

**Football Federation Australia  
Limited**

**ABN 28 106 478 068**

General purpose financial report for  
the year ended 30 June 2019

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## Directors' report

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Your directors submit their report on the consolidated entity (referred to hereafter as the "Group") consisting of Football Federation Australia Limited (referred to hereafter as the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2019. The directors have determined that the financial statements of the Group are to be presented in accordance with a general purpose framework.

### Directors

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

Mr S Lowy AM	(until retiring in November 2018 in accordance with the FFA Constitution)
Mr J Healy	(until retiring in November 2018 in accordance with the FFA Constitution)
Mr S Hepworth	(until retiring in October 2018 in accordance with the FFA Constitution)
Mr D Moulis	(until retiring in November 2018 in accordance with the FFA Constitution)
Mr C Nikou	(retired 17 October 2018, re-appointed: 19 November 2018)
Ms H Reid	(appointed 19 November 2018)
Ms K Bayer Rosmarin	
Mr C Murray	
Mr J Carrozzi	(appointed 19 November 2018)
Mr R Nogarotto	(appointed 19 November 2018)

### Names, qualifications, experience and special responsibilities

#### Mr S Lowy AM (Chairman) - retired 19 November 2018

Mr Lowy was appointed to the board on 17 November 2015. He is a Principal of LFG, the private investment business and family office of the Lowy Family Group. He is a non-executive director of Scentre Group and the non-executive Chairman of OneMarket Limited and a director of the Lowy Institute. Mr Lowy has served as President of the Board of Trustees of the Art Gallery of New South Wales, Chairman of the Victor Chang Cardiac Research Institute and Presiding Officer of the NSW Police Force Associate Degree in Policing Practice Board of Management. He holds a Bachelor of Commerce (Honours) from the University of New South Wales.

#### Mr J Healy (Director) - retired 19 November 2018

Mr Healy was appointed to the board on 29 July 2010 and was Chair of the Football Development Committee and the Nominations Committee. A founder of Judo Capital, Mr Healy is a career international banker having held Executive positions at NAB, ANZ, CIBC World Markets, Citibank and Lloyds Bank. He is a director of Gweedore Investments Ltd, Judo Capital Holdings Ltd and Judo Capital Ltd. He holds MSc (Finance), MBA, MSc International Management (China), MA in Contemporary Chinese Studies and MBA (Banking) degrees and is a member of the Chartered Institute of Bankers in Scotland. Mr Healy authored a textbook 'Corporate Governance & Shareholder Wealth Creation' (2003) and is an Adjunct Professor at University of Queensland Business School. He holds five international caps at youth level for Scotland.

## Directors' report (continued)

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### Directors (continued)

#### Names, qualifications, experience and special responsibilities (continued)

##### **Mr S Hepworth (Director) - retired 16 October 2018**

Mr Hepworth was appointed to the board on 16 October 2014 and was Chair of the Finance, Risk and Audit Committee and was a member of the Referees Committee. He was the CFO of Caltex Australia Limited. Mr Hepworth holds a Bachelor of Arts and a Masters of Applied Finance. He is a member of the Institute of Chartered Accountants in England and Wales. He is also a member of the Australian Institute of Company Directors.

##### **Mr D Moulis (Director) - retired 19 November 2018**

Mr Moulis was appointed to the board on 17 November 2015 and was on the Football Development Committee and the Women's Committee. Mr Moulis is the founder and principal of Moulis Legal. He worked within the Federal Attorney-General's Department in his early career before joining Freehills (now Herbert Smith Freehills) where he practiced for 21 years, 11 of those as a Partner of the firm. Mr Moulis has served as company secretary of The Sixth Australian Masters Games, director of the Johnny Warren Football Foundation, member of the Disciplinary Committee of Football Federation Australia and Chair of the Trade and Customs Law Committee of the International Bar Association. He is an experienced panelist in the World Trade Organisation's dispute settlement system. Mr Moulis is a former Socceroo.

##### **Mr C Nikou (Chair) - retired 17 October 2018, re-appointed 19 November 2018**

Mr Nikou was appointed to the board on 16 October 2014 and elected Chairman in November 2018. He is the chair of the Referees Committee and the FIFA Women's World Cup Bid Committee. Mr Nikou is a Senior Partner of international law firm K&L Gates, where he is head of the Corporate and Commercial Group across Australia and Asia. He was a director of the Local Organising Committee AFC Asian Cup Australia 2015 Ltd until resigning on 19 June 2015 following the conduct of the tournament in January 2015. He was elected to the AFC Executive Committee in 2019.

##### **Ms H Reid (Deputy Chair) - appointed 19 November 2018**

Ms Reid was elected to the Board of FFA in November 2018. In February 2019, Ms Reid took an indefinite leave of absence to focus on treatment for cancer. Ms Reid has more than 40 years' experience in football as a player, coach, manager and administrator at national and state levels. She was CEO of ACT Football Federation Ltd (Capital Football) for 12 years from 2004 with additional responsibility for Canberra United in the Westfield W-League for nine seasons. Her contributions to women's sport and football were recognised in 2015 when she became a Member of the Order of Australia. Ms Reid has a Graduate Diploma in Sport Management and received an Honorary Doctorate from the University of Canberra in 2017 for services to student education and the University. She has served on several boards and committees including Womensport Australia, the ACT Olympic Council, the Burns Club Ltd and was a Director on the Local Organising Committee AFC Asian Cup Australia 2015 Ltd.

##### **Ms K Bayer Rosmarin (Director)**

Ms Bayer Rosmarin was appointed to the board on 17 November 2015. She is a member of FFA's Finance, Risk and Audit Committee. An experienced banking executive who was a former member of the Executive team at the Commonwealth Bank, Ms Bayer Rosmarin is currently the Deputy Chief Executive Officer at Optus. She serves on the University of New South Wales Engineering Faculty Advisory Board, and NSW Government Digital Advisory Panel. Ms Bayer Rosmarin has a Bachelor of Science in Industrial Engineering and a Master of Science in Management Science from Stanford University and received an Academic Excellence Award for being the top Masters graduate. She was also a 2011 Vincent Fairfax Fellow and is a member of Chief Executive Women.

## Directors' report (continued)

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### Directors (continued)

#### Names, qualifications, experience and special responsibilities (continued)

##### Mr C Murray (Director)

Mr Murray was appointed to the Board on 17 November 2015 and is on the Finance, Risk and Audit Committee. Mr Murray is the Head of Equities at the Pandal Group (formerly BT Investment Management) having joined the business in 1994. Mr Murray holds an Honours degree in Economics and Human Geography from Reading University in the United Kingdom.

##### Mr J Carrozzi (Director) - appointed 19 November 2018

Mr Carrozzi was elected to the Board of FFA in November 2018 and is the chair of Finance, Risk and Audit Committee. He is a Managing Partner at PwC Australia and is a member of the firm's National Leadership Team. Mr Carrozzi is a member of several Boards including: chairman of Sydney Harbour Federation Trust, Chairman of the Centenary Institute for Medical Research, Deputy Chairman of the NSW Institute of Sport and Board member of Western Sydney University. Mr Carrozzi is a Fellow of the Tax Institute of Australia (FTI) and Member of Chartered Accountants Australia and New Zealand. He holds a Bachelor of Commerce and Bachelor of Laws from the University of New South Wales and is admitted as a Barrister at Law in NSW.

##### Mr R Nogarotto (Director) - appointed 19 November 2018

Mr Nogarotto was elected to the Board of FFA in November 2018 and is a member of the FIFA Women's World Cup 2023 Bid Committee and is chair of the National Second Division working group and chair of the Heritage Committee. He is Managing Director of global advisory firm CT Corporate Advisory and is a Director of the Italian Chamber of Commerce in Australia. He is a former Chairman of Soccer Australia, Chairman of the National Soccer League and Director of the NSW Soccer Federation. He was a member of the organising committee for the A League. Mr Nogarotto holds an Economics degree from the University of Sydney.

### Company Secretary

##### Ms Joanne Setright (Company Secretary) - resigned 17 April 2019

Ms Setright was appointed as Company Secretary on 2 July 2007. Ms Setright previously held senior management positions at ANZ Stadium including Deputy Chief Executive Officer, Chief Operating Officer and General Counsel, and prior to this was a lawyer at Gilbert + Tobin, the Federal Airports Corporation and Blake Dawson Waldron solicitors. Ms Setright has been on the Asian Football Confederation Disciplinary Committee since 2007 and the FIFA Disciplinary Committee since 2013.

##### Mr T Holden (Company Secretary) - appointed 11 February 2019

Mr Holden joined Football Federation Australia in March 2009. He acts as the Head of Legal, Business Affairs and Integrity and was appointed company secretary in February 2019. Prior to joining FFA, Mr Holden worked at Allens as a lawyer in the firm's Litigation and Intellectual Property department. He holds a Bachelor of Arts from the University of British Columbia and a Bachelor of Laws from the University of Sydney. Mr Holden has been a director of the Australia New Zealand Sports Law Association since 2011 and a member of the Asian Football Confederation Disciplinary Committee since June 2019.

### Dividends

In accordance with the Company's constitution no dividend or distributions have been either paid to members, or recommended or declared for payment to members during the financial year.

### Principal activities

The principal activities of the Group in the course of the financial year were the promotion, development and control of the game of association football in Australia.

There have been no significant changes in the nature of these activities during the year.

## Directors' report (continued)

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### Operating and financial review

The net surplus after tax of the Group for year ended 30 June 2019 was \$435,000 (2018: net deficit of \$126,000).

The Group has completed another successful year which is illustrated by the following key achievements and milestones:

- The fourteenth season of the Hyundai A-League culminated in Perth hosting the Grand Final for the first time in the competitions history. Optus Stadium played host to over 56,000 fans who saw Sydney FC claim the Championship on penalties from Perth Glory who were the Premiers of the 2018/19 season.
- The Westfield W-League saw Sydney FC claim the Grand Final for the club after an entertaining 4-2 win over Perth Glory in front of over 6,000 fans in Sydney. Melbourne Victory were the Premiers for 2018/19.
- The 2018 Westfield FFA Cup was won by Adelaide United after defeating Sydney FC 2-1 at Coopers Stadium in Adelaide.
- The Westfield Matildas participated in the FIFA Womens World Cup France 2019 ultimately reaching the round of 16 before falling to Norway on penalties.
- The Caltex Socceroos travelled to the UAE to contend the AFC Asian Cup 2019. After progressing from the group stage the team was knocked out by the host nation in the quarter finals.
- The annual AusPlay survey was released and once again football was announced as the largest organised sport in Australia with more than 1.76 million participants.

### Significant changes in the state of affairs

An extraordinary general meeting of the members of Football Federation Australia Limited (FFA) was held on 2 October 2018. The purpose of the meeting was to consider two resolutions - the first to principally expand FFA's membership and the second to determine a pathway to an alternative leagues governance model. Both resolutions were passed.

There have been no other significant changes in the state of affairs of the Group during the year.

### Significant events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

### Likely developments and expected results

Further information about likely developments in the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

### Environmental regulation and performance

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

### Indemnification and insurance of directors and officers

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the Company, the Company Secretary and all executive officers of the Company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

## Directors' report (continued)

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### **Indemnification of auditor**

To the extent permitted by law, the Group has agreed to indemnify its auditor, Ernst & Young (Australia) 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 (Australia) during or since the financial year.

### **Proceedings on behalf of the Company**

No person has applied for leave under s.237 of the *Corporations Act 2001* to bring, or intervene in, proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the financial year.

## Directors' report (continued)

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### 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 were as follows:

	FFA Board of Directors		Finance, Risk and Audit Committee		Football Development Committee		Women's Committee		Referees Committee		Nominations Committee	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
<b>Number of meetings</b>												
Mr S Lowy AM	8	8	-	-	-	-	-	-	-	-	-	-
Mr J Healy	8	8	-	-	1	1	-	-	-	-	1	1
Mr S Hepworth	8	6	2	2	-	-	-	-	1	1	-	-
Mr D Moulis	8	8	-	-	1	1	1	1	-	-	-	-
Ms K Bayer Rosmarin	19	17	5	5	-	-	1	1	-	-	-	-
Mr C Murray	19	17	5	5	1	1	-	-	-	-	-	-
Mr C Nikou	19	18	-	-	-	-	1	1	2	2	-	-
Ms H Reid	5	5	-	-	-	-	-	-	-	-	-	-
Mr J Carrozzi	11	11	-	-	-	-	-	-	-	-	-	-
Mr R Nogarotto	11	11	-	-	-	-	-	-	-	-	-	-



## Directors' report (continued)

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### Rounding

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

### Non-audit services

The following non-audit services were provided by the entity's auditor, Ernst & Young (Australia). 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 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young (Australia) received or are due to receive the following amounts for the provision of non-audit services:

	\$
- Grant acquittals and other assurance services	4,700
- Compilation of financial statement fees	6,100
- Player of the year services	3,744
- EGM/AGM procedures	15,000
	<u>29,544</u>

### Auditor's independence

The directors have received an independence declaration from the auditor of Football Federation Australia Limited. This has been included on page 8.

Signed in accordance with a resolution of the directors.



Mr C Nikou  
Chairman  
28 October 2019



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## Auditor's Independence Declaration to the Directors of Football Federation Australia Limited

As lead auditor for the audit of the financial report of Football Federation Australia Limited for the financial year ended 30 June 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 Football Federation Australia Limited and the entities it controlled during the financial year.

Ernst & Young

Douglas Bain  
Partner  
29 October 2019

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2019

	Notes	2019 \$000	2018 \$000
Revenue from contracts with customers	4.1	132,011	-
Operating revenue		-	132,416
Finance income		158	132
Employee and team benefit expenses	6	(28,582)	(32,675)
Grants and distributions expenses		(43,616)	(43,928)
Travel expenses		(13,166)	(16,165)
Marketing and media expenses		(18,928)	(14,879)
Event hosting expenses		(4,277)	(3,397)
Administration expenses		(3,567)	(2,655)
Broadcasting expenses		(1,192)	(411)
Other team expenses		(3,483)	(3,821)
Professional and consultants fees		(4,331)	(3,234)
Sponsorship and licensing expenses		(3,706)	(4,236)
Communication and technology expenses		(3,510)	(3,790)
Insurance expenses		(3,181)	(2,996)
Other expenses		(195)	(487)
<b>Surplus/(deficit) before income tax for the year</b>		<b>435</b>	<b>(126)</b>
Income tax expense		-	-
<b>Surplus/(deficit) for the year</b>		<b>435</b>	<b>(126)</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>435</b>	<b>(126)</b>

*The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*

## Consolidated statement of financial position

As at 30 June 2019

	Notes	2019 \$000	2018 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash	7	29,225	6,477
Trade and other receivables	8	24,147	39,900
Contract assets	4.2	7,148	-
Prepayments		685	684
<b>Total current assets</b>		<u>61,205</u>	<u>47,061</u>
<b>Non-current assets</b>			
Property, plant and equipment	9	583	680
Intangible assets	10	2,497	2,849
<b>Total non-current assets</b>		<u>3,080</u>	<u>3,529</u>
<b>Total assets</b>		<u><b>64,285</b></u>	<u><b>50,590</b></u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	15,409	22,026
Employee benefit liabilities	12	1,488	1,192
Unearned revenue	13	-	19,557
Contract liabilities	14, 4.2	23,077	-
Financial liabilities	15	-	411
<b>Total current liabilities</b>		<u>39,974</u>	<u>43,186</u>
<b>Non-current liabilities</b>			
Provisions	16	158	158
Employee benefit liabilities	12	534	387
Contract liabilities	14, 4.2	17,183	-
<b>Total non-current liabilities</b>		<u>17,875</u>	<u>545</u>
<b>Total liabilities</b>		<u><b>57,849</b></u>	<u><b>43,731</b></u>
<b>Net assets</b>		<u>6,436</u>	<u>6,859</u>
<b>Members' equity</b>			
Retained earnings		6,436	6,859
<b>Total members' equity</b>		<u><b>6,436</b></u>	<u><b>6,859</b></u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the year ended 30 June 2019

	<b>Retained earnings</b>	<b>Total attributable to members of the entity</b>
	<b>\$000</b>	<b>\$000</b>
<b>At 1 July 2018</b>	6,859	6,859
Effect of adoption of new accounting standards (Note 2.2)	(858)	(858)
<b>As at 1 July 2018 (restated)</b>	<b>6,001</b>	<b>6,001</b>
Surplus for the year	435	435
Other comprehensive income	-	-
Total comprehensive income for the year	435	435
<b>At 30 June 2019</b>	<b>6,436</b>	<b>6,436</b>
<b>At 1 July 2017</b>	6,985	6,985
Deficit for the year	(126)	(126)
Other comprehensive loss	-	-
Total comprehensive loss for the year	(126)	(126)
<b>At 30 June 2018</b>	<b>6,859</b>	<b>6,859</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.*

## Consolidated statement of cash flows

For the year ended 30 June 2019

	Notes	2019 \$000	2018 \$000
<b>Operating activities</b>			
Receipts from customers, government and sponsors		173,662	136,874
Payments to suppliers and employees		(150,067)	(138,328)
Interest received		158	132
<b>Net cash flows from/(used in) operating activities</b>	7	<u>23,753</u>	<u>(1,322)</u>
<b>Investing activities</b>			
Purchase of property, plant and equipment	9	(66)	(304)
Purchase of financial instruments		-	411
Purchase of intangible assets	10	(528)	(2,116)
Proceeds from financial instruments		(411)	-
<b>Net cash flows used in investing activities</b>		<u>(1,005)</u>	<u>(2,009)</u>
Net increase/(decrease) in cash and cash equivalents		22,748	(3,331)
Cash and cash equivalents at 1 July		6,477	9,808
<b>Cash and cash equivalents at 30 June</b>	7	<u>29,225</u>	<u>6,477</u>

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

# Notes to the consolidated financial statements

## For the year ended 30 June 2019

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### 1. Corporate information

The financial report of Football Federation Australia Limited (the "Company" or the "Parent") and its consolidated entities (the "Group") for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on 29 October 2019.

Football Federation Australia Limited is a company limited by guarantee incorporated and domiciled in Australia. The Company is a not-for-profit entity. Every member of the Company undertakes in accordance with the Constitution of the Company, to contribute such amount (not exceeding \$20) as may be required in the event of winding up of the Company during the time that they are a member or within one year afterwards. At 30 June 2019, the Company has 29 members including Member Federations, A-League Clubs, Women's Football Council and the Players Member (the PFA) (2018: 10, being the nine State and Territory Federations and one Hyundai A-League Club member).

The registered office of the Company and the principal place of business is Level 22, 1 Oxford Street, Darlinghurst, NSW 2010.

Further information on the nature of the operations and principal activities of the Group is described in the directors' report. Information on other related party relationships of the Group is provided in Note 18. Information on the Group's structure is provided in Note 19.

### 2. Significant accounting policies

#### 2.1 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*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis, except for derivative financial instruments which have been measured at fair value.

The amounts contained in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) where noted (\$000) under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies

#### **Compliance with International Financial Reporting Standards**

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

#### 2.2 Changes in accounting policies, disclosure, standards and interpretations

##### **New and amended standards and interpretations**

The Group applied AASB 9 for the first time and early adopted AASB 15. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2019/2018, but do not have an impact on the consolidated financial statements of the Group.

##### **AASB 15 Revenue from Contracts with Customers**

AASB 15 *Revenue from Contracts with Customers* is applicable to not-for-profit entities from 1 January 2019. AASB 15 supersedes AASB 118 *Revenue* and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The directors have elected to early adopt the new standard. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 2. Significant accounting policies (continued)

##### 2.2 Changes in accounting policies, disclosure, standards and interpretations (continued)

##### New and amended standards and interpretations (continued)

##### AASB 15 Revenue from Contracts with Customers (continued)

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group has early adopted AASB 15 using the modified retrospective method of adoption with the date of initial application of 1 July 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Group elected to early adopt the standard to all contracts as at 1 July 2018.

Amounts that were presented previously as accrued revenue and unearned revenue are now presented under AASB 15 as contract assets and contract liabilities respectively.

The cumulative effect of initially applying AASB 15 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under AASB 118 and related Interpretations.

The effect of adopting AASB 15 as at 1 July 2018 was, as follows:

	<u>Increase/(decrease)</u> \$000
<b>Assets</b>	
Trade receivables	(7,148)
Contract assets (current)	7,148
<b>Total assets</b>	<u><u>-</u></u>
	<u>Increase/(decrease)</u> \$000
<b>Liabilities</b>	
Contract liabilities (current)	858
<b>Total liabilities</b>	<u><u>858</u></u>
<b>Total adjustment on equity</b>	
Retained earnings	<u><u>858</u></u>



## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 2. Significant accounting policies (continued)

##### 2.2 Changes in accounting policies, disclosure, standards and interpretations (continued)

###### New and amended standards and interpretations (continued)

Set out below, are the amounts by which each financial statement line item is affected as at 30 June 2019 as a result of the adoption of AASB 15. The adoption of AASB 15 did not have a material impact on OCI or the Group's operating, investing and financing cash flows. The first column shows amounts prepared under AASB 15 and the second column shows what the amounts would have been had AASB 15 not been adopted:

###### Impact on statement of profit or loss and other comprehensive income

Consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2019	Amounts prepared under		
	AASB 15	Previous AASB	Increase/ (decrease)
	\$000	\$000	\$000
Revenue from contracts with customers	132,011	-	132,011
Operating revenue	-	131,539	(131,539)
Finance income	158	158	-
Expenses	(131,734)	(131,734)	-
<b>Total comprehensive income/(loss) for the year</b>	<b>435</b>	<b>(37)</b>	<b>472</b>

###### Impact on the statement of financial position

Consolidated statement of financial position as at 30 June 2019	Amounts prepared under		
	AASB 15	Previous AASB	Increase/ (decrease)
	\$000	\$000	\$000
<b>Assets</b>			
<b>Current assets</b>			
Cash	29,225	29,225	-
Trade and other receivables	24,147	31,295	(7,148)
Contract assets	7,148	-	7,148
Prepayments	685	685	-
	61,205	61,205	-
<b>Non-current assets</b>	3,080	3,080	-
<b>Total assets</b>	<b>64,285</b>	<b>64,285</b>	-
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Trade and other payables	15,409	15,409	-
Employee benefit liabilities	1,488	1,488	-
Unearned revenue	-	22,691	(22,691)
Contract liabilities	23,077	-	23,077
	39,974	39,588	386
<b>Non-current liabilities</b>			
Provisions	158	158	-
Employee benefit liabilities	534	534	-
Unearned revenue	-	17,183	(17,183)
Contract liabilities	17,183	-	17,183
	17,875	17,875	-
<b>Total liabilities</b>	<b>57,849</b>	<b>57,463</b>	<b>386</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 2. Significant accounting policies (continued)

##### 2.2 Changes in accounting policies, disclosure, standards and interpretations (continued)

##### New and amended standards and interpretations (continued)

Consolidated statement of financial position as at 30 June 2019	Amounts prepared under		Increase/ (decrease) \$000
	AASB 15 \$000	Previous AASB \$000	
<b>Equity</b>			
Retained earnings	6,436	6,822	(386)
	<b>6,436</b>	<b>6,822</b>	<b>(386)</b>
<b>Total equity and liabilities</b>	<b>64,285</b>	<b>64,285</b>	<b>-</b>

The nature of the adjustments as at 1 July 2018 and the reasons for the significant changes in the statement of financial position as at 30 June 2019 are described below:

##### Sign on fees for commercial agreements

Some sponsorship and host government contracts held included sign on fees which were payable by the sponsor/government department to the Group upon execution. Prior to adopting AASB 15 such revenue was recognised in full on execution. However under AASB 15 as these sign on fees are not specifically related a performance obligation, the Group has determined this revenue must be recognised on a straight line basis across life of the contract. Thus, all contracts containing sign on fees from prior periods have been adjusted within retained earnings.

##### AASB 9 Financial Instruments

AASB 9 *Financial Instruments* replaces AASB 139 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB 9 retrospectively, with the initial application date of 1 July 2018. There was no significant impact on recognition or measurement in the consolidated financial statements as a result of the adoption but there has been a change in the required disclosures to reflect the requirements of the new accounting standard.

##### Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting year ended 30 June 2019. When applied in future periods, these recently issued or amended standards are not expected to have a material impact on the Group's financial position or performance or the presentation and disclosures in the financial report. The Group assessment of the impact of these new standards and interpretations to the extent relevant to the Group is set out below:

##### AASB 16 Leases (effective from 1 January 2019)

AASB 16 will replace AASB 117 *Leases* and some lease-related Interpretations. AASB 16 requires all the leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases. The entity has not yet assessed the full impact of AASB 16.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.2 Changes in accounting policies, disclosure, standards and interpretations (continued)

###### **AASB 1058 *Income of Not-For-Profit Entities (effective 1 January 2019)***

AASB 1058 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The Standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services).

The entity's assessment of this change in standard is ongoing, however the change is not expected to materially impact the Group.

##### 2.3 Basis of consolidation

For the year ended 30 June 2019, the consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, including:

- ACN 146 403 803 Pty Limited (Gold Coast United)
- North Queensland Fury Football Club Pty Ltd
- Local Organising Committee AFC Asian Cup Australia 2015 Limited (LOC)

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

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 statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.3 Basis of consolidation (continued)

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

##### 2.4 Summary of significant accounting policies

###### a) Fair value measurement

The Group measures its derivative financial instruments, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

###### b) Cash

Cash in the consolidated statement of financial position comprises cash at bank and on hand.

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

###### c) Trade and other receivables

Trade and other receivables represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 30-60 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### c) Trade and other receivables (continued)

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

###### d) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the income statement as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- Furniture, fittings and office equipment	20% - 33%
- Leasehold property	2%
- Motor vehicles	20%
- Other equipment	10%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

###### e) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if 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 (or those assets are), even if that right is not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense, as incurred, in the consolidated statement of profit or loss and other comprehensive income.

###### f) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### f) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

###### g) Intangible assets

###### *Trademarks*

Trademarks are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

###### *Online systems capital costs*

Capitalised information technology costs are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of 3 years.

###### *Digital assets*

Capitalised digital assets are recorded at cost. The assets will be amortised on a straight-line basis over the estimated useful life of 4 years at the point in time that the asset becomes available for use.

###### h) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost. 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.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### i) Provisions and employee benefit liabilities

###### *General*

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. When 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 consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

###### *Wages and salaries*

Liabilities for wages and salaries, including non-monetary benefits are 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 the amounts expected to be paid when the liabilities are settled. 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, to estimated future cash flows, if material.

###### *Long service leave and annual leave*

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

###### j) Derivative financial instruments

The Group uses derivative financial instruments, such as forward currency contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

###### k) Revenue from contracts with customers

###### **For the year ended 30 June 2019**

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements.

The specific recognition criteria described below must also be met before revenue is recognised.

###### *Grants*

Grant revenues are recognised once the grant funds have been utilised for expenditure on grant-related activities or any specific performance obligations noted in the contract.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

##### k) Revenue from contracts with customers (continued)

For the year ended 30 June 2019 (continued)

###### **Sponsorship**

Sponsorship revenues are recognised in line with the performance obligations specified in the sponsorship contract. This is generally based on the payment schedule which outlines the consideration to be provided each year in exchange for the sponsorship rights provided by the Group to the sponsor over the term of the contract over time. In some instances there is a sign-on bonus included within the consideration. In these circumstances where the sign-on bonus is not specified to be tied to a certain performance obligation, this fee is recognised as revenue over the life of the contract. An adjustment has been made to retained earnings to reflect this as a part of AASB 15.

###### **Registration, license, affiliation and other fees**

These revenues relate mainly to the license fees for Hyundai A-League expansion clubs. As the performance obligation within these contracts is for a license for these clubs to be granted into the Hyundai A-League for a specified number of years as a part of the League's intellectual property, the revenue is recognised equally over the term of the contract.

Another element of this revenue line is Prize Money for performance in tournaments. Once participation in the tournament is completed this revenue is recognised based on placing in the tournament in accordance with tournament regulations.

###### **National registration fees**

The performance obligation for the National Registration Fees revenues is for the Group to provide a platform for registration for individuals to play football in Australia. As such, revenues are recognised upon registration.

###### **Broadcasting and other rights**

Broadcasting and other rights revenues are recognised in line with the performance obligation of the Group to grant exclusive rights to the respective broadcaster. This revenue is recognised based on satisfaction of the contractual performance obligations.

###### **Gate receipts**

Gate receipts revenue is recognised upon providing the performance obligation of holding the event of which the tickets have been purchased. Thus, revenue is recognised at a point in time.

###### **Hosting of events**

Hosting revenues hold the performance obligation of the Group at a location by which a government organisation has purchased the rights to the event. Thus, the performance obligation is recognised at the point in time when the event is held.

###### **Merchandising**

Merchandising revenue is recognised at the point in time when the performance obligation is met at the transfer of the merchandise to the customer.

###### **Contract balances**

###### **Contract assets**

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.



## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

##### k) Revenue from contracts with customers (continued)

For the year ended 30 June 2019 (continued)

###### **Contract liabilities**

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of whether the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The specific recognition criteria described below must also be met before revenue is recognised.

The specific recognition criteria for the various categories of contract liabilities follows those as listed earlier in Note 2.4(k).

##### l) Finance income

Finance income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

##### m) Taxes

No provision has been made for income tax as the Company is exempt in accordance with the terms of s50-45 of the Income Tax Assessment Act 1997. The Company has one active tax exempted subsidiary, Local Organising Committee AFC Asian Cup Australia 2015 Limited. The Company's active taxable subsidiaries, North Queensland Fury Football Club Pty Limited, Canberra United FC Pty Limited and ACN 146 403 803 Pty Limited, are subject to income tax, however, no tax liabilities have arisen during the year.

###### **Goods and services tax (GST)**

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

- When the GST incurred on a purchase of assets or 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
- When 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 consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated 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 is classified as part of operating cash flows.

##### n) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation in the current year.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### Estimates and assumptions

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

##### Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the consolidated statement of financial position cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

##### Provision for expected credit losses of trade and other receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 4. Revenue from contracts with customers

##### 4.1 Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	<u>2019</u>
	<u>\$000</u>
<b>Type of service</b>	
Grants	10,553
Sponsorship	28,557
Registration, license, affiliation and other fees	2,423
National registration fees	11,362
Broadcasting and other rights	62,521
Gate receipts	6,192
Hosting of events	2,628
Merchandising and other income	7,775
<b>Total revenue from contracts with customers</b>	<b><u><u>132,011</u></u></b>
<b>Timing of revenue recognition</b>	
Goods transferred at a point in time	19,018
Services transferred over time	112,993
<b>Total revenue from contracts with customers</b>	<b><u><u>132,011</u></u></b>

##### 4.2 Contract balances

	<u>2019</u>
	<u>\$000</u>
Trade and other receivables (Note 8)	24,147
Contract assets (Note 8)	7,148
Contract liabilities (Note 14)	40,260

##### 4.3 Performance obligations

Information about the Group's performance obligations are summarised below:

###### **Rendering of services**

The performance obligation is satisfied over-time and payment is generally due upon completion of the service and acceptance of the customer.

###### **Sale of goods**

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery.

#### 5 Expenses

	<u>2019</u>	<u>2018</u>
	<u>\$'000</u>	<u>\$'000</u>
<b>Expenses included under administrative expenses:</b>		
Depreciation	163	119
Amortisation	880	621
Rent	1,176	1,156

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

### 6. Employee and team benefit expenses

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Wages and salaries	21,280	24,632
Post employment benefits	1,601	1,396
Other employee benefits	5,701	6,647
	<b><u>28,582</u></b>	<b><u>32,675</u></b>

### 7. Cash

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
Cash at bank and on hand	<b><u>29,225</u></b>	<b><u>6,477</u></b>

Cash at bank earns interest at floating rates based on daily bank deposit rates.

For the purpose of consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and on hand.

	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
<b>Cash flow reconciliation</b>		
Reconciliation of surplus/(deficit) after tax to net cash flows from operations:		
Surplus/(deficit) for the year	435	(126)
<i>Adjustments to reconcile surplus/(deficit) after tax to net cash flows from operations:</i>		
Depreciation of property, plant and equipment	163	119
Amortisation of intangible assets	880	621
<i>Changes in assets and liabilities:</i>		
Decrease/(increase) in trade and other receivables	15,753	(8,784)
(Increase)/decrease in prepayments	(1)	1,359
Decrease in inventories	-	19
Increase in contract assets	(7,148)	-
(Decrease)/increase in trade and other payables	(6,617)	3,731
(Decrease)/increase in unearned revenue	(19,557)	1,596
Increase/(decrease) in employee benefit liabilities	443	(15)
Increase in contract liabilities	39,402	-
Increase in provisions	-	158
<b>Net cash flows from/(used in) operating activities</b>	<b><u>23,753</u></b>	<b><u>(1,322)</u></b>

\$611,509 (2018: \$403,920) of the cash and cash equivalents balance is not available for use by the entity, this relates to cash held for lease guarantee on the registered office of the Company.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 8. Trade and other receivables

	<u>2019</u>	<u>2018</u>
	\$000	\$000
<b>Current</b>		
Trade receivables	23,793	22,498
Expected credit losses	<u>(50)</u>	<u>(50)</u>
	23,743	22,448
Other receivables	404	21
Accrued revenue	-	17,431
	<u><u>24,147</u></u>	<u><u>39,900</u></u>

#### Contract assets

As at 30 June 2019, the Group has contract assets of \$7,148,000 which is net of an allowance for expected credit losses of \$nil.

Set out below is the movement in the allowance for expected credit losses of trade receivables and contract assets:

	<u>Collectively impaired</u>
	\$000
<b>At 1 July 2017</b>	<u>50</u>
<b>At 30 June 2018</b>	<u>50</u>
<b>At 30 June 2019</b>	<u><u>50</u></u>

As at 30 June, the ageing analysis of trade receivables is, as follows:

	<u>Total</u>	<u>Neither past due nor impaired</u>	<u>Past due but not impaired</u>					<u>&gt; 151 days</u>
			<u>&lt; 30 days</u>	<u>31-60 days</u>	<u>61-90 days</u>	<u>91-120 days</u>	<u>121-150 days</u>	
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
<b>2019</b>	23,793	20,895	1,096	660	418	28	63	633
<b>2018</b>	22,498	20,037	1,954	360	-	6	141	-

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 9. Property, plant and equipment

	Leasehold property	Furniture, fittings and office equipment	Motor vehicles	Leasehold improvements	Other equipment	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Cost</b>						
At 1 July 2017	350	2,898	58	808	160	4,274
Additions	-	205	-	-	99	304
<b>At 30 June 2018</b>	<b>350</b>	<b>3,103</b>	<b>58</b>	<b>808</b>	<b>259</b>	<b>4,578</b>
Additions	-	66	-	-	-	66
<b>At 30 June 2019</b>	<b>350</b>	<b>3,169</b>	<b>58</b>	<b>808</b>	<b>259</b>	<b>4,644</b>
<b>Accumulated depreciation</b>						
At 1 July 2017	96	2,800	54	808	21	3,779
Depreciation charge for the year	7	92	4	-	16	119
<b>At 30 June 2018</b>	<b>103</b>	<b>2,892</b>	<b>58</b>	<b>808</b>	<b>37</b>	<b>3,898</b>
Depreciation charge for the year	7	123	-	-	33	163
<b>At 30 June 2019</b>	<b>110</b>	<b>3,015</b>	<b>58</b>	<b>808</b>	<b>70</b>	<b>4,061</b>
<b>Net book value At 30 June 2019</b>	<b>240</b>	<b>154</b>	<b>-</b>	<b>-</b>	<b>189</b>	<b>583</b>
At 30 June 2018	247	211	-	-	222	680

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

### 10. Intangible assets

	Online systems capital cost \$000	Trademarks \$000	Digital Assets \$000	Total \$000
<b>Cost</b>				
At 1 July 2017	3,820	318	837	4,975
Additions	1,037	-	1,079	2,116
<b>At 30 June 2018</b>	<b>4,857</b>	<b>318</b>	<b>1,916</b>	<b>7,091</b>
Additions	189	-	339	528
<b>At 30 June 2019</b>	<b>5,046</b>	<b>318</b>	<b>2,255</b>	<b>7,619</b>
<b>Accumulated amortisation</b>				
At 1 July 2017	3,464	157	-	3,621
Amortisation	258	27	336	621
<b>At 30 June 2018</b>	<b>3,722</b>	<b>184</b>	<b>336</b>	<b>4,242</b>
Amortisation	313	27	540	880
<b>At 30 June 2019</b>	<b>4,035</b>	<b>211</b>	<b>876</b>	<b>5,122</b>
<b>Net book value</b>				
<b>At 30 June 2019</b>	<b>1,011</b>	<b>107</b>	<b>1,379</b>	<b>2,497</b>
At 30 June 2018	1,135	134	1,580	2,849

### 11. Trade and other payables

	2019 \$000	2018 \$000
<b>Current</b>		
Trade payables	6,604	5,990
Other creditors and accruals	7,453	14,753
Goods and services tax	1,352	1,283
	<b>15,409</b>	<b>22,026</b>

### 12. Employee benefit liabilities

	2019 \$000	2018 \$000
<b>Current</b>		
Annual leave	1,488	1,192
<b>Non-current</b>		
Long service leave	534	387

## Notes to the consolidated financial statements (continued)

For the year ended 30 June 2019

### 13. Unearned revenue

	<u>2019</u>	<u>2018</u>
	<u>\$000</u>	<u>\$000</u>
<b>Current</b>		
Broadcasting	-	13,000
Sponsorship and other revenue	-	2,222
Grant revenue	-	4,335
	<u>-</u>	<u>19,557</u>

### 14. Contract liabilities

	<u>2019</u>	<u>2018</u>
	<u>\$000</u>	<u>\$000</u>
<b>Current</b>		
Broadcasting and other rights	11,869	-
Grants	5,709	-
Sponsorship	3,553	-
License fees	1,946	-
	<u>23,077</u>	<u>-</u>
<b>Non-current</b>		
License fees	<u>17,183</u>	<u>-</u>

### 15. Financial liabilities

	<u>2019</u>	<u>2018</u>
	<u>\$000</u>	<u>\$000</u>
<b>Derivatives not designated as hedging instruments</b>		
Foreign exchange forward contracts	<u>-</u>	<u>411</u>

### 16. Provisions

	<u>2019</u>	<u>2018</u>
	<u>\$000</u>	<u>\$000</u>
<b>Non-current</b>		
Other provisions	<u>158</u>	<u>158</u>

### 17. Financial instrumental risk management

The Group is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the Group's objectives, policies and process for managing and measuring these risks.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.



## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

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#### 17. Financial instrumental risk management (continued)

The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Group is exposed to are described below:

##### Specific risks

- Credit risk
- Liquidity risk
- Market risk - Interest rate risk

##### Financial instruments used

- Trade receivables
- Cash at bank
- Trade and other payables

##### Objectives, policies and processes

Risk management is carried out by the Group's finance function under policies and objectives which have been approved by the board of directors.

The board receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Specific information regarding the mitigation of each financial risk to which the Group is exposed is provided below.

##### Credit risk analysis

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the reporting year date.

The Group's management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality.

None of the Group's financial assets are secured by collateral or other credit enhancements.

##### Liquidity risk analysis

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. The Group maintains cash to meet its liquidity requirements for up to 90-days.

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 17. Financial instrumental risk management (continued)

##### Objectives, policies and processes (continued)

##### Liquidity risk analysis (continued)

The group manages its liquidity needs by carefully monitoring cash inflows and outflows on a month-to-month basis projected out to the completion of the financial year.

At the reporting year date, these reports indicate that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Group's liabilities have contractual maturities which are summarised below:

30 June 2019	Current			Non-current	Total
	Not later than 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	
	\$000	\$000	\$000	\$000	\$000
Trade payables	6,604	-	-	-	6,604
<b>Total</b>	<b>6,604</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,604</b>
<b>30 June 2018</b>					
Trade payables	5,990	-	-	-	5,990
Foreign exchange forward contracts	411	-	-	-	411
<b>Total</b>	<b>6,401</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,401</b>

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the reporting year date.

##### Interest rate risk

The majority of the Group's financial assets are non-interest bearing. The main interest rate risk for the Group arises from its cash holdings. The exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of change in market interest rate and the effective weighted average interests rates on classes of financial assets and financial liabilities.

#### 18. Related party and key management personnel disclosures

##### 18.1 Compensation of key management personnel

	2019	2018
	\$	\$
Short-term employee benefits	3,191,952	4,081,923
Other long-term benefits	148,853	72,908
Termination benefits	309,975	200,951
<b>Total compensation</b>	<b>3,650,780</b>	<b>4,355,782</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 18. Related party and key management personnel disclosures (continued)

##### 18.2 Other transactions and balances with key management personnel and their related parties

###### *Transaction with Scentre Group*

During the year, the Company received sponsorship revenue of \$1,610,000 (2018: \$1,680,000) from Scentre Group of which former director Mr S Lowy AM served as non-executive Director.

###### *Transaction with Sydney Football Club (FC) Pty Limited*

Mr Lowy, through a family related entity, had a minority shareholding in Sydney Football Club (FC) Pty Limited, a Hyundai A-League Football club.

During the year, the Company entered into transactions with Sydney Football Club (FC) Pty Limited, which is the holder of a license in the Hyundai A-League competition, on normal commercial terms and conditions.

###### *Transactions with Caltex Australia Limited*

During the year the Company received sponsorship revenue of \$1,841,814 (2018: \$2,341,814) from Caltex Australia Limited of which former director Mr S Hepworth was the Chief Financial Officer.

#### 19. Investment in controlled entities

The consolidated financial statements of the Group include:

Name	Country of incorporation	% Equity interest	
		2019	2018
ACN 146 403 803 Pty Limited (Gold Coast United)	Australia	100%	100%
North Queensland Fury Football Club Pty Limited	Australia	100%	100%
Local Organising Committee AFC Asian Cup Australia 2015 Limited (LOC)	Australia	100%	100%

All entities are dormant.

#### 20. Commitments and contingencies

##### 20.1 Leasing commitments

###### *Operating lease commitments - Group as lessee*

All operating lease contracts of the Group contain market review clauses in the event that the Group exercises options to renew. The Group does not have an option to purchase the leased assets at the expiry of the lease period.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2019	2018
	\$000	\$000
Within one year	1,119	148
After one year but not more than five years	3,535	-
	<b>4,654</b>	<b>148</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 30 June 2019

#### 20. Commitments and contingencies (continued)

##### 20.2 Contingent liabilities

The Group did not have any contingent liabilities as at 30 June 2019 (2018: nil).

#### 21. Parent entity information

Information relating to Football Federation Australia Limited:	2019	2018
	\$'000	\$'000
Current assets	61,205	47,061
<b>Total assets</b>	<b>64,285</b>	<b>50,590</b>
Current liabilities	39,974	43,186
<b>Total liabilities</b>	<b>57,849</b>	<b>43,731</b>
<b>Members' accumulated surplus</b>	<b>6,436</b>	<b>6,859</b>

The parent has not entered into any guarantees in relation to the debts of its subsidiaries.

The contractual commitments and contingent liabilities of the parent company are as per note 20.

#### 22. Auditor's remuneration

The auditor of Football Federation Australia Limited is Ernst & Young (Australia).

	2019	2018
	\$	\$
<i>Amounts received or due and receivable by Ernst &amp; Young (Australia) for:</i>		
Audit of the financial statements	79,000	77,000
Other services		
- Compilation of financial statement fees	6,100	5,900
- Grant acquittals and other assurance services	23,444	11,500
	<b>108,544</b>	<b>94,400</b>

#### 23. Events after the reporting period

There have been no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

## Directors' declaration

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In accordance with a resolution of the directors of Football Federation Australia Limited, I state that:

In the opinion of the directors:

- (a) the consolidated financial statements and notes of Football Federation Australia Limited for the financial year ended 30 June 2019 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
- (b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.1; and
- (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.

On behalf of the board



Mr C Nikou  
Chairman  
28 October 2019



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## Independent Auditor's Report to the Members of Football Federation Australia Limited

### Opinion

We have audited the financial report of Football Federation Australia Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 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 30 June 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.

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

## Responsibilities of the Directors for the Financial Report

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

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

## Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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



Ernst & Young



Douglas Bain  
Partner  
Sydney  
29 October 2019