>	<u>245,210</u>
Other revenue from contracts with customers		
- Rental revenue	<u>200,229</u>	-
Total revenue from contracts with customers	<u>211,609</u>	<u>245,210</u>
Other revenue from ordinary activities		
- Other income	15,596	50,361
- Interest revenue	7,140	33,097
- Sponsorship and donations	84,994	96,021
Total other revenue from ordinary activities	<u>107,730</u>	<u>179,479</u>
	<u>319,339</u>	<u>424,689</u>
Other revenue from non-ordinary activities		
- Federal Government - JobKeeper	25,500	-
- Federal Government - Cashflow Boost	24,880	-
- State Government - Small Business Support Grant	13,000	-
	<u>63,380</u>	<u>-</u>
Total revenue	<u>382,718</u>	<u>424,689</u>

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

3 Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	1,878	1,878
Cash at bank	158,360	113,320
Total cash and cash equivalents	160,238	115,198
Restricted cash equivalents	162,987	155,858
Total restricted cash equivalents	162,987	155,858
Total cash per cash flow statement	323,225	271,056

A bank loan obtained by Newcastle Leagues Club Limited (ABN 34 000 140 750) is secured by a restricted cash term deposit provided by Newcastle Rugby League Limited. The full amount of the restricted cash held as a deposit is disclosed above.

4 Trade and other receivables

CURRENT		
Trade receivables	16,194	40,978
Other receivables	29,143	44,061
	45,337	85,040

5 Other assets

Prepayments	2,394	6,941
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Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

6 Property, plant and equipment

	2020	2019
	\$	\$
Plant and equipment		
At cost	37,237	33,295
Accumulated depreciation	(33,453)	(32,030)
Total plant and equipment	3,784	1,265
Motor vehicles		
At cost	12,727	12,727
Accumulated depreciation	(8,597)	(6,052)
Total motor vehicles	4,130	6,675
Total property, plant and equipment	7,914	7,940

(a) Movements in Carrying Amounts

	Plant and Equipment	Motor Vehicles	Total
	\$	\$	\$
Current Year			
Balance at the beginning of year	1,265	6,675	7,940
Additions	3,943	-	3,943
Depreciation expense	(1,424)	(2,545)	(3,969)
Carrying amount at the end of year	3,784	4,130	7,914

7 Investment Properties

	2020	2019
	\$	\$
Balance at beginning of the period	2,214,823	-
Additions	1,358	2,214,823
Balance at end of the period	2,216,181	2,214,823

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

8 Right of use assets

	2020
	\$
Leased office premise	23,002
Accumulated amortisation	<u>(2,300)</u>
	<u>20,702</u>
Leased office equipment	13,117
Accumulated amortisation	<u>(4,497)</u>
	<u>8,620</u>
Total	<u><u>29,322</u></u>

Right-of-use assets

	Leased office premise	Leased office equipment	Total
	\$	\$	\$
Year ended 30 September 2020			
Opening balance recognised at 1 October 2019	-	13,117	13,117
Additions	23,002	-	23,002
Amortisation	<u>(2,300)</u>	<u>(4,497)</u>	<u>(6,797)</u>
Balance at end of year	<u><u>20,702</u></u>	<u><u>8,620</u></u>	<u><u>29,322</u></u>

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2020
	\$
Amortisation	6,797
Interest expense on lease liabilities	<u>1,026</u>
	<u><u>7,823</u></u>

9 Trade and other payables

	2020	2019
	\$	\$
CURRENT		
Trade creditors	5,703	14,130
Sundry payables and accrued expenses	<u>26,670</u>	<u>85,475</u>
	<u><u>32,373</u></u>	<u><u>99,605</u></u>

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

10 Borrowings

	2020	2019
	\$	\$
CURRENT		
Secured liabilities:		
- Bank loans	<u>17,176</u>	18,734
NON-CURRENT		
Secured liabilities:		
- Bank loans	<u>231,266</u>	231,266
(a) Total current and non-current secured liabilities	<u><u>248,442</u></u>	<u>250,000</u>
Bank loans		
(b) The carrying amounts of non-current assets pledged as security are:		
Investment properties	2,216,181	2,214,823

(c) Security

The bank loan is secured by:

- Registered real property mortgage over property located at 28 William Street, Raymond Terrace NSW comprised in Certificate of Title 3/770403;

- Registered real property mortgage over property located at Lot 4, 30 William Street, Raymond Terrace comprised in Certificate of Title 4/SP70212;

- Registered first ranking security interest under a General Security Agreement over the assets and undertakings of Newcastle Rugby League Limited.

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

11 Provisions

	2020	2019
	\$	\$
CURRENT		
Employee entitlements	<u>12,556</u>	<u>30,671</u>
NON-CURRENT		
Employee entitlements	<u>11,325</u>	<u>9,472</u>

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual leave and long service leave for employees. Long service leave has been calculated based on nominal amounts rather than present values, as the carrying amount is immaterial when compared to net assets.

12 Leasing Commitments

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

(a) Lessor

Receivable - minimum lease payments		
- not later than 12 months	139,254	139,254
- between 12 months and 5 years	<u>203,451</u>	<u>342,705</u>
	<u>342,705</u>	<u>481,959</u>

The Company has leased out four units within the Raymond Terrace investment property under separate, commercial lease agreements. The terms of the agreements are:

- Unit 1, lease agreement which expires on 30 September 2022;
- Unit 2, lease agreement which expires on 30 April 2024, with option to renew for a period of 5 years from 1 May 2024 to 30 April 2029, and a further option to renew for a period of 5 years from 1 May 2029 to 30 April 2034;
- Unit 3, lease agreement which expires on 31 December 2021;
- Unit 4, lease agreement which expires on 30 April 2024.

The figures in the above note do not take into consideration option periods.

Newcastle Rugby League Limited

ABN 39 003 833 654

Notes to the Financial Statements

For the Year Ended 30 September 2020

12 Leasing Commitments

(b) Lessee

	2019 \$
Payable - minimum lease payments	
- not later than 12 months	11,483
- between 12 months and 5 years	9,430
	<u>20,913</u>

Operating leases have been taken out for the Company's office space and photocopier. The office space lease expires in June 2020 and the photocopier lease expires in September 2022. As described in Note 1(r), the Company has adopted AASB 16: *Leases* in the current year.

13 Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. The Company's main related parties are as follows:

(a) Key Management Personnel of the Company

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company, is considered key management personnel. Refer to Note 14.

(b) Other Related Parties of the Company

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

14 Key Management Personnel Compensation

The totals of remuneration paid to the key management personnel of Newcastle Rugby League Limited during the year are as follows:

	2020 \$	2019 \$
Key management personnel compensation	<u>114,000</u>	<u>106,041</u>

Newcastle Rugby League Limited

ABN 39 003 833 654

Compilation Report

30 September 2020

COMPILATION REPORT TO NEWCASTLE RUGBY LEAGUE LIMITED

We have compiled the accompanying special purpose financial statement of Newcastle Rugby League Limited, which comprise the detailed statement of profit or loss and other comprehensive income. The specific purpose for which the special purpose financial statement has been prepared is to provide information relating to the performance of the Company that satisfies the information needs of the Directors.

The Responsibility of the Directors

The Directors of Newcastle Rugby League Limited are solely responsible for the information contained in the special purpose financial statements and they have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of the information provided by the Directors we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting and APES 315 *Compilation of Financial Information*.

We have applied our expertise in accounting and financial reporting to compile these financial statements. We have complied with the relevant ethical requirements of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled for the benefit of the Directors who are responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

16 November 2020

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Newcastle 25 Bolton Street (PO Box 694) Newcastle NSW 2300 T 02 4928 8500 F 02 4926 1971 E cnmail@cutcher.com.au
Sydney Suite 1102, Level 11, 20 Berry Street (PO Box 281) North Sydney NSW 2059 T 02 9923 1817

Liability Limited by a scheme approved under Professional Standards Legislation. Cutcher & Neale Assurance Pty Ltd ABN 37 126 556 330

Newcastle Rugby League Ltd
Detailed Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2020

	2020	2019
	\$	\$
Income		
4000 Football Income		
4010 All Stars	9,000	17,026
4020 Appeals / Fines	-	1,818
4030 Entry Fees	-	38,767
4040 Finals Series	-	120,323
4050 Funding Grants	-	41,200
4060 Presentation Night	-	3,364
4080 Rep Football	-	8,903
4090 Videoing	-	46,442
4300 Other Football Income	2,380	13,748
Total 4000 Football Income	11,380	291,591
5000 Other Income		
5020 Interest Received	7,140	33,097
5030 Rent Received	200,229	-
5040 Sponsorship & Donations	84,994	96,021
5050 Sundry	15,596	3,980
5070 Federal Government - JobKeeper	25,500	-
5080 Federal Government - Cashflow Boost	24,880	-
5090 State Government - Small Business Grant	13,000	-
Total 5000 Other Income	371,338	133,098
Total Income	382,719	424,689
Expenses		
6000 Football Expenses		
6010 All Stars	50	31,390
6011 AllStars Apparel	7,104	-
Total 6010 All Stars	7,154	31,390
6020 Finals Series	964	116,267
6040 Presentation Night	-	19,566
6050 Referees Administration	-	21,293
6060 Rep Football	3,517	34,003
6061 Rep Football Apparel	19,896	-
Total 6060 Rep Football	23,413	34,003
6070 Season Launch	-	5,336
6080 Videoing	4,226	45,090
6300 Other Football Expenses	6,698	5,234
Total 6000 Football Expenses	42,456	278,180

Newcastle Rugby League Ltd
Detailed Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2020

	2020	2019
	\$	\$
7000 Administrative Expenses		
7010 Advertising & Marketing	2,052	5,192
7020 Audit & Accountancy	11,729	20,963
7030 Bad Debts	1,449	244
7040 Bank Charges	(856)	4,099
7050 Cleaning	2,010	1,615
7060 Computer	4,881	1,148
7080 Donations & Sponsorship	-	4,525
7090 Entertainment / Meetings	1,871	2,210
7100 Insurance	8,604	7,763
7110 Legal Fees	466	-
7120 Memberships / Subscriptions	440	-
7130 Motor Vehicle	6,143	6,047
7140 Office Equipment	806	470
7150 Printing, Postage & Stationery	6,694	10,686
7160 Rent	13,421	9,840
7170 Repairs & Maintenance - Building	-	163
7180 Staff Amenities & Uniforms	479	344
7200 Storage	-	350
7210 Sundry	6,400	4,476
7220 Telephone & Internet	1,648	4,266
Total 7000 Administrative Expenses	68,238	84,400
7300 Rent Expenses		
7310 Management Fees - Rentals	15,880	-
7320 Utilities	3,301	602
Total 7300 Rent Expenses	19,181	602
8000 Payroll Expenses		
8010 Salaries & Wages	136,880	162,391
8020 Superannuation	12,367	16,507
8030 Leave Entitlement Movement	(16,261)	15,850
Total 8000 Payroll Expenses	132,985	194,748
Total Expenses	262,860	557,929
Other Expenses		
9010 Interest Paid	15,165	-
9020 Depreciation	3,968	3,549
9030 Amortisation - Leases	6,798	-
9040 Interest - Leases	1,026	-
Total Other Expenses	26,957	3,549
Net Earnings	92,900	(136,791)