



CLIVE BERGHOFER CENTRE
81 FULCHER ROAD
RED HILL QLD 4059
AUSTRALIA
T 07 3858 9111 F 07 3858 9112
INFO@BRONCOS.COM.AU
BRONCOS.COM.AU

24 February 2020

To: ASX Company Announcements Platform

BRISBANE BRONCOS LIMITED AND ITS CONTROLLED ENTITIES 2019 FINANCIAL RESULTS

Please find attached the following documents in relation to the 2019 financial results for Brisbane Broncos Limited and its controlled entities ("the Group"):

- Earnings Release
- Appendix 4E – Preliminary Final Report
- 2019 Financial Report
- Independent Audit Report and Auditor's Independence Declaration

Yours faithfully

Brisbane Broncos Limited
Louise Lanigan
Company Secretary





MAJOR PARTNER

BRISBANE BRONCOS LIMITED
(ABN 41 009 570 030)

EARNINGS RELEASE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Brisbane, 24 February 2020

FINANCIAL PERFORMANCE

Revenue

The Group recorded gross revenue for the 2019 financial year of \$51,935,967 which is a 0.3% increase on 2018. Operating revenue increased 0.4% whilst non-operating interest revenue fell 18% as noted below.

Membership and ticketing revenue fell 4% compared with the prior year, impacted by match scheduling and discretionary spending choices. Home game attendance was down 4%, averaging 29,521 (2018: 30,859). Total membership numbers decreased to 34,793 (2018: 36,420) with ticketed membership numbers decreasing to 24,757 (2018: 25,449) and non-ticketed membership numbers decreasing to 10,036 (2018: 10,971). Total corporate sales revenue decreased 13%, with the prior year inclusive of amounts related to one home final, which was not achieved in 2019.

Merchandise sales and gross margin both fell 22% reflecting the competitive retail environment. Merchandise royalties related to the apparel sales fell 11% reflecting the general trend across the market.

Mitigating these revenue shortfalls, the Group achieved 5% growth in sponsorship revenue and 25% growth in government funding (cost recovery revenue) for the expanded Indigenous and community programs. The NRL Club Grant increased to fund the increased NRL Salary Cap. Rent revenue compares favourably to the comparative period. The current year reflects a contracted rental increase and outgoings on-charges.

Interest revenue decreased by 18% to \$239,512 reflecting both a reduction in the average investment amount and average interest rate.

Expenditure

Total Group expenditure for the 2019 year was \$48,571,967, a decrease of 0.2% over 2018. Operating costs have decreased 0.2% and non-operating costs have decreased 0.3%. A dissection of total expenditure is listed in note 6 to the financial statements. Total expenditure reflects increased occupancy, maintenance and operational costs, contracted salary increases, football department restructure related salary increases, costs of participation in the second year of the NRLW competition, costs identified on transition to Single Touch Payroll and additional resourcing and associated costs for delivery of the expanded funded Indigenous and Community Programs.

Result for the year

The Group recorded a 9.5% increase in profits after tax for the 31 December 2019 financial year to \$2,263,777 (2018: \$2,067,148). Profits before tax for the 2019 and 2018 financial years were \$3,364,000 and \$3,082,000 respectively. The financial result reflects a strong underlying commercial business and cash position of the Group, impacted by home game related shortfalls, contracted and restructure related salary increases, costs identified on the transition to Single Touch Payroll, net costs of participation in the second year of the NRLW competition and a reduction in interest revenue.



MAJOR PARTNER

BRISBANE BRONCOS LIMITED

(ABN 41 009 570 030)

APPENDIX 4E

**PRELIMINARY FINAL REPORT
FOR YEAR ENDED 31 DECEMBER 2019**

RESULTS FOR ANNOUNCEMENT TO THE MARKET				
Revenues from ordinary activities (\$000)	Up	0.3%	to	51,936
Profit from ordinary activities before tax attributable to members (\$000)	Up	9.2%	to	3,364
Profit from ordinary activities after tax attributable to members (\$000)	Up	9.5%	to	2,264
Basic earnings per share (cents)	Up	9.5%	To	2.3 cents
Diluted earnings per share (cents)	Up	9.5%	to	2.3 cents
Net tangible asset backing per ordinary share (cents)	Up	12.0%	to	23.9 cents

DIVIDENDS	Amount per security	Franked amount per security
Final Dividend for 31 December 2019	1 cent	100%
Total amount per share relating to the year ended 31 December 2019	1 cent	100%
Previous corresponding period: Final Dividend for 31 December 2018	1 cent	100%

AUDIT INFORMATION

The financial statements have been audited and a copy of the independent audit report is attached to the financial statements.

Louise Lanigan
Company Secretary
24 February 2020

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Corporate Information

A.B.N. 41 009 570 030

Directors

K D Morris AO (Chairman)
A J Joseph
D J Lockyer
N M Monaghan
K M Lawlor (Alternate Director)

Company Secretary

L A Lanigan

Registered Office and Principal Place of Business

Clive Berghofer Centre
81 Fulcher Road
Red Hill Queensland 4059

Securities Register

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001

Telephone: (within Australia) 1300 850 505; (outside Australia) +61 3 9415 4000
Facsimile: +61 3 9473 2500
Website: www.computershare.com.au

Brisbane Broncos Limited shares are listed on the Australian Securities Exchange.

Solicitors

Creagh Weightman
Level 1, 179 Mary Street
Brisbane Queensland 4000

Bankers

Commonwealth Bank of Australia
201 Sussex Street
Sydney New South Wales 2000

Auditors

Ernst & Young
111 Eagle Street
Brisbane, Queensland 4000

The Chairman's Report

Dear Shareholder

The 2019 year was a challenging one for the Brisbane Broncos on and off the field. This was despite our best efforts in a challenging economy and some promising performances on the field.

Our last game of the year was unsatisfactory on every level, we have made significant changes to the team and we are seeing significant improvement. It has been too long since we have won a Premiership.

It is encouraging to see the progress made by our Coach, Anthony Seibold. We are very confident in his approach to form an environment for the on-field success of our club. His coaching staff and our players have positively responded and our club is ready for a strong performance on the field in 2020.

We welcome Kia Motors Australia as our Major Partner for the 2020 season and beyond. We could not have found a better partner. We thank NRMA Insurance for their significant contribution to our club over many years and their continued ongoing support for our community programs.

Our Indigenous and Community programs continue to make positive change to participants' lives and their communities. This important work is delivered by our dedicated, passionate staff with the support of Federal Government funding.

I wish to thank retiring director, Katie Bickford, for her valuable contribution, most recently playing an influential role in the success of the Brisbane Broncos NRL Women's team who successfully defended their Premiership title in 2019. This was a remarkable result and reflects the dedication and efforts of all players and staff involved.

To my fellow directors, CEO Paul White, his executive team, staff, players, shareholders, members, sponsors, community partners and fans, I thank you for your ongoing support of this great club.



Karl Morris AO

The CEO's Report

The 2019 season has been one of progress and a season that will be very important in this ongoing history of this great club. A couple of performances that highlight this were our victories against NRL benchmark teams where our young Broncos team made us all proud. Whilst we started the season with only two wins from eight matches, we fought to make our way into the final eight. The 2019 season has tested all of us at the Broncos at different times. We didn't finish the season well and we make no excuses. We have learnt from the experience and have taken steps to improve. We aim for a Top 4 finish and that will drive us into our 33rd season. Our players know exactly where they stand and what is expected of them. I thank Anthony Seibold for his relentless efforts throughout his first season. Anthony has brought to this club a new approach to the way we want to play.

For the second year in a row, our club claimed the Dally M Rookie of the Year award with Jamayne Isaako's 2018 crown awarded to Payne Haas in 2019. Payne was also named as the Prop of the Year and capped of a stellar year with Australian selection.

Our NRL Women's (NRLW) team was successful in 2019 in defending their Premiership crown. The team welcomed some new players, farewelled some of the 2018 squad, and were able to rebuild and once again win the title. I congratulate our NRLW CEO Tain Drinkwater and coach Kelvin Wright.

Off the field, we welcomed Kia Motors Australia to the Broncos sponsorship family as Major Partner with a long-term deal for the front of jersey asset. We look forward to seeing the partnership deliver strong benefits for both parties. I would like to thank NRMA Insurance for their significant contribution over many years as Principal sponsor and their ongoing commitment to our club as a community sponsorship partner.

Our Game Development and Community programs continued to grow and assist Queensland communities. Our programs promote health and educational outcomes. As a rugby league club, we are constantly trying to reimagine the power of sport and the role that it can play in transforming lives.

I am very pleased to extend my tenure as Broncos CEO for the 2020 season. This is a position that I never take for granted, it carries great responsibility and great expectation. I will continue to be motivated by the opportunities for this great club. I would like to thank our Chairman, Karl Morris, and our whole Board for their support throughout 2019. Our board members give generously of their time and their advice and we are a better club for it. We farewell Katie Bickford, as director, and acknowledge her valuable contribution over more than eight years.

To all our shareholders, our loyal and passionate sponsors and members, I say thank you for the support you give to our club.

Thank you to my executive team, staff and players for your contribution in 2019. Throughout 2019, our club has stuck together and lived by our values - United. Respectful. Accountable. Grateful. We have made progress, but there is more work to be done and we have a clear path ahead.



Paul White

Sponsor Overview

In 2019, the Brisbane Broncos enjoyed continued sponsorship growth, increasing 5% on the prior year, largely driven through sales across the range of traditional assets. The unwavering commitment of our long-standing partners, who continue to support the club, is a testament to the foundations of true partnerships and we value these greatly.

During the year, we saw the University of Queensland increase their investment and move into the Premier Sponsor category. This partnership is significant for both parties, providing opportunities for students with over 30 intern placements with the Broncos across the football, commercial, community and administration departments. We also welcomed Splatt Lawyers as a Platinum Sponsor with their sponsorship of Head Coach, Anthony Seibold. Other new partners in 2019 included ASICS, Air Asia, Kayo Sports, Van Heusen, PFD Foods, New Era and Qscan.

We would particularly like to thank our outgoing Principal Sponsor, NRMA Insurance, who has been an invaluable partner of the club for 16 years. In an historic agreement for the Club, our long-term partnership will continue beyond 2019 as they become the Major Partner of the Broncos Community Programs. NRMA Insurance's sponsorship of the Broncos Community Program underscores its focus on helping to build safer communities and is a natural evolution for both parties.

The 2020 season sees the Broncos welcome Kia Motors Australia as our new Major Partner taking on the highly sought-after front of jersey position. We look forward to working with Kia to drive the success of our partnership.

In the current economic climate, spending in the industry remains constricted however with our exciting playing roster we are confident of future success and that the club will remain an attractive option for brands looking to form strong partnerships to drive further growth. This is further evident in our ability to reposition valued partnerships whilst taking on board new opportunities and we expect this will continue to deliver strong revenues.

As always, we would like to take this opportunity to thank all our partners for their continued support and dedication to the Broncos throughout 2019, and we look forward to growing our businesses together.

2019 PRINCIPAL SPONSOR

NRMA Insurance – NRMA Insurance is backed by IAG, the leading general insurer in Australia and New Zealand. NRMA Insurance aim to make your world a safer place with a wide range of insurance solutions to protect the things you care about.

2019 PREMIER SPONSORS

XXXX GOLD

Queensland's favourite beer is proud to continue its partnership of more than 20 years with the Brisbane Broncos as a Premier Sponsor. The partnership enables the two celebrated icons to unite as Queensland's most favoured identities.

ISC

The ISC Group is a full-service sportswear solution for all manner of elite professional sporting and non-sporting clubs, teams, schools, and corporates. The Broncos and ISC continue to work together to create market leading products for athletes and fans.

Ladbrokes

Ladbrokes is the Australian operation of Ladbrokes plc., a responsible leader in the global betting and gaming market, with over 125 years' experience. Ladbrokes strives to be the most innovative bookmaker in Australia. Ladbrokes offer a wide range of sports betting opportunities. Ladbrokes.com.au is managed from Australia, with offices in Sydney, Melbourne & Brisbane, by a team of local sports betting experts and enthusiasts. The website and software have been specifically developed for Australia, one of the most sophisticated wagering markets in the world.

Firstmac

Firstmac has grown from a small, family business to become Australia's largest non-bank provider of home loans. Over their 40 year history, they have provided 100,000 home loans and currently manage \$12 billion in mortgages and \$250 million in cash investments. Headquartered in Brisbane, Firstmac have also diversified their offering with the introduction of the Loans.com.au brand which offers self-serve, online home and car loans to a wider market.

Arrow Energy

Arrow Energy is an integrated energy company that explores and develops gas fields, produces and sells coal seam gas and generates electricity. As a Premier Sponsor, Arrow provides a link between the Brisbane Broncos and Regional areas such as the Surat and Bowen Basins where they operate.

National Storage

National Storage is one of Australasia's largest self-storage providers, tailoring self-storage solutions to over 35,000 residential and commercial customers at more than 170 storage centres across Australia and New Zealand. In December 2013, National Storage listed on the Australian Securities Exchange becoming the first publicly listed independent, internally managed and fully integrated owner and operator of self-storage centres in Australia.

Sponsor Overview (continued)

University of Queensland

The University of Queensland (UQ) is one of Australia's leading research and teaching institutions. For more than a century, they have educated and worked with outstanding people to deliver knowledge leadership for a better world. UQ ranks among the world's top universities, is one of only three Australian members of the global Universities 21, a founding member of the Group of Eight (Go8) universities, and a member of Universities Australia.

Coca-Cola

Coca-Cola Amatil is Australia's largest premium branded beverage and food company and one of the top five Coca-Cola bottlers in the world. A proud partner of the Brisbane Broncos since inception of the club in 1988, Coca-Cola is the longest serving major sponsor of the Brisbane Broncos. Major brands like Powerade, Coke Zero and Mount Franklin Spring Water hydrate the Broncos and their fans every day.

Deadly Choices

Deadly Choices is an initiative of the Institute for Urban Indigenous Health (IUIH) Limited in South East Queensland (SEQ) and is jointly funded by Queensland Health and the Commonwealth Department of Health. The IUIH was established in 2009 by four Aboriginal Medical Services to coordinate planning, development and delivery of comprehensive primary health care services to over 60,000 Aboriginal and Torres Strait Islander peoples within the SEQ Region – representing over a third of the total Indigenous population of Queensland and the fastest growing Indigenous population in the country.



Sponsor Overview (continued)

BRISBANE BRONCOS SPONSOR HIERARCHY 2019

PRINCIPAL SPONSOR

NRMA Insurance

PREMIER SPONSORS

XXXX | ISC | Ladbrokes | Firstmac | Arrow Energy
National Storage | UQ | Coca-Cola Amatil | Deadly Choices

PLATINUM SPONSORS

Nova 106.9 | Splatt Lawyers | TradeTools | McDonald's
Channel 9 | News QLD | Llewellyn Motors

ASSOCIATE SPONSORS

Air Asia | Ipswich City Council | CSQ | Van Heusen
Streets | Kayo | Diageo | Radio 4BC | Asics

SUPPORT SPONSORS

Allara Learning | Yellow Cabs | Painaway
Four'n Twenty | PFD Foods | Sirromet | QScan
New Era | Broncos Leagues Club

OFFICIAL SUPPLIERS

STATSports | Elastoplast | Coast 2 Coast Earthmoving | Event Cinemas | Moreton Hire | PLAE Global | Bioglan
Advanced Adsignz | ATP Science | Niagara Therapy | Top Cut Foods | HART Sport | AlphaSport
Cha Cha Char/Jellyfish/Il Centro | Celissa Group | Treasury Wines | YoPRO

Directors' Report

Your directors submit their report for the year ended 31 December 2019.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

Karl Douglas Morris AO
Non-Executive Chairman
Independent

Mr Morris was appointed as Chairman on 5 December 2017. He is Chairman and CEO and Managing Director of Ord Minnett Limited, with a career spanning over 30 years in financial services and wealth management. Mr Morris is a commerce graduate of Griffith University and holds diplomas from the Stockbrokers and Financial Advisers Association of Australia, FINSIA and the Australian Institute of Company Directors. Mr Morris is Chair of the Bravehearts Foundation Fund and Chair of the Mary MacKillop Brisbane Catholic School Access Fund. His other Board memberships include JP Morgan Australia Advisory Council; Australian Catholic University Senate; University of Queensland, Trust, Ethics & Government Alliance Industry Advisory Board and the Archdiocese of Brisbane Catholic Foundation. He is National Vice Patron of Bravehearts Inc (Child Protection Charity). Mr Morris is a Master Member (and former Chair 2012-2018) of the Stockbrokers and Financial Advisers Association of Australia. During the past three years, Mr Morris' directorships have included QSuper (former Chairman 2013 - 2019), the Royal Automobile Club of Queensland (RACQ) (former director 2010 - 2019), Chair of Griffith University Foundation Board (2017 - 2019), Governor of the University of Notre Dame Australia (2007 - 2019) and Director of Gallipoli Medical Research (2017 - 2019). Mr Morris was awarded an Officer of the Order of Australia (AO) on Australia Day 2019, for distinguished service to the financial and stockbroking sectors and to the community through a range of organisations.

Anthony John Joseph
Non-Executive Director
Independent

Mr Joseph was appointed as a director on 22 February 2011. Mr Joseph has been passionately involved in Queensland Rugby League since the Brisbane Broncos formed in 1988. He has more than 50 years' experience in the fruit and vegetable industry and is a director of a number of private companies. Mr Joseph has been Managing Director of Alfred E Chave Pty Ltd since 1975 and Chairman of Brisbane Markets Limited since incorporation in 1994. He was also a longstanding member of the Brisbane Market Trust prior to corporatisation. Mr Joseph was on the Brismark board from 1982 to 2017, five of those years as President. He was previously a committee member of the Queensland Surf Lifesaving Foundation and Men of League (Queensland). Mr Joseph was appointed a director of Brisbane Broncos Leagues Club on 20 November 2014. Mr Joseph is a member of the Australian Institute of Company Directors and is a registered Commissioner of Declarations.

Neil Monaghan
Non-Executive Director

Mr Monaghan was appointed director and Chairman of the Audit & Risk committee on 9 April 2018. Mr Monaghan is currently the Managing Director - Publishing Operations for News Corp Australia, having joined the company in 2017. Prior to News Corp Australia, Mr Monaghan was the Chief Executive Officer of the Australian Regional Media business for three years and managed the sale and subsequent integration of the company into News Corp Australia. Mr Monaghan has more than 30 years' experience in business across various industries including media, mining and construction. He has a Master of Applied Law degree from The University of Queensland. He is a former director of News Media Works, Australia's industry advocate for digital and print news media and 3rd Space, one of Brisbane's largest drop-in centres for the homeless.

Directors' Report (continued)

DIRECTORS (continued)

Names, qualifications, experience and special responsibilities (continued)

Darren James Lockyer <i>Non-Executive Director Independent</i>	Mr Lockyer was appointed as a director on 30 October 2013. Mr Lockyer's credentials as a rugby league player are unprecedented and he is the most capped Australian and Brisbane Broncos player. He captained the club for seven years from 2005 to 2011 and remains the longest serving player in Broncos' history. Throughout his career, Mr Lockyer continuously engaged with the club's stakeholders, staff, members and supporters. His appointment to the Board enables him to have a greater involvement in the delivery of key variables to the club's loyal supporter base. Since retiring from rugby league in 2011, Mr Lockyer has established himself as a successful sports commentator, has worked as an ambassador for several large corporate entities, and has pursued a number of personal business interests. These post-career undertakings have provided him with relevant expertise which, in addition to his invaluable rugby league insight, is of significant benefit to the Brisbane Broncos. Mr Lockyer is a member of the Australian Institute of Company Directors.
Kevin Michael Lawlor <i>Non-Executive Alternate Director</i>	Mr Lawlor was appointed Alternate Director to Mr Monaghan effective 9 April 2018. Mr Lawlor had previously been appointed director and Chairman of the Audit & Risk committee on 10 May 2016. He is currently the Finance Director - Publishing at News Corp Australia. Mr Lawlor joined News Corp Australia in April 2004 and has held a number of roles in the Finance function over that period. In his current role, Mr Lawlor has responsibility for commercial finance for all News Corp Australia publishing assets. Mr Lawlor holds a Bachelor of Commerce degree and a Master's degree in Business Studies from University College Dublin in Ireland. He has been a qualified accountant for more than 17 years and is a member of the Association of Certified Chartered Accountants (ACCA).
Katie Skye Bickford <i>Non-Executive Director Independent (Retired as Director 13 December 2019)</i>	Mrs Bickford was appointed as a director on 23 May 2011. Mrs Bickford has more than 29 years' experience in executive management across both public and private sectors. Her experience includes advising on corporate governance, strategy, stakeholder and business engagement, risk and reputation management, strategic positioning and change management. For more than 17 years Mrs Bickford was an accredited equestrian coach, judge and competitor at national and international level. Mrs Bickford is an Australian Institute of Management Fellow and member of the Australian Institute of Company Directors.

COMPANY SECRETARY

Louise Anna Lanigan <i>Company Secretary & Salary Cap Manager</i>	Ms Lanigan was appointed Company Secretary and Chief Financial Officer on 3 July 2000. On 28 April 2011, Ms Lanigan resigned as Chief Financial Officer and continues in her dual role as Company Secretary & Salary Cap Manager. Ms Lanigan has been a Chartered Accountant for 26 years. Prior to holding these positions, she was Group Financial Controller of an ASX listed company for two years and worked in the Chartered Accounting industry for eight years. Ms Lanigan is a graduate of the Australian Institute of Company Directors.
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Interests in the shares and options of the company and related bodies corporate

As at the date of this report, two directors hold shares in the Company as disclosed in note 26 to the financial statements. There were no options in the Company issued as at the date of this report.

EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	2.3 cents
Diluted Earnings Per Share	2.3 cents

Directors' Report (continued)

DIVIDENDS

On 24 February 2020, the Board of Directors declared a final dividend of one cent per share franked to 100% at the 30% corporate income tax rate to the holders of fully paid ordinary shares for the financial year ended 31 December 2019. The financial effect of this dividend has not been brought into account in the financial statements for the year ended 31 December 2019 and will be recognised in the subsequent financial report.

On 10 April 2019, a 2018 final dividend of one cent per share franked to 100% at the 30% corporate income tax rate was paid to shareholders totalling \$980,406. Refer to note 8 of the financial statements for further details.

PRINCIPAL ACTIVITIES

The principal activity of the Brisbane Broncos Group ("the Group") during the 2019 financial year was the management and operation of the Brisbane Broncos Rugby League Football Team ("the Broncos"). There were no significant changes in the nature of those activities during the year.

OPERATING AND FINANCIAL REVIEW

Operating results for the year

The Group recorded a 9.5% increase in profits after tax for the 31 December 2019 financial year to \$2,263,777 (2018: \$2,067,148). Profits before tax for the 2019 and 2018 financial years were \$3,364,000 and \$3,082,000 respectively. The financial result reflects a strong underlying commercial business and cash position of the Group, impacted by home game related shortfalls, contracted and restructure related salary increases, costs identified on the transition to Single Touch Payroll, net costs of participation in the second year of the NRLW competition and a reduction in interest revenue. The Board are pleased to announce a dividend of one cent per share, such dividend to be 100% franked to holders of fully paid ordinary shares.

Review of operations

Revenue

The Group recorded gross revenue for the 2019 financial year of \$51,935,967 which is a 0.3% increase on 2018. Operating revenue increased 0.4% whilst non-operating interest revenue fell 18% as noted below.

Membership and ticketing revenue fell 4% compared with the prior year, impacted by match scheduling and discretionary spending choices. Home game attendance was down 4%, averaging 29,521 (2018: 30,859). Total membership numbers decreased to 34,793 (2018: 36,420) with ticketed membership numbers decreasing to 24,757 (2018: 25,449) and non-ticketed membership numbers decreasing to 10,036 (2018: 10,971). Total corporate sales revenue decreased 13%, with the prior year inclusive of amounts related to one home final, which was not achieved in 2019.

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Interest revenue decreased by 18% to \$239,512 reflecting both a reduction in the average investment amount and average interest rate.

Expenditure

Total Group expenditure for the 2019 year was \$48,571,967, a decrease of 0.2% over 2018. Operating costs have decreased 0.2% and non-operating costs have decreased 0.3%. A dissection of total expenditure is listed in note 6 to the financial statements. Total expenditure reflects increased occupancy, maintenance and operational costs, contracted salary increases, football department restructure related salary increases, costs of participation in the second year of the NRLW competition, costs identified on transition to Single Touch Payroll and additional resourcing and associated costs for delivery of the expanded funded Indigenous and Community Programs.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Review of operations (continued)

Capital Expenditure

Capital expenditure largely reflects the refurbishment of the Cyril Connell Performance Centre at Red Hill to accommodate both our NRLW team and the Elite Player Development program participants. The work was undertaken during the year and costs are reflected in Property, Plant and Equipment additions as disclosed in note 13 to the financial statements.

Financial Position

The directors believe the Group continues to remain in a sound financial position with \$14,879,039 cash assets and \$36,072,253 in net assets.

Community

In 2019, the Broncos in the Community program has seen players from the NRL squad participating in visits in the community including to schools and hospitals. In addition, the Beyond the Broncos program continues to support Indigenous students in 40 schools across Southern Queensland and Northern New South Wales to increase school attendance and to improve year 12 completions and post school career transitions. More than 1,600 young people benefited from the Broncos Indigenous programs in 2019, which support the Australian Government's commitment to Closing the Gap in educational and employment outcomes between Indigenous and non-Indigenous Australians. During 2019, current program targets were achieved with 1,300 students participating in the Beyond the Broncos Girls Academy. Also, during the year, \$8 million in funding was secured for two years to expand the Beyond the Broncos Girls Academy from 1,300 to 2,300 students by the end of 2021. This funding sees the program expand locally in the Logan and Caboolture regions.

Community staff travelled almost 56,000 kilometres in 2019, visiting students in our Indigenous programs. Our staff out in the schools spent more than 850 hours each week mentoring more than 1,600 students across Brisbane, South West Queensland and Northern New South Wales. There were also more than 250 hours of player and ambassador appearances.

The Broncos continues to support the Brisbane Broncos Charity Fund and its Charity Partner Program. The program supported 12 Queensland charities in 2019 including MND and Me, Daniel Morcombe Foundation and Heartkids. Each charity partner receives support in the form of player appearances, merchandise donations and an allocated home game for promotion.

National Rugby League Women's Premiership

2019 was another successful year with the Brisbane Broncos NRL Women's (NRLW) Premiership team, taking out back to back Premierships, defeating the St George Illawarra Dragons 30-6. Topping off the historic win, Annette Brander was named the Karyn Murphy Medal winner as Player of the Match with Ali Briggins nominated for the Golden Boot.

With significant changes to the coaching staff and playing roster in 2019, which saw 10 players make their debut for the club, the focus for the season was to embed the Broncos culture within the new squad, with Kelvin Wright, ex Kiwi Ferns Head Coach appointed as NRLW Head Coach, supported by ex-Club Captain Corey Parker, and former Kiwi Captain Simon Mannering in Assistant Coach roles. The club further expanded its focus on engaging women in non-traditional roles achieving 57% female representation across the professional coaching and support team.

The club welcomed Brisbane Broncos Leagues Club ("The Broncos Club") as the inaugural principal sponsor of the 2019 NRLW team, along with the continued support of other sponsors - Arrow Energy, Deadly Choices, National Storage, Oil Search, ISC, The University of Queensland, Splatt Lawyers, XXXX and Coca-Cola Amatil.

As part of the NRLW partnership with Oil Search, and with the support of the Australian Government, the club brought to life the concept of a game day and community outreach event in Papua New Guinea in September. The event provided an opportunity to engage with the PNG community through skills clinics and community outreach and provided an opportunity for the Broncos NRLW team to participate in a trial match against the Oil Search Orchids.

In 2019, women's rugby league continued to grow both in TV viewership and game participation rates. Women's rugby league held the top two domestic women's sporting events by TV viewership being the NRLW Grand Final and Women's State of Origin. Digital reach has also grown significantly for the women's game over the last two years.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

Performance indicators

Management and the Board monitor the Group's overall performance from a strategic level through to the operating and financial performance of the Group. They regularly compare actual results of the business to operating plans and financial budgets to assess the Group's overall ongoing performance.

The Board and management have identified key performance indicators (KPIs) that are used together with budgeted targets to measure performance. The Board receives monthly operational and financial reports to enable all directors to actively monitor the Group's performance. These reports provide an operational update of all aspects of the business and a comprehensive financial analysis of actual results compared to budgets, full year forecasts, KPIs and a detailed explanation of all variances.

The strategic plan, for the three-year period 2017 to 2019 inclusive, outlines the key pillars of our business, detailing the key result areas for each department and informing the budgeting process and strategic decisions for the business. During the year, the strategic plan was refreshed for the 2020 year.

Dynamics of the business

With a strong executive team and restructured football department, we move forward under our strategic plan, focused on delivering further growth and striving for further on-field success.

The Broncos continue to expand our reach in the community, with significant growth in our Indigenous Education and Employment Programs. As a result, staffing has also grown considerably to enable the delivery of program outcomes. A very strong focus will continue to remain on our discussions and presentations to government to secure updated funding commitments to provide long-term security for the delivery of these programs.

In 2019, the business took active steps to further expand our presence and partnerships into the Pacific Islands with a particular focus on Papua New Guinea. We are confident that the work undertaken over the previous two years will begin to deliver both strong commercial outcomes and growth of our brand in this key rugby league region.

The Brisbane Broncos remain one of the strongest sporting brands in the country having a strong balance sheet, backed by a strong commercial business and a disciplined focus on margin.

Challenging economic headwinds will remain in place for the retail industry into 2020, and with that competition for discretionary consumer spending remains. The business is cognisant of the need to constantly innovate and to improve all commercial offerings, to continue to attract consumer spending.

The club continues to work with the NRL and other stakeholders as part of the negotiations for a proposed new perpetual club licence agreement.

Your Board believes that the Company has more opportunities to achieve sports industry best practice to grow our business. Management believe they have taken appropriate steps to ensure that the Group is strongly positioned to deal with current economic uncertainties and capitalise on future opportunities to grow returns on investment.

Risk management

The Board has a proactive approach to risk management. The identification and effective management of risk, including calculated risk-taking is viewed as an important part of the Group's approach to creating long-term shareholder value. In recognition of this, the Board determines the Company's risk profile and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control. In doing so, the Board has taken the view that all Board members are to be a part of this process and as such has not established a separate Risk Management Committee.

During the reporting period, the Board and management reviewed the Company's risk management systems and strategies. Risks have been identified and the Group's risk register, risk matrix and risk management policy have been reviewed and updated. Action plans for the most significant risks are documented.

Directors' Report (continued)

OPERATING AND FINANCIAL REVIEW (continued)

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets, including the establishment and monitoring of KPIs of both a financial and non-financial nature.
- Receipt of detailed monthly Board reports assessing actual performance of the Group and potential risks or issues foreseen by management.
- Monitoring the strategic plan which encompasses the Group's vision, mission and strategy statements designed to meet shareholders' needs and manage business risk.
- Annual review of the Group's insurance coverage.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Effective 1 January 2020, the Group has engaged with Mr Darren Lockyer to provide leadership consultancy services to the Football Department for a two-year period. At reporting date, the arrangement is yet to be formalised but will be transacted at arm's length pricing.

On 24 February 2020, the Board of Directors declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is \$980,460 which represents one cent dividend franked to 100% per share. The dividend has not been provided for in the 31 December 2019 financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue its focus on improving the on-field performance of our NRL team. This improved performance, coupled with the strong commercial foundations which have been laid, will provide dual benefits for our business.

The growth and reach of our community programs will continue as a priority throughout 2020 as we look to further imbed our reach and presence in communities over Queensland.

The competitive nature of sport within Australia will continue to provide both risk but also opportunities as we look to cultivate new innovation, both on and off the field. Women's rugby league is the fastest growing area of our game and we are well placed with the success of our NRLW program to capitalise on this growth. Technology and innovation will continue to remain a constant within all areas of our business as we seek to embrace innovation and seek out best practice across our entire business.

The directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the directors believe that it would be likely to result in unreasonable prejudice to one or more entities in the Group.

SHARE OPTIONS

At 31 December 2019, there were no share options granted to directors or relevant officers as part of their remuneration. There are no share options issued by the Company.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

Insurance and indemnity arrangements established in the previous year concerning officers of the Group were renewed during the 2019 financial year. Each of the directors of the Company named earlier in this report and each full-time executive officer, director and secretary of all Group entities are indemnified via insurance cover against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. The combined monetary limit is \$20 million for each and every claim and in the aggregate during the policies' period, with an initial \$10m cover and an excess layer of \$10m.

Directors' Report (continued)

INDEMNIFICATION OF AUDITORS

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

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director was as follows:

<i>Board or Committee</i>	<i>Number of Meetings</i>
Full Board	7
Audit	2

The attendance of the directors at meetings of the Board and of its Committees was:

	<i>Full Board</i>	<i>Audit & Risk Management Committee</i>
K D Morris	7 (7)	2 (2)
A J Joseph	7 (7)	2 (2)
D J Lockyer	7 (7)	n/a
N Monaghan	7 (7)	2 (2)
K M Lawlor (Alternate Director)	0 (0)	0 (0)
K S Bickford (retired 13 December 2019)	6 (7)	n/a

Where a director did not attend all meetings of the Board or relevant committee (or was not a director for the entire year), the number of meetings for which the director was eligible to attend is shown in brackets. The Audit Committee met twice during the 2019 financial year.

Directors' Report (continued)

REMUNERATION REPORT (audited)

This Remuneration Report for the year ended 31 December 2019 outlines the remuneration arrangements of the Company and the Group in accordance with the requirements of the *Corporations Act 2001* (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report details the remuneration arrangements for Key Management Personnel (KMP) who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the Parent company, and includes executives in the Parent and the Group receiving the highest remuneration.

For the purposes of this report, the term 'executive' encompasses the Chief Executive Officer, executive directors, senior executives, general managers and secretary of the Parent and the Group and the term 'director' refers to non-executive directors only.

The remuneration report is presented under the following sections:

1. Individual key management personnel disclosures
2. Board oversight of remuneration
3. Non-executive director remuneration arrangements
4. Executive remuneration arrangements
5. Group performance
6. Key management personnel contractual arrangements

1. Individual key management personnel disclosures

Details of KMP of the Parent and Group as at the date of the report:

Key Management Personnel

(i) Directors

K D Morris AO	Chairman (Non-Executive)
A J Joseph	Director (Non-Executive)
N Monaghan	Director (Non-Executive)
D J Lockyer	Director (Non-Executive)
K M Lawlor	Alternate Director (Non-Executive)

(ii) Executive

P M White	Chief Executive Officer
L A Lanigan	Company Secretary & Salary Cap Manager
S A Moro	Chief Financial Officer
T M Reader	Chief Strategy Officer
P J Nolan	General Manager - Football Operations
T M Drinkwater	General Manager – HR, Risk & Compliance
C L Halliwell	General Manager – Community & Government Programs

During 2019 a review of the business structure and reporting hierarchy was undertaken resulting in some changes to KMP. The changes reflect the requirements of the growing business, football department restructure and realignment of certain roles and responsibilities.

2. Board oversight of remuneration

Remuneration Committee

Due to the small size of the Board, a separate Remuneration Committee has not been established. The Board, as a whole, assesses the appropriateness of the nature and the amount of remuneration of non-executive directors and executives on a periodic basis by reference to relevant employment market conditions. The overall objective of this process is to ensure maximum stakeholder benefit from the retention of a high quality, high performing Board and executive team. The Board also consider all matters relevant to the nomination of directors. The non-executive directors are responsible for evaluating the performance of the Chief Executive Officer, who in turn evaluates the performance of all other senior executives.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

2. Board oversight of remuneration (continued)

Remuneration approval process

The Board approves the remuneration arrangements for the Chief Executive Officer and other executives. The Board also sets the aggregate remuneration of non-executive directors which is then subject to shareholder approval.

Remuneration philosophy

The performance of the Company depends on the quality of its directors and executives. Brisbane Broncos Limited's strategy is designed to attract, motivate and retain highly skilled employees and non-executive directors by identifying and rewarding high performers and recognising the contribution of each employee to the continued growth and success of the Group.

To this end, key objectives of the Company are to ensure that its remuneration practices:

- Are aligned to the Group's business strategy;
- Offer competitive remuneration benchmarked against the external market;
- Provide a strong link between individual and Group performance and rewards;
- Incorporate annual performance reviews to ensure executives are meeting pre-determined performance benchmarks; and
- Feature an in-depth recruitment program to ensure executives with the appropriate skills and experience are employed.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and executive remuneration is separate and distinct.

3. Non-executive director remuneration arrangements

Remuneration Policy

The Board seeks to set aggregate remuneration at a level that provides the Company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost that is acceptable to shareholders.

The Company's constitution and ASX Listing Rules specify that the non-executive director fee pool shall be determined from time to time by a general meeting. An amount not exceeding the determined amount is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 13 May 2010 where shareholders approved an aggregate remuneration of \$220,000 per year. Each director receives a fixed fee for being a director of the Company. Historically the Company's annual directors' fees paid have been below this limit. The total directors' fees paid for the 2019 financial year were \$216,810.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed periodically. The Board considers fees paid to non-executive directors of comparable companies when undertaking the periodical review process.

The Board will not seek an increase for the non-executive director pool at the 2020 Annual General Meeting.

Structure

Effective 21 February 2018, each non-executive director received a fee increase from \$20,700 to \$32,000 plus statutory superannuation per annum for being a director of the Company. The Chairman commenced on \$70,000 plus statutory superannuation per annum and has not received an increase in the current year. The directors' fees for Mr Monaghan and Mr Lawlor, as Alternate Director, both employed by News Corp Australia, are payable directly to their employer. The non-executive directors do not receive retirement benefits, nor do they participate in any incentive program.

The remuneration of non-executive directors for the period ended 31 December 2019 and 31 December 2018 is detailed in Table 1 and 2 respectively of this report.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

4. Executive remuneration arrangements

Remuneration levels and mix

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Company so as to:

- Reward executives for Company, business unit and individual performance against budgets and targets; and
- Ensure total remuneration is competitive by market standards.

Structure

The non-executive directors are responsible for evaluating the performance of the Chief Executive Officer, who in turn evaluates the performance of all other senior executives. In determining the level and composition of executive remuneration, comparable executive roles and individual skill and experience are taken into consideration. The executives of the Group are subject to a formal annual performance review. The results of this performance review, the financial and/or operational performance of the Company and market conditions are all taken into consideration when determining revisions to remuneration.

The Company has a detailed customised employment contract with the Chief Executive Officer and a standard contract with other executives. Details of the Chief Executive Officer's contract is provided below. Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration.

The proportion of fixed remuneration and variable remuneration (potential short-term and long-term incentives) for each executive is set out in Table 1 and 2 of this report.

Fixed remuneration

Fixed remuneration is reviewed annually by the Board. The process consists of a review of Company, business unit and individual performance, and relevant comparative remuneration internally and externally. The Board has access to external advice independent of management, if required.

Senior managers and executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles at the discretion of the Chief Executive Officer. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the Group. Executive contracts do not include any guaranteed base pay increases.

The fixed remuneration component of the Group and Company executives is detailed in Tables 1 and 2.

Variable remuneration – Short-Term Incentive (STI) and Long-Term Incentive (LTI)

There are no formal STI or LTI payment programs in place for senior management. Senior management may be paid annual bonuses at the Chief Executive Officer's discretion with the approval of the Board of Directors. The Chief Executive Officer considers results of performance reviews, effort, commitment, the financial and/or operational performance of the Company, and market conditions when considering the payment of bonuses.

The Chief Executive Officer is incentivised for annual bonuses to be paid upon achievement of budgeted profit, membership growth targets and football team performance. In the event of these targets not being met, it is also open to the Board to consider a discretionary bonus based on overall company performance and Mr White's personal efforts.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

5. Group Performance

Profit before tax has increased to \$3,364,000 in 2019, a 9.2% increase on the 2018 result. Earnings per share for the current year and the past four financial years are shown below:

Year ended	2019	2018	2017	2016	2015
Profit before tax	\$3.36 million	\$3.08 million	\$4.02 million	\$4.1 million	\$3.77 million
Basic earnings per share (cents)	2.31	2.11	2.80	2.86	2.61
Share Price	41 cents	49 cents	55 cents	37 cents	34 cents

The share price has moved from 49 cents at 1 January 2019 to 41 cents at 31 December 2019. The directors note that given the large shareholding of Nationwide News Pty Ltd (68.87%) and the low volume of trade, they do not necessarily consider the share price to reflect the true underlying value of the Company.

6. Key management personnel contractual arrangements

Chief Executive Officer

During 2019, the Group signed an addendum to the existing employment contract with Mr White to extend the agreement for an additional 10-month period. Succession planning is underway. The structure, terms, conditions and remuneration components of the extended agreement remain materially unchanged from the earlier agreements, with the exception of the employer superannuation contributions being capped at the contribution limit.

Details of Mr White's employment contract for 2020 are as follows:

- The extended contract period is due to expire on 31 October 2020. Mr White receives fixed remuneration of \$700,000 per annum plus statutory superannuation and a fully maintained motor vehicle.
- Mr White's salary package is reviewed annually by the Chairman and the Board of Directors. In its review, the Board considers overall company performance, Mr White's personal effort and commitment and market rates and salary packages for similar roles in Australia.
- Mr White is incentivised to be paid an annual bonus on achievement of budgeted profit, membership growth targets and football team performance. The performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the group and its shareholders. In the event of these targets not being met, the Board may also consider a discretionary bonus based on overall company performance and Mr White's personal efforts. A discretionary bonus was not paid to Mr White for the 2019 year's performance.
- Mr White may resign from his position and thus terminate his contract by providing six months' written notice.
- The Company may terminate the contract immediately following written notice given by Mr White by providing payment of six months' salary in lieu of the notice period (based on the fixed component of Mr White's remuneration).
- The Company may terminate the contract by giving six months' written notice and providing a payment in lieu of six months' salary in lieu of the notice period. A payment of not less than six months' salary will also be paid in these circumstances. These payments are based on the fixed component of Mr White's remuneration.
- The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs, the Chief Executive Officer is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Other KMP

Other KMP, excluding Mr White, have rolling contracts. The Company and KMP may terminate the KMP's employment by providing four weeks' notice in writing or providing payment in lieu of the notice period (based on the fixed component of the KMP's remuneration). The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs the KMP is only entitled to that portion of remuneration that is fixed, and only up to the date of termination.

Performance measures for all other KMP reflect the same overarching objectives as the CEO, further customised for departmental objectives. The performance measures were chosen as they reflect the core drivers of short-term performance and also provide a framework for delivering sustainable value to the group and its shareholders.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

Remuneration of key management personnel

Table 1: Remuneration for the year ended 31 December 2019

	Salary & Fees	Cash Bonus	Short-Term # Allowances	Non-Monetary Benefits	Post Employment Superannuation	Long-Term Benefits Long Service Leave	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors								
K D Morris – Non-executive	70,000	-	-	-	6,650	-	76,650	-
K S Bickford – Non-executive (retired 13 December 2019)	32,000	-	-	-	3,040	-	35,040	-
A J Joseph – Non-executive	32,000	-	-	-	3,040	-	35,040	-
D J Lockyer – Non-executive	32,000	-	-	-	3,040	-	35,040	-
N Monaghan – Non-executive +	35,040	-	-	-	-	-	35,040	-
K M Lawlor – Non-executive (Alternate Director) +	-	-	-	-	-	-	-	-
Sub-total non-executive directors	201,040	-	-	-	15,770	-	216,810	
Other key management personnel								
P M White – Chief Executive Officer	700,000	-	-	20,000	66,500	15,470	801,970	-
T M Reader – Chief Strategy Officer	247,000	-	3,000	20,000	23,608	5,458	299,066	-
P J Nolan – General Manager - Football Operations	230,000	-	16,800	-	22,193	15,991	284,984	-
S A Moro – Chief Financial Officer	235,000	-	-	20,000	22,325	5,193	282,518	-
C L Halliwell – General Manager – Community & Government Programs ^	143,000	-	16,200	-	26,355	5,205	190,760	-
L A Lanigan – Company Secretary & Salary Cap Manager ^^	141,560	-	15,000	-	23,403	7,424	187,387	-
T M Drinkwater – General Manager – HR, Risk & Compliance ^^	145,000	-	13,700	9,182	14,307	3,789	185,978	-
Sub-total executive KMP	1,841,560	-	64,700	69,182	198,691	58,530	2,232,663	-
Totals	2,042,600	-	64,700	69,182	214,461	58,530	2,449,473	

Short-term allowances cover incidental administrative expenses

^ Ms Halliwell and Ms Lanigan salary sacrificed a portion of their wages

+ Fees for Mr Monaghan and Mr Lawlor are payable directly to their employer at an amount equivalent to the superannuation inclusive director fee

^^ Ms Drinkwater is remunerated for a 4-day week

* Ms Lanigan is remunerated for a 3½-day week

If a person was not employed for the full year, the amounts above reflect the remuneration for the period the individual was employed.

If a bonus pool is approved by the Board, individual performance bonus amounts are determined by the Chairman and CEO following individual Performance Management Contract reviews. Bonus payments earned are recognised as an expense in the current year with actual payment made in the first pay cycle of the following year. Executive staff did not receive a discretionary bonus in respect of the 2019 year's performance

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

Remuneration of key management personnel (continued)

Table 2: Remuneration for the year ended 31 December 2018

	Salary & Fees	Cash Bonus	Short-Term # Allowances	Non-Monetary Benefits	Post Employment Superannuation	Long-Term Benefits Long Service Leave	Total	Performance Related
	\$	\$	\$	\$	\$	\$	\$	%
Non-executive directors								
K D Morris – Non-executive	70,441	-	-	-	6,692	-	77,133	-
K S Bickford – Non-executive	30,386	-	-	-	2,887	-	33,273	-
A J Joseph – Non-executive	30,386	-	-	-	2,887	-	33,273	-
D J Lockyer – Non-executive	30,386	-	-	-	2,887	-	33,273	-
N Monaghan – Non-executive (appointed 9 April 2018) +	26,280	-	-	-	-	-	26,280	-
K M Lawlor – Non-executive (Alternate Director effective 9 April 2018) +	6,992	-	-	-	-	-	6,992	-
Sub-total non-executive directors	194,871	-	-	-	15,353	-	210,224	
Other key management personnel								
P M White – Chief Executive Officer	650,000	-	-	20,000	61,750	24,519	756,269	-
T M Reader – Chief Commercial Officer	247,000	10,000	3,000	20,000	24,415	4,967	309,382	3.2%
S A Moro – Chief Financial Officer ^	223,800	25,000	-	20,000	24,950	6,021	299,771	8.3%
S A Tallon – General Manager – Communications & Digital Media	174,000	12,000	1,800	15,000	17,670	1,079	221,549	5.4%
S N Czislowski – General Manager - Football Operations	156,000	8,000	16,800	-	15,580	3,345	199,725	4.0%
L A Lanigan – Company Secretary & Salary Cap Manager ^^	129,480	14,000	15,000	-	29,530	3,395	191,405	7.3%
T M Drinkwater – General Manager – HR, Risk & Compliance ^^	130,000	26,000	16,200	-	14,820	2,244	189,264	13.7%
C L Halliwell – General Manager – Community & Government Programs ^	126,000	16,000	16,200	-	25,535	3,934	187,669	8.5%
Sub-total executive KMP	1,836,280	111,000	69,000	75,000	214,250	49,504	2,355,034	
Totals	2,031,151	111,000	69,000	75,000	229,603	49,504	2,565,258	

Short-term allowances cover incidental administrative expenses

^ Ms Halliwell, Ms Lanigan and Ms Moro salary sacrificed a portion of their wages

+ Fees for Mr Monaghan and Mr Lawlor were paid directly to their employer at an amount equivalent to the superannuation inclusive director fee

^^ Ms Drinkwater is remunerated for a 4-day week

* Ms Lanigan is remunerated for a 3½-day week

If a person was not employed for the full year, the amounts above reflect the remuneration for the period the individual was employed.

A bonus pool is approved by the Board, and individual performance bonus amounts are determined by the Chairman and CEO following individual Performance Management Contract reviews. Bonus payments earned are recognised as an expense in the current year with actual payment made in the first pay cycle of the following year.

Directors' Report (continued)

REMUNERATION REPORT (audited) (continued)

Shareholdings of Key Management Personnel (Consolidated)

Two directors hold shares in Brisbane Broncos Limited. No other Key Management Personnel hold shares in the Company.

Mr Joseph's shareholding increased during 2019. Mr Joseph held 60,000 ordinary shares at 1 January 2019 and during the year Mr Joseph acquired an additional 60,000 shares in six different transactions. His total shareholding as at reporting date is 120,000 ordinary shares.

Mr Lockyer's shareholding did not change in 2019. Mr Lockyer's total shareholding as at reporting date is 43,778 ordinary shares.

All equity transactions with key management personnel are entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Brisbane Broncos Limited support and adhere to, where practical, the principles of corporate governance. A copy of the Company's Corporate Governance Statement is available on the Brisbane Broncos' website www.broncos.com.au.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The directors received the declaration on page 21 from the auditor of Brisbane Broncos Limited.

NON-AUDIT SERVICES

Details of non-audit services provided by the entity's auditor, Ernst & Young, are included at note 28 of the financial report. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Signed in accordance with a resolution of the directors.



Karl Morris AO
Chairman
Brisbane
24 February 2020



**Building a better
working world**

Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Auditor's Independence Declaration to the Directors of Brisbane Broncos Limited

As lead auditor for the audit of Brisbane Broncos Limited for the financial year ended 31 December 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Brisbane Broncos Limited and the entities it controlled during the financial year.

A handwritten signature in cursive script that reads "Ernst & Young".

Ernst & Young

A handwritten signature in cursive script that reads "Kellie McKenzie".

Kellie McKenzie
Engagement Partner
Brisbane
24 February 2020

**Statement of Financial Position
as at 31 December 2019**

	Note	2019 \$	Consolidated 2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents	10	14,879,039	13,076,351
Trade and other receivables	11	1,602,264	1,690,131
Inventories	12	164,312	196,367
Income tax receivable		305,583	449,283
Other current assets		733,830	970,236
Total Current Assets		17,685,028	16,382,368
Non-current Assets			
Property, plant and equipment	13	20,595,409	20,833,877
Intangible assets	14(a)	12,510,580	12,510,580
Lease straight-line asset		211,484	185,939
Deferred tax asset	7(c)	60,552	157,594
Other non-current assets		29,167	64,167
Total Non-current Assets		33,407,192	33,752,157
TOTAL ASSETS		51,092,220	50,134,525
LIABILITIES			
Current Liabilities			
Trade and other payables	15	3,476,100	3,043,310
Provisions	16	1,784,487	1,689,322
Unearned revenue	17	6,806,716	7,563,009
Total Current Liabilities		12,067,303	12,295,641
Non-current Liabilities			
Trade and other payables	18	879,720	1,323,631
Provisions	19	194,756	156,091
Unearned revenue	20	1,878,188	1,570,280
Total Non-current Liabilities		2,952,664	3,050,002
TOTAL LIABILITIES		15,019,967	15,345,643
NET ASSETS		36,072,253	34,788,882
EQUITY			
Equity attributable to equity holders of the Parent			
Contributed equity	21	28,991,500	28,991,500
Accumulated profits	22	7,080,753	5,797,382
TOTAL EQUITY		36,072,253	34,788,882

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

**Statement of Comprehensive Income
for the year ended 31 December 2019**

	Note	2019 \$	Consolidated 2018 \$
Operations			
Revenue from contracts with customers	6	38,083,265	38,088,287
Grant received from National Rugby League Limited		13,597,292	13,347,562
Interest revenue		239,512	292,720
Other revenue		15,898	44,679
Revenue		51,935,967	51,773,248
Expenses	6	(48,571,967)	(48,691,248)
Profit before income tax		3,364,000	3,082,000
Income tax expense	7(a)	(1,100,223)	(1,014,852)
Net profit and other comprehensive income for the period attributable to the ordinary equity holders of the parent		2,263,777	2,067,148
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings per share	9	2.3 cents	2.1 cents
Diluted earnings per share	9	2.3 cents	2.1 cents

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

**Statement of Cash Flows
for the year ended 31 December 2019**

	Note	2019 \$	Consolidated 2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		54,464,914	55,028,099
Payments to suppliers & employees (GST inclusive)		(49,902,425)	(51,698,944)
Other revenue received		1,067,858	1,048,016
Purchase of inventories		(1,097,105)	(1,447,573)
Interest received		240,906	273,259
Income tax paid		(859,480)	(1,317,378)
Net cash flows from/(used in) operating activities	23	3,914,668	1,885,479
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(1,131,574)	(781,381)
Grant funds received (GST inclusive)		-	646,604
Net cash flows from/(used in) investing activities		(1,131,574)	(134,777)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid	8(a)	(980,406)	(735,306)
Net cash flows from/(used in) financing activities		(980,406)	(735,306)
Net increase/(decrease) in cash and cash equivalents		1,802,688	1,015,396
Cash and cash equivalents at beginning of the period		13,076,351	12,060,955
Cash and cash equivalents at end of year	10	14,879,039	13,076,351

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

**Statement of Changes in Equity
for the year ended 31 December 2019**

CONSOLIDATED	Note	Attributable to equity holders of the Parent		Total Equity
		Contributed Equity	Accumulated Profits	
At 1 January 2018		28,991,500	4,465,540	33,457,040
Dividends paid	8(a)	-	(735,306)	(735,306)
Total comprehensive income for the year		-	2,067,148	2,067,148
At 31 December 2018		28,991,500	5,797,382	34,788,882
Dividends paid	8(a)	-	(980,406)	(980,406)
Total comprehensive income for the year		-	2,263,777	2,263,777
At 31 December 2019	21 & 22	28,991,500	7,080,753	36,072,253

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

Notes to the Financial Statements for the year ended 31 December 2019

1. CORPORATE INFORMATION

The financial report of Brisbane Broncos Limited for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of directors on 24 February 2020.

Brisbane Broncos Limited (the Parent) is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The immediate parent of Brisbane Broncos Limited is Nationwide News Pty Ltd which owns 68.87% of the ordinary shares, with the ultimate parent being News Corporation.

The nature of operations and principal activities of the Group are described in the Directors' Report.

The Group's financial statements are presented in Australian dollars, which is the functional currency.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost and going concern basis. The financial report is presented in Australian dollars.

The accounting policies and methods of computation are consistent with those adopted in the 2018 financial report, except as noted in note 2(b). Refer to note 2(b) for new accounting standards applied for the first time this reporting period.

Australian Accounting Standard AASB 101 *Presentation of Financial Statements* allows an entity to change the presentation or classification of items in its financial statements, if the change in presentation provides information that is reliable and more relevant to the users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. Certain comparative expenditure items in the notes to the financial statements have been reclassified to align with the 31 December 2019 year end disclosures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(a) Compliance with IFRS

The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(b) New accounting standards and interpretations

The Group applies for the first time, AASB16 Leases. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial report.

AASB 16 Leases

AASB 16 replaces the current guidance in AASB 117 Leases, Interpretation 4 Determining whether an Arrangement contains a Lease and Interpretation 115 Operating Lease-Incentives. Under AASB 16, a contract is a lease or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Under AASB 117, a lease from a lessee perspective was either a finance lease (on balance sheet) or an operating lease (off balance sheet). AASB 16 requires lessees to recognise a lease liability reflecting future lease payments and a corresponding 'right-of-use asset' for contracts containing a lease. The consolidated statement of comprehensive income no longer includes operating lease expenditure, except for exempt leases, but, where applicable, is impacted by the recognition of interest on the lease liability and depreciation expense of the right-of-use asset.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 did not have an impact for leases where the Group is the lessor. The Group accounts for a lease straight-line asset on the Statement of Financial Position in its capacity as lessor.

ij) Nature of the effect of adoption of IFRS 16

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The adoption of AASB 16 had no impact on the Group. It was determined that no change in accounting treatment was required as all leases are classified as either low-value or short-term, therefore meeting the recognition exemption.

The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying AASB 117 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases') and lease contracts for which the underlying asset is of low value ('low-value assets').

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018 as follows:

	\$
Operating lease commitments as at 31 December 2018	152,201
Less:	
Commitments relating to short-term leases	-
Commitments relating to leases of low-value assets	(37,963)
Commitments relating to out-of-scope of AASB16 items	<u>(114,238)</u>
Lease liabilities as at 1 January 2019	<u>-</u>

Out-of-scope AASB 16 items relate to software and associated licence fees that were previously included as lease commitments, however, are not treated as leases and are outside the scope of AASB 16.

ii) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16. The Group adopted AASB16 using the modified retrospective method, with the date of application of 1 January 2019.

Right-of-use assets

Where applicable, the Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) New accounting standards and interpretations

AASB 16 Leases (continued)

Right-of-use assets (continued)

reasonably certain of obtaining ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

Lease liabilities

Where applicable, at the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable and variable lease payments that depend on an index or a rate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases, that is, those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the lease of low-value assets recognition exemption to leases of that are considered of low value. Exempt leases include the stadium hiring agreement and leases of gym equipment. Lease payments on short-term leases and leases of low-value assets are recognised as an expense as incurred. The total rental expense of exempt leases included in the statement of comprehensive income is \$1,896,736.

The Group does not have any right-of-use assets nor lease liabilities therefore no carrying values are required to be recognised in the statement of financial position.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Brisbane Broncos Limited and its subsidiaries (as outlined in note 24) as at 31 December each year (the Group). Control is achieved when the Group is exposed, or has rights, to variable returns and has the ability to affect those returns through its power over the subsidiary. The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Operating segments – refer note 5

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. This includes start-up operations which are yet to earn revenues. Operating segments have been identified based on the information and internal reports provided to the chief operating decision maker being the Chief Executive Officer.

(e) Cash and cash equivalents – refer note 10

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits convertible to cash within three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. If applicable, bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

(f) Trade and other receivables – refer note 11

The classification of financial assets at initial recognition depends on the financial assets, contractual cash flow characteristics and the Group's business model for managing them. The Group's business model is to hold and collect the cash flows. Trade receivables that do not contain a significant financing component are measured at the transaction price determined under AASB 15.

Collectability of trade receivables is reviewed on an ongoing basis. The Group applies a simplified approach in calculating Expected Credit Losses (ECL). Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on life-time ECL at each reporting date. The Group has established a provision matrix that is based on its historic credit loss experience, adjusted for forward looking factors. A specific impairment provision is raised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, together with lack of payment or commitment following correspondence from the Group's solicitor and debts that are more than 90 days old are considered objective evidence of impairment.

(g) Inventories – refer note 12

Inventories which consist of merchandise and apparel are valued at the lower of cost and net realisable value. Cost reflects the weighted average cost of each item. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment – refer note 13

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

The method of depreciation is straight-line basis over the estimated useful lives of the assets as follows:

Plant and equipment – over one to 30 years
Leasehold improvements – over 10 to 40 years

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Leases – refer note 27

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date and requires 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, even if that right is not explicitly specified in the arrangement. Refer to note 2(b)(ii) for AASB16 policies.

(i) *Group as lessee (applicable to comparative period only)*

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly in the Statement of Comprehensive Income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term. Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

(ii) *Group as lessor*

Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the Statement of Comprehensive Income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property, and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

(j) Impairment of non-financial assets other than indefinite life intangibles – refer note 14

Non-financial assets other than intangibles are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Brisbane Broncos Limited conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors such as changes in expected future processes, technology and economic conditions are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

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 to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

(k) Intangible assets – refer note 14

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Intangible assets – refer note 14 (continued)

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Comprehensive Income as the expense category that is consistent with the function of the intangible assets.

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

A summary of the policies applied to the Group's intangible asset is as follows:

	Sporting Franchise	Other Intangibles
Useful life	Indefinite	Indefinite
Method used	No amortisation	No amortisation
Internally generated/acquired	Acquired	Acquired
Impairment testing	Annually and more frequently where an indication of impairment exists	Annually and more frequently where an indication of impairment exists

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(l) Trade and other payables – refer note 15 and note 18

Trade payables and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. The difference in the respective carrying amounts is recognised in the Statement of Comprehensive Income.

(m) Interest-bearing loans and borrowings

All loans and borrowings are classified as financial liabilities at amortised cost and are initially recognised at fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(n) Provisions and employee leave benefits – refer note 16 and note 19

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Provisions and employee leave benefits – refer note 16 and note 19 (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision resulting from the passage of time is recognised in finance costs.

Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

The liability for long service leave is recognised and measured as 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(o) Government grants

When the government grant relates to an asset, the grant is offset against the carrying value of the asset. The grant is then recognised in the Statement of Comprehensive Income over the useful life of the depreciable asset by way of a reduced depreciation charge. Refer to note 2(q) for government grant revenue accounting.

(p) Contributed equity – refer note 21

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(q) Revenue recognition - refer note 6

Membership, ticketing, corporate sales and game day revenue

In accordance with AASB 15, revenue related to memberships (included within membership, ticketing, corporate sales and game day revenue) comprise of three performance obligations being the merchandise pack, merchandise voucher and home game tickets. Merchandise related revenue is recognised on delivery to the member of the merchandise pack and on presentation by the member of the merchandise voucher. The revenue for the ticket portion of the membership price is recognised when the Broncos perform their home games across the season.

Ticketing, corporate sales and game day revenue relating to Brisbane Broncos home games has one performance obligation. The Group has concluded that revenue from ticketing, corporate sales and game day revenue is recognised at the point in time which the game is held. Revenues received in advance of a playing season are deferred as unearned revenue in the Statement of Financial Position and brought to account over the relevant sporting season.

Sponsorship

The Group has concluded that revenue from sponsorship contracts should be recognised over time, on a monthly basis, wholly within the year to which the sponsorship contract relates and in line with relevant performance obligations.

Development, community and indigenous programs

The Group's contracts with customers for development, community and indigenous programs consists of one performance obligation. The Group has concluded that revenue from development, community and indigenous programs is recognised at a point in time when the attached conditions and milestones have been complied with.

Sale of goods

The Group's contracts with customers for the sale of goods consists of one performance obligation. The Group has concluded that revenue from the sale of goods should be recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Royalties and commissions

The Group's contracts with customers for royalties and commissions consists of one performance obligation. The Group has concluded that revenue from royalties and commissions should be recognised at the point in time when the royalties and commissions is generated and is receivable.

Other Group Revenue Accounting Policies

Grant Received from the National Rugby League

The Group has concluded that grant revenue from the National Rugby league should be recognised over time, on a monthly basis, wholly within the year to which the grant relates and in line with relevant performance obligations.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions have been complied with. Government grants are recognised as revenue over the period to match the costs that it is intended to recover, unless they relate to an asset and then note 2(o) is applied.

Prize money

Prize money is recognised in the financial year in which it is earned.

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.

(r) Income tax and other taxes - refer note 7

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates and interests in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax assets and unused tax losses can be utilised except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences are associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each balance date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Income tax and other taxes - refer note 7 (continued)

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax consolidation legislation

Brisbane Broncos Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 January 2004.

The head entity, Brisbane Broncos Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the stand-alone taxpayer approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, Brisbane Broncos Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from the controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details of the tax funding agreement are disclosed in note 7(d).

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned consolidated entities.

Other Taxes

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

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

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

(s) Earnings per share – refer note 9

Basic earnings per share is calculated as net profit attributable to members of the Parent, adjusted to include any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise cash and short-term deposits. The Group has various other financial assets and liabilities such as trade receivables and trade payables which arise directly from operations. Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the financial statements. The Group does not have any exposure to foreign exchange movements.

The financial risk management policies of the Parent are consistent with the Group's.

Risk exposures and responses

Interest rate risk

The Group has minimal exposure to market interest rates due to its debt free status. As at balance date, the only financial assets or liabilities exposed to Australian variable interest rate risk were cash and cash equivalents outlined below:

	Consolidated	
	2019	2018
	\$	\$
Cash at bank and in hand	4,238,414	3,576,351
Short-term deposit	10,640,625	9,500,000
	<u>14,879,039</u>	<u>13,076,351</u>

The Group invests its cash in short-term deposits earning interest at an average rate of 2.28% (2018: 2.66%) per annum. It is reasonably possible that movements in interest rates (+ 1%, - 1%) would impact interest revenue by approximately \$89,741 (2018: \$92,363) and not have any material effect on net profit or equity of the consolidated group for the year ended 31 December 2019.

Credit Risk

To minimise credit risk exposure, the Group trades only with recognised, creditworthy third parties. It is Group policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored, by regular assessment, for impairment of balances aged greater than 90 days with the result that the Group's exposure to bad debts is not significant.

Liquidity Risk

The Group's objective is to maintain sufficient funds to finance its current operations and to ensure its long-term survival. The Group currently maintains sufficient cash reserves to meet this objective. The Group has \$1,196,940 (2018: \$1,039,716) financial liabilities with six months or less contractual maturity and has \$1,179,720 (2018: \$1,623,631) financial liabilities with greater than six months to five years' contractual maturity.

Capital Risk

The Board has considered the Company's capital structure and believes that a dividend payout ratio of approximately 45% (2018: 47%) is appropriate in the short term.

4. SIGNIFICANT 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 and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

(i) *Significant accounting judgements*

Impairment of non-financial assets other than intangibles

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group 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 the value in use calculations, which incorporate a number of key estimates and assumptions.

Consolidation of Brisbane Broncos Rugby League Club Limited

As disclosed in note 24(a)(ii), the Group consolidates the results and position of Brisbane Broncos Rugby League Club Limited ("BBRLC"). BBRLC is a company limited by guarantee and has no share capital. Through operating and other arrangements, for financial reporting purposes, the Group has the ability to control BBRLC. All Board members of BBRLC are directors of the Group. Based on these facts and circumstances, management determined that for financial reporting purposes, in substance the Group controls BBRLC with no non-controlling interests.

(ii) *Significant accounting estimates and assumptions*

Impairment of intangibles with indefinite lives

The Group determines whether intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash generating units using a value in use discounted cash flow methodology to which the intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of intangibles with indefinite useful lives are discussed in note 14.

Estimate of useful lives of assets

The estimation of useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included at note 6.

5. SEGMENT INFORMATION

The principal activity of the Group during the 2019 financial year was the management and operation of the Brisbane Broncos Rugby League Football Team. There were no significant changes in the nature of those activities during the year. The Group operates in Australia only.

Revenue from one customer amounted to \$13,092,050 arising from sales and grants in respect of the 2019 financial year (2018: \$12,743,044).

	2019	Consolidated	2018
	\$		\$

6. REVENUE FROM CONTRACTS WITH CUSTOMERS AND EXPENSES

REVENUE FROM CONTRACTS WITH CUSTOMERS

As required for the general-purpose financial report information for the year ended 31 December 2019, the Group's revenue is disaggregated in the Statement of Comprehensive Income with the exception of Revenue from Contracts with Customers which is disaggregated below:

Membership, ticketing, corporate sales and game day	16,047,539	17,077,456
Sponsorship	15,326,071	14,572,909
Development, community and indigenous programs	4,050,778	3,402,314
Sale of goods	1,650,803	2,119,305
Royalties and commissions	485,871	543,093
Other	522,203	373,210
	38,083,265	38,088,287

EXPENSES

Cost of sales	1,129,160	1,444,450
Administration expense	9,140,423	7,168,207
Stadium operations expense	5,899,322	6,395,438
Corporate sales, merchandise and ticketing expense	4,651,064	4,773,379
Marketing, sponsorship and advertising expense	5,790,095	5,462,218
Development, community and indigenous program costs	4,050,972	3,740,480
Football related expenses	17,910,931	19,707,076
	48,571,967	48,691,248

Included in the above expenses are the following:

Lease payments – short-term and low value leases	1,896,736	2,010,365
Depreciation of property, plant and equipment	1,370,042	1,373,162
Movement in provision for employee benefits	1,028,248	1,001,767
Salary and wage expense	22,034,540	22,018,665

	2019	Consolidated	2018
	\$		\$

7. INCOME TAX

(a) Income tax expense

The major components of income tax expense/(benefit) are:

Statement of Comprehensive Income

Current income tax

Current income tax charge	1,004,955	976,043
Over-provision prior year	(1,774)	-

Deferred income tax

Relating to origination and reversal of temporary differences	97,042	38,809
---------------------------------------------------------------	--------	--------

Income tax expense reported in the Statement of Comprehensive Income	1,100,223	1,014,852
----------------------------------------------------------------------	-----------	-----------

(b) Numerical reconciliation between aggregate tax expense recognised in the Statement of Comprehensive Income and tax expense calculated per the statutory income tax rate

A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Group's applicable income tax rate is as follows:

Accounting profit before tax	3,364,000	3,082,000
------------------------------	-----------	-----------

At the Group's statutory income tax rate of 30% (2018: 30%)	1,009,200	924,600
-------------------------------------------------------------	-----------	---------

Expenditure not allowed for income tax purposes

Entertainment	92,746	90,378
Other	(1,723)	(126)

Aggregate income tax expense	1,100,223	1,014,852
-------------------------------------	-----------	-----------

	Statement of Financial Position		Statement of Comprehensive Income	
	2019	2018	2019	2018
	\$	\$	\$	\$

7. INCOME TAX (continued)

(c) Recognised deferred tax assets and liabilities

Deferred income tax at 31 December relates to the following:

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(i) Deferred tax assets/(liabilities)

Sundry debtors	(24,802)	(8,556)	(16,246)	41,164
Provisions	8,241	8,316	(76)	(246)
Employee benefits	327,103	312,942	14,161	70,136
Prepayments	(4,585)	(4,621)	35	(403)
Lease straight-line asset	(63,445)	(55,782)	(7,664)	(55,782)
Fixed assets	(220,783)	(135,537)	(85,246)	(112,449)
Accruals	38,823	40,832	(2,006)	18,771
<i>Deferred tax assets/(liabilities)</i>	<u>60,552</u>	<u>157,594</u>		
<i>Deferred tax income/(expense)</i>			<u>(97,042)</u>	<u>(38,809)</u>

(d) Tax Consolidation

(i) Members of the tax consolidated group and the tax sharing arrangement

Brisbane Broncos Limited and its 100% owned Australian resident subsidiaries (except Brisbane Broncos Rugby League Club Limited) have formed a tax consolidated group with effect from 1 January 2004. Brisbane Broncos Limited is the head entity of the tax consolidated group. Members of the Group have entered into a tax sharing agreement that provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement on the basis that the possibility of default is remote.

(ii) Tax effect accounting by members of the consolidated group

Measurement method adopted under AASB Interpretation 1052 Tax Consolidation Accounting

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The Group has applied the separate taxpayer within group approach in determining the appropriate amount of current taxes and deferred taxes to allocate to members of the tax consolidated group. The current and deferred tax amounts are measured in a systematic manner that is consistent with broad principles in AASB 112 *Income Taxes*. The nature of the tax funding agreement is discussed further below.

Nature of the tax funding agreement

Members of the tax consolidated group have entered into a tax funding agreement under which the wholly owned entities compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation. The funding amounts are determined by reference to the current and deferred tax amounts recognised by the controlled entities.

The tax funding agreement requires payments to/from the head entity to be recognised via an inter-entity receivable/(payable) which is at call. The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The terms and conditions for these transactions are disclosed in note 24.

	Consolidated	
	2019	2018
	\$	\$
8. DIVIDENDS PAID AND PROPOSED		
(a) Recognised Amounts		
<i>Paid during the year:</i>		
Final franked dividend for 2018: one cent paid in 2019 (2018: for 2017 0.75 cent paid in 2018)	980,406	735,306
(b) Unrecognised Amounts		
Dividends on ordinary shares:		
Final franked dividend for 2019: one cent (2018: final franked dividend for 2018: 0.75 cent)	980,406	980,406
(c) Franking Account Balance		
The amount of franking credits available for the subsequent financial year are:		
- franking account balance as at the end of the financial year at 30% (2018: 30%)	7,947,242	7,507,935
- franking credits that will arise from the payment of income tax / (receipt of refund) as at the end of the financial year	(305,583)	(449,283)
- franking debits that will arise from the payment of dividends proposed or declared before the financial report was authorised for issue but not recognised as a distribution to equity holders during the period	(420,174)	(420,174)
	<u>7,221,485</u>	<u>6,638,478</u>

(d) Tax Rates

The tax rate at which paid dividends have been franked is 30% (2018: 30%). Dividends proposed will be franked at the rate of 30% (2018: 30%).

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year. No dilution factors need to be taken into consideration for Brisbane Broncos Limited. The following reflects the income and share data used in the basic earnings per share computation:

	Consolidated	
	2019	2018
Net profit from continuing operations attributable to equity holders of the parent	\$2,263,777	\$2,067,148
Weighted average number of ordinary shares for basic earnings per share	98,040,631	98,040,631

There have been no transactions involving the issue or cancellation of ordinary shares since the reporting date and before the completion of these financial statements.

	Consolidated	
	2019	2018
	\$	\$
10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	4,238,414	3,576,351
Short-term deposit	10,640,625	9,500,000
	<u>14,879,039</u>	<u>13,076,351</u>

Cash at bank earns interest at variable rates based on the Group's bank deposit rates. Excess cash is placed on short-term deposit for varying periods depending on the immediate cash requirements of the Group and earn interest at Westpac's short-term deposit rate.

	Consolidated	
	2019	2018
	\$	\$
11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES		
Trade receivables	1,031,757	1,075,600
Allowance for expected credit losses (a)	-	-
	<u>1,031,757</u>	<u>1,075,600</u>
Other receivables	570,507	614,531
Carrying amount of trade and other receivables	<u>1,602,264</u>	<u>1,690,131</u>

Other receivables for the Group include GST receivable of \$217,230 (2018: \$508,060) and NRL Merchandise Royalties receivable of \$60,962 (2018: nil) as an invoice has been issued.

(a) Allowance for expected credit losses

The Group applies a simplified approach in calculating expected credit losses (ECL). Therefore, the Group does not track changes in credit risk but instead recognises a loss allowance based on life-time ECL at each reporting date. The Group has established a provision matrix that is based on its historic credit loss experience, adjusted for forward looking factors. A specific impairment provision is raised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, together with lack of payment or commitment following correspondence from the Group's solicitor and debts that are more than 90 days old are considered objective evidence of impairment.

The majority of trade receivables at 31 December 2019 are aged within the 30-90 day terms with \$243,250 (2018: \$206,752) of trade receivables past due but not considered impaired.

(b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

Consolidated

2019
\$

2018
\$

12. CURRENT ASSETS - INVENTORIES

Finished goods – at cost	164,312	196,367
Provision for net realisable value write down	-	-
Total inventories at the lower of cost and net realisable value	<u>164,312</u>	<u>196,367</u>

Inventories recognised as an expense for the year ended 31 December 2019 totalled \$1,129,160 (2018: \$1,444,450) for the Group. This expense has been included in the cost of sales line item as a cost of inventories.

13. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

Reconciliation of carrying amounts at the beginning and end of the period

	<i>Plant and Equipment</i> \$	<i>Leasehold Improvements</i> \$	<i>Total</i> \$
Year ended 31 December 2019			
At 1 January 2018 net of accumulated depreciation, impairment and grant monies received	6,402,940	14,430,937	20,833,877
Additions	432,246	699,328	1,131,574
Depreciation charge for year	(931,862)	(438,180)	(1,370,042)
At 31 December 2019 net of accumulated depreciation, impairment and grant monies received	<u>5,903,324</u>	<u>14,692,085</u>	<u>20,595,409</u>
At 31 December 2019			
Cost	8,817,532	23,451,685	32,269,217
Accumulated grant monies received	(304,847)	(6,749,784)	(7,054,631)
Accumulated depreciation and impairment	(2,609,361)	(2,009,816)	(4,619,177)
Net carrying amount	<u>5,903,324</u>	<u>14,692,085</u>	<u>20,595,409</u>
Year ended 31 December 2018			
At 1 January 2018 net of accumulated depreciation, impairment and grant monies received	6,695,479	15,426,397	22,121,876
Additions	659,199	13,785	672,984
Grant monies received	-	(587,821)	(587,821)
Depreciation charge for year	(951,738)	(421,424)	(1,373,162)
At 31 December 2018 net of accumulated depreciation, impairment and grant monies received	<u>6,402,940</u>	<u>14,430,937</u>	<u>20,833,877</u>
At 31 December 2018			
Cost	8,583,769	22,867,921	31,451,690
Accumulated grant monies received	(304,847)	(6,749,784)	(7,054,631)
Accumulated depreciation and impairment	(1,875,982)	(1,687,200)	(3,563,182)
Net carrying amount	<u>6,402,940</u>	<u>14,430,937</u>	<u>20,833,877</u>

During the year, renovation works were undertaken at the Cyril Connell Performance Centre at Red Hill to repurpose the facility for dual-use, accommodating the training needs of our NRLW team as well as the Elite Player Development program.

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Sporting Franchise	Other Intangibles	Total
\$	\$	\$

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS

(a) Reconciliation of carrying amounts at the beginning and end of the period

At 31 December 2019

Cost	13,382,857	28,000	13,410,857
Accumulated impairment	(900,277)	-	(900,277)
Net carrying amount	<u>12,482,580</u>	<u>28,000</u>	<u>12,510,580</u>

At 31 December 2018

Cost	13,382,857	28,000	13,410,857
Accumulated impairment	(900,277)	-	(900,277)
Net carrying amount	<u>12,482,580</u>	<u>28,000</u>	<u>12,510,580</u>

(b) Description of Group's intangible assets

Effective 10 February 2012, Brisbane Broncos Limited became a member of the Australian Rugby League Commission Limited ("ARLC"), as a Licensee. The ARLC was established to be, amongst other things, the single controlling body and administrator of the game of rugby league football in Australia. National Rugby League Limited is a wholly controlled entity of the ARLC. As a Licensee, the Group enjoys the benefits from competing in the NRL competition. The Sporting Franchise is considered to have an indefinite useful life based on an analysis of all relevant factors. There is no foreseeable limit to the period over which the asset is expected to generate net cash inflows for the Group. The licence granted by the National Rugby League may be renewed indefinitely at no cost. The Club Agreement signed between the Group and the National Rugby League provides that termination can only take place if an Insolvency Event occurs, or if the Licensee commits a material breach or commits persistent breaches of any provision of the Club Agreement. Management is confident that the conditions necessary to obtain renewal will continue to be met on an ongoing basis.

During the year, negotiations which began in 2016 continued between the NRL and the 16 NRL clubs for terms of a proposed new perpetual Club Agreement. A Memorandum of Understanding (MOU) was issued by the NRL in 2016. In accordance with that document, additional funds of \$3,000,000 was paid to each club, in various instalments over the 2016 and 2017 years. A Further Deed of Agreement was entered into with the NRL in December 2016 which supplemented aspects of the MOU and Club Agreement. The Deed stated that the additional funds received by clubs would be characterised as a loan, to be forgiven over a five-year period from November 2017 to October 2022 however in 2017, the NRL then advised that the nature of the additional funds is an advance of participation grant funds related to the same period. The advanced funds are being recognised as grant revenue over the five-year period in equal monthly instalments. At reporting date, \$600,000 (2018: \$600,000) in grant revenue has been recognised in the Statement of Comprehensive Income. The Deed also committed clubs to collectively offer a reduction of \$3,200,000 per annum in other category funding over each of the five years from 2018 to 2022. Negotiations concluded in 2018 with the reduction funded by a redistribution of the merchandise royalties and a reduction in the club grant amount.

Under the Deed, the term of the Club Agreement, which was due to expire on 31 October 2018, was extended for five years to 31 October 2023. The Deed also included a commitment by the NRL to transfer ownership of club intellectual property or trademarks (IP) back to clubs. The process has now been determined by way of a Club Marks Assignment Agreement (Agreement). However, the assignment will not result in a change to the day-to-day use of the IP as the NRL will continue to administer, and the Club Licence terms will continue to govern, the use of the IP. As at reporting date, the Group have not entered into the Agreement.

Intangible assets are subject to annual impairment testing.

(c) Impairment testing of intangibles with indefinite lives

The Group's tangible and intangible assets are all used in the operation and management of the Brisbane Broncos Rugby League Football Team and all revenue streams are dependent and reliant upon these operations such as sponsorship, membership, ticketing, corporate sales and National Rugby League grant monies. It is therefore considered that the cash generating unit to which the Sporting Franchise belongs is the Group and its operations, and as such the future maintainable earnings of the Group, excluding interest income, has been used to support the recoverable amount of the Group's net assets and therefore the Sporting Franchise.

14. NON-CURRENT ASSETS - INTANGIBLE ASSETS (continued)

(c) Impairment testing of intangibles with indefinite lives

For the purpose of determining whether the carrying amount of the Sporting Franchise is impaired, management has considered the future maintainable earnings of the Group based on financial budgets and forecasts. Factors considered in the calculation of future maintainable earnings were:

- market research results on brand recognition
- the success of the Brisbane Broncos Rugby League Team since its inception
- the long-term tenancy at Suncorp Stadium
- the level of current sponsorship and signage sales
- the growth trend of crowd attendances, gate takings and season memberships
- the probability of the Group to renew its rugby league licence and receive grants under this licence

An annual growth rate of 3% has been used in the future maintainable earnings calculation and a pre-tax discount rate of 12% (2018: 12%) has been applied to the cash flow projections. Value in use has been calculated using a five-year model with a terminal value (based on continued 3% terminal growth).

Budgets and forecasts have been prepared based on the above factors and trends and the assumption that there will be no major events or changes in circumstances that will significantly affect the revenue streams, financial performance of the Group or key assumptions that would cause the carrying value of the cash generating unit to materially exceed its recoverable amount.

There is no present indication that these factors will change in the foreseeable future. As a result, management is of the opinion that the future maintainable earnings calculation can be justified based on these assumptions.

As at 31 December 2019, the present value of the cash flow projections supported the carrying value of the cash generating unit and there is therefore no impairment.

	Consolidated	
	2019	2018
	\$	\$
Trade payables	896,940	739,716
Related party payables – National Rugby League Limited	600,000	600,000
Other payables	1,979,160	1,703,594
	3,476,100	3,043,310

15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

For terms and conditions related to related party payables refer to note 14(b) and 24.

(a) Fair value

Trade payables are non-interest bearing and are normally settled on 30-day terms. Other payables are non-interest bearing.

(b) Financial guarantees

The Group has not provided any external financial guarantees on these payables.

(c) Related party payables

For terms and conditions relating to related payables, refer to note 24.

(d) Interest rate risk

Information relating to interest rate risk is set out in note 3.

	Consolidated	
	2019	2018
	\$	\$
Fringe benefits tax	121,888	158,969
Annual leave	753,435	763,880
Long service leave	909,164	766,473
	1,784,487	1,689,322

16. CURRENT LIABILITIES – PROVISIONS

	Consolidated	
	2019	2018
	\$	\$
17. CURRENT LIABILITIES - UNEARNED REVENUE		
Game Day	4,908,143	4,790,978
Community Grants	1,706,481	2,540,942
Naming Rights	75,000	75,000
Other	117,092	156,089
	6,806,716	7,563,009

All unearned revenue at 31 December 2018 has been recognised as revenue throughout the year to 31 December 2019.

	Consolidated	
	2019	2018
	\$	\$
18. NON-CURRENT LIABILITIES - TRADE AND OTHER PAYABLES		
Related party payables – National Rugby League Limited	879,720	1,323,631
	879,720	1,323,631

For terms and conditions related to related party payables refer to notes 14(b) and 24.

	Consolidated	
	2019	2018
	\$	\$
19. NON-CURRENT LIABILITIES – PROVISIONS		
Long service leave	194,756	156,091
	194,756	156,091

Long Service Leave

Refer to note 2(n) for the relevant accounting policy and a discussion of the estimations and assumptions applied in the measurement of this provision.

	Consolidated	
	2019	2018
	\$	\$
20. NON-CURRENT LIABILITIES - UNEARNED REVENUE		
Naming Rights	1,775,000	1,350,000
Other	103,188	220,280
	1,878,188	1,570,280

Naming Rights relates to the Advertising and Naming Rights agreement for the Clive Berghofer Centre and Clive Berghofer Field. The agreement is for an amount of \$3 million of which \$2 million has been received as at 31 December 2019. The agreement is for the term of the lease for the facility at Red Hill. Of the total unearned revenue at 31 December 2018, \$75,000 has been recognised as revenue throughout the year to 31 December 2019.

	Consolidated	
	2019	2018
	\$	\$
21. CONTRIBUTED EQUITY		
Ordinary shares - issued and fully paid	28,991,500	28,991,500
Number of ordinary shares on issue	98,040,631	98,040,631

Fully paid ordinary shares carry one vote per share and carry the right to dividends. When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain optimal returns and the creation of long-term shareholder value.

	Consolidated	
	2019	2018
	\$	\$
22. ACCUMULATED PROFITS		
Balance 1 January	5,797,382	4,465,540
Net profit	2,263,777	2,067,148
Dividends	(980,406)	(735,306)
Balance 31 December	7,080,753	5,797,382

	Consolidated	
	2019	2018
	\$	\$

23. CASH FLOW STATEMENT RECONCILIATION

Reconciliation of net profit after tax to net cash flows from operations

Net profit	2,263,777	2,067,148
Adjustments for:		
Depreciation and amortisation	1,370,042	1,373,162
Sundry provision reversal	(127)	49,612
Movement in employee benefit provisions	170,911	354,697
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(173,060)	1,282,434
(Increase)/decrease in inventories	32,055	(3,123)
(Increase)/decrease in lease straight-line asset	(25,545)	(185,939)
(Increase)/decrease in deferred tax asset	97,042	38,809
(Decrease)/increase in current tax liability	143,700	(341,335)
(Decrease)/increase in creditors and accruals	940,852	(659,500)
(Decrease)/increase in unearned revenue	(868,024)	(2,154,746)
(Decrease)/increase in provisions	(36,955)	64,260
Net cash from/(used in) operating activities	3,914,668	1,885,479

Brisbane Broncos Limited and its controlled entities

24. RELATED PARTY DISCLOSURE

(a) Subsidiaries

The consolidated financial statements include the financial statements of Brisbane Broncos Limited and the subsidiaries listed in the following table:

Name of Controlled Entity	Country of Incorporation		% of shares held	
			2019	2018
Brisbane Broncos Corporations Trust	Australia		100	100
Brisbane Broncos Corporation Pty Ltd (Trustee)	Australia		100	100
Brisbane Broncos Management Corporation Pty Ltd	Australia	(i)	100	100
Brisbane Broncos Rugby League Club Ltd	Australia	(ii)	n/a	n/a
Queensland Entertainment Services Pty Ltd	Australia	(i)	100	100
Laurelgrove Pty Ltd	Australia	(i)	100	100
Pacific Sports International Pty Ltd	Australia	(i)	100	100
Brisbane Broncos (Licencee) Pty Ltd	Australia		100	100
A.C.N. 067 052 386 Pty Ltd	Australia		100	100
Pacific Sports Holdings Pty Ltd (Trustee)	Australia	(i)	100	100
Brisbane Professional Sports Investment Pty Ltd	Australia		100	100
AH BR Pty Ltd	Australia		100	100

The financial years of all controlled entities are the same as that of the parent entity.

All controlled entities were incorporated in Australia, have only issued ordinary share capital, and are controlled either directly or through its subsidiaries by the parent entity.

- (i) These companies have entered into a deed of cross guarantee with Brisbane Broncos Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each Company participating in the deed on winding up of that company. Closed group disclosures are not presented as no company within the closed group is required to avail itself of the relief from preparation of financial statements granted by ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
- (ii) Brisbane Broncos Rugby League Club Ltd is a company limited by guarantee, is owned by its members but has been consolidated as a controlled entity under AASB 10 *Consolidated Financial Statements*.

(b) Key management personnel

Details relating to key management personnel, including remuneration paid, are included in note 26.

(c) Transactions with related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant financial year (for information regarding outstanding balances at year-end, refer to notes 15 and 18).

		Sales to related parties \$	Grants and other income from related parties \$	Purchases from related parties \$
CONSOLIDATED				
<i>Majority shareholder</i>				
News Corporation	2019	131,046	-	162,584
	2018	106,000	-	152,302
<i>Other</i>				
National Rugby League Limited	2019	738,414	12,759,792	505,320
	2018	894,804	12,530,063	391,846

24. RELATED PARTY DISCLOSURE

(c) Transactions with related parties (continued)

Majority shareholder

News Corporation, via its subsidiary Nationwide News Pty Ltd, owned 68.87% of the Group as at 31 December 2019 (2018: 68.87%). News Corp Australia and its related entities provided the Group with sponsorship and commercial income during the financial year. Advertising and other services were also provided during the financial year by News Corp Australia and its related entities to the value of \$162,584 (2018: \$152,302).

Other

The licence held by the Group during the year was provided by National Rugby League Limited. The licence entitles the Group to receive an annual grant from National Rugby League Limited. Further advertising grants and merchandise royalty income were also provided to the Group during the financial year. Various amounts were paid to the National Rugby League by the Group during the year relating to tickets to rugby league matches and other functions, insurances, travel and other miscellaneous game day related items.

An update is provided at note 14 (b) regarding continued negotiations between the NRL and the 16 NRL clubs for terms of a proposed new perpetual Club Agreement.

25. INFORMATION RELATING TO BRISBANE BRONCOS LIMITED (THE PARENT)

	Parent Entity	
	2019	2018
	\$	\$
Current assets	14,217,477	12,727,613
Total assets	29,509,434	28,587,653
Current liabilities	813,228	875,246
Total liabilities	9,214,819	9,592,603
Net Assets	20,294,615	18,995,050
Issued Capital	28,991,500	28,991,500
Accumulated profits/(losses)	(8,696,885)	(9,996,450)
Total equity	20,294,615	18,995,050
Profit or (loss) of the Parent Entity	2,279,970	2,085,574
Total comprehensive income / (loss) of the Parent Entity	2,279,970	2,085,574

The Parent has entered into a deed of cross guarantee with a number of its controlled entities as described at note 24.

The Parent guarantees the performance and financial obligations of Brisbane Broncos Rugby League Club Limited (BBRLC) under the terms of the Final Lease described at note 27.

The Parent has a Sub-sublease for a long-term commercial tenancy as described at note 27 as well as a shorter-term agreement with a café tenant at the Clive Berghofer Centre.

The Parent has no contingent liabilities.

The Parent entity has no obligations to purchase plant and equipment at balance date (2018: nil).

26. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	Consolidated	
	2019	2018
	\$	\$
Short-term employee benefits	2,176,483	2,286,150
Post-employment benefits	214,459	229,602
Other long-term benefits	58,531	98,757
	2,449,473	2,614,509

Key management personnel number 13 during 2019 (2018: 14).

(b) Shareholdings of Key Management Personnel (Consolidated)

	Consolidated	
	2019	2018
Shares held in Brisbane Broncos Limited (number)	163,778	103,778
Balance as at 31 December	163,778	103,778

Refer to the Remuneration Report in the Directors' Report for details of KMP shareholdings.

(c) Other transactions and balances with Key Management Personnel

Mr Monaghan and Mr Lawlor are employees of News Corp Australia which is a related party of the Group. Transactions conducted with News Corp Australia and its related entities are disclosed in note 24 of this report.

27. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Leasing Commitments

Group as lessee

On 4 February 2015, the renewed Hiring Agreement between Brisbane Broncos and AEG Ogden (Brisbane Stadium Management) Pty Ltd as agent for Stadiums Queensland was signed. The terms of the property lease incentivise the parties to grow game day attendances and are more favourable for the Group than the terms of the original agreement. The lease has an eight-year term, with a review anniversary at four years and a renewal option. During 2018, a review was undertaken with no changes required to the Hiring Agreement terms. There is no minimum amount payable under the Hiring Agreement with Suncorp Stadium. Additional amounts payable under this agreement are based on proceeds from sales of corporate facilities, signage, ticket sales, and other revenue per game which cannot be reliably forecast. Refer to note 6 for amounts paid.

Following practical completion and satisfaction pre-requisites, a Final Lease for the Training, Administration and Community Facility (TACF) site at Fulcher Road, Red Hill was granted by the State of Queensland to Brisbane Broncos for a 40-year term commencing on 30 November 2017. The lease allows for the occupation and operation of the completed facility, named the Clive Berghofer Centre and Clive Berghofer Field. The lease requires Brisbane Broncos to meet the requirements of a Community Benefits Plan over the term of the lease. At the time that the lease took effect, other related lease documents and licence agreements required to accommodate the requirements within the Broncos structure also took effect. Given the nature, term and conditions of the lease, a AASB16 assessment was performed and it was concluded that AASB16 did not have an impact.

Group as lessor

On 5 December 2017, an Agreement for Lease and Sub-sublease document were signed with Qscan for a long-term commercial tenancy at the new facility. The Sub-sublease took effect on 30 April 2018 following a fit-out period. The long-term agreement ensures that the Group has the ability to absorb the operational costs of the new facility.

27. COMMITMENTS AND CONTINGENCIES (continued)

(a) Commitments (continued)

(i) Leasing Commitments (continued)

On 12 February 2018, a Sub-sublease document was fully executed for a café tenancy at the Clive Berghofer Centre. The Sub-sublease took effect on 15 February 2018 and is for an initial 3-year period with an option to renew.

(ii) Other Operational Commitments

The Group has entered into commercial leases of property and agreements for the provision of software. No motor vehicles leases are held in the current or prior year. There are no restrictions placed upon the lessee by entering into these leases. Equipment rentals and software commitments have an average life of three years.

Future minimum rentals payable under non-cancellable leases and software agreements as at 31 December are as follows:

	Consolidated	
	2019	2018
	\$	\$
Within one year	98,072	65,345
After one year but not more than five years	220,524	86,856
Total minimum lease payments	318,596	152,201

(iii) Football Related, Community and Merchandise Commitments

Commitments for the payment of coaching staff, player and community staff contracts, affiliate club and merchandise forward orders in existence at the reporting date but not recognised as liabilities are:

	Consolidated	
	2019	2018
	\$	\$
Within one year	14,030,470	13,911,945
After one year but not more than five years	27,596,779	27,074,082
	41,627,249	40,986,027

(iv) Executive Remuneration Commitments

Commitments for the payment of salaries and other remuneration under long-term employment contracts in existence at the reporting date but not recognised as liabilities are:

	Consolidated	
	2019	2018
	\$	\$
Within one year	617,502	786,500
After one year but not more than five years	-	-
	617,502	786,500

Mr Paul White was appointed as Chief Executive Officer on 1 January 2011. Amounts disclosed as 2019 and 2018 remuneration commitments include commitments arising from Mr White's employment agreement signed in May 2016 for a three-year period which originally expired on 31 December 2019. The term of the employment agreement was extended to 31 October 2020 with an addendum signed in October 2019. The amounts include cash salary, superannuation and the provision of a motor vehicle.

27. COMMITMENTS AND CONTINGENCIES (continued)

(a) Commitments (continued)

(v) Capital Expenditure Commitments

There are no capital expenditure commitments at 31 December 2019 (2018: nil).

(b) Contingencies

Since the last annual reporting date, there has been no material change to any contingent liabilities or contingent assets. From time to time, the Group is also subject to various claims and litigation from third parties during the ordinary course of business. The directors have given consideration to such matters which are or may be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims or litigation exists.

28. AUDITORS' REMUNERATION

The auditor of Brisbane Broncos Limited is Ernst & Young.

	2019	Consolidated	2018
	\$		\$
<i>Amounts received, or due and receivable, by Ernst & Young for:</i>			
• an audit or review of the financial report of the entity and any other entity in the consolidated group	124,400		109,900
• other services in relation to the entity and any other entity in the consolidated group			
– compliance and employment taxes	86,430		25,500
	<u>210,830</u>		<u>135,400</u>

29. EVENTS AFTER BALANCE DATE

Effective 1 January 2020, the Group has engaged with Mr Darren Lockyer to provide leadership consultancy services to the Football Department for a two-year period. At reporting date, the arrangement is yet to be formalised but will be transacted at arm's length pricing.

On 24 February 2020, the Board of Directors declared a final dividend on ordinary shares in respect of the 2019 financial year. The total amount of the dividend is \$980,406 which represents a one cent dividend franked to 100% per share. The dividend has not been provided for in the 31 December 2019 financial statements.

Directors' Declaration

In accordance with a resolution of the directors of Brisbane Broncos Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements, notes and the additional disclosures included in the directors' report designated as audited, of the Company and of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true view of the Company's and consolidated entity's financial position as at 31 December 2019 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 2(a),
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
 - (d) as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 24 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.
2. This declaration is made after receiving the declarations required to be made to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial period ended 31 December 2019.

On behalf of the Board



Karl Morris AO
Chairman
Brisbane
24 February 2020



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Ernst & Young
111 Eagle Street
Brisbane QLD 4000 Australia
GPO Box 7878 Brisbane QLD 4001

Tel: +61 7 3011 3333
Fax: +61 7 3011 3100
ey.com/au

Independent Auditor's Report to the Shareholders of Brisbane Broncos Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Brisbane Broncos Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

1. Impairment Testing of Intangible Assets and Non-Current Assets

Why significant

The non-current asset impairment assessment was a key audit matter due to the size of the recorded intangible asset (\$12.5 million), property, plant and equipment asset (\$20.8 million) and the degree of estimation and assumptions required to be made by the Group in determining the recoverable amount of these assets. This involves discounted cash flow estimates, which incorporate a number of key estimates and assumptions.

Note 13 and 14(a) to the financial statements discloses the property, plant and equipment and intangible asset balances respectively. Note 14(c) discloses the assumptions used by the Group in testing these assets.

How our audit addressed the key audit matter

As part of our audit, we performed the following:

- ▶ Assessed the Group's determination that it consists of a single Cash Generating Unit.
- ▶ Tested the mathematical accuracy of the impairment model.
- ▶ Agreed forecasts to Board approved business plans.
- ▶ Considered the historical accuracy of the Group's cash flow forecasts.
- ▶ We applied our knowledge of the business and corroborated our work with external information where possible, including market capitalisation.
- ▶ We assessed the key assumptions within the cash flow model including the growth rates and discount rate.

We assessed the adequacy of the impairment disclosures in the financial report.

2. Revenue Recognition

Why significant

The recognition of revenue and the carrying value of the related unearned revenue liabilities was a key audit matter due to the differing nature of revenue streams and timing of when revenue is recognised for each stream in accordance with relevant performance obligations.

The process of revenue recognition and calculation of unearned revenue involves judgment with respect to the period over which revenue is recognised.

Note 2(q) and note 6 to the financial statements details the revenue streams of the Group and associated accounting policies.

How our audit addressed the key audit matter

Our audit procedures included the following:

- ▶ We considered whether the Group's revenue recognition policies comply with applicable Australian Accounting Standards.
- ▶ For all significant revenue related contracts, we assessed whether the Group recognised revenue in accordance with Australian Accounting Standards on a monthly or per home game basis, depending on the performance obligations under the contract.

Specifically, for individual revenue streams our procedures included the following:

Membership, Ticketing, Corporate Sales, Game Day, Sponsorships and Community Revenue

- ▶ For a sample of membership, ticketing, corporate sales, game day, sponsorships and community revenue related revenue contracts we evaluated individual contracts to determine whether the timing and value of revenue was appropriately recognised in the financial statements.
- ▶ We assessed revenue received but not earned to determine whether unearned revenue balances were correctly calculated at period end.

National Rugby League Grant revenue

- ▶ We agreed the total approved Grant revenue to correspondence the Group received from the National Rugby League, bank records and tested its allocation to earned revenue and unearned revenue.

We assessed the financial report disclosures for these revenue items relative to the requirements of Australian Accounting Standards.



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

The directors are responsible for the other information. The other information comprises the information included in the Company's 2019 Annual Report but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 20 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2019, complies with section 300A of the *Corporations Act 2001*.



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Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

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

Ernst & Young

A handwritten signature in black ink that reads 'Kellie McKenzie' in a cursive style.

Kellie McKenzie
Partner
Brisbane
24 February 2020

ASX Additional Information

Additional information required by the Australian Securities Exchange Ltd and not shown elsewhere in this report is as follows. This information is current as at 5 February 2020.

(a) Distribution of equity securities

98,040,631 fully paid ordinary shares are held by 732 individual shareholders. All issued shares carry one vote per share and carry the rights to dividends.

The number of shareholders, by size of holding in each class is as follows:

Size of holding	Ordinary Shareholders	Ordinary share option-holders
1 – 1,000	66	-
1,001 – 5,000	434	-
5,001 – 10,000	113	-
10,001 – 100,000	100	-
100,001 – OVER	19	-
	732	-
Holding less than a marketable parcel	75	-

(b) Substantial shareholders

Ordinary Shareholders	Fully Paid Shares	Percentage
Nationwide News Pty Ltd	67,521,089	68.87%
BGM Projects Pty Ltd	21,620,972	22.05%
	89,142,061	90.92%

ASX Additional Information (continued)

(c) Twenty largest holders of quoted equity securities

Ordinary Shareholders	Number of Ordinary Shares	Percentage Held
Nationwide News Pty Ltd	67,521,089	68.87
BGM Projects Pty Ltd	21,620,972	22.05
AEG Ogden Pty Ltd	631,666	0.64
Meingrove Pty Ltd	530,000	0.54
Bartlett Management Pty Ltd	398,580	0.41
Mr Sean Ryan and Mrs Julia Anne Ryan	388,464	0.40
Mr Jonathan James Hunter and Mrs Rebecca Mei Liang Hunter	306,500	0.31
Moonton Pty Ltd	304,151	0.31
Mrs Kellyanne Dyer	250,000	0.25
W F M Motors Pty Ltd	224,826	0.23
Mr Stewart Douglas Upton	186,314	0.19
Mr Adrian Charles Vos	132,536	0.14
Mr Jeffrey Noel Hanan	128,280	0.13
Mr D'Wayne Richard George Wigley and Mrs Lynne Wigley	124,203	0.13
Mr Anthony John Joseph and Mrs Nardia Maree Joseph	120,000	0.12
Mr Jonathan James Hunter	107,398	0.11
Ms Sandra Leigh Lettsome Enever	105,000	0.11
Ms Christine Gayel Lettsome Roney	105,000	0.11
Mr Raymond John Balkin	104,627	0.11
Bushfly Air Charter Pty Ltd	100,000	0.10
Mr John Terence Wood	100,000	0.10
	93,489,606	95.36%