BRONCOS
BRISBANE

2018 ANNUAL FINANCIAL STATEMENTS & REPORTS

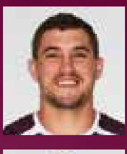
BRISBANE BRONCOS LIMITED
AND ITS CONTROLLED ENTITIES

BRONCOS
BRISBANE

2018 PLAYER AWARD WINNERS

NRL

PLAYER OF THE YEAR
Anthony Milford



BEST BACK
Corey Oates

BEST FORWARD
Matt Lodge

PLAY OF THE YEAR
Jamayne Isaako

PLAYERS' PLAYER
Joe Ofahengaue

XXXX FAN PLAYER
Corey Oates

MOST CONSISTENT
Alex Glenn

ROOKIE OF THE YEAR
Jamayne Isaako

NRLW

PLAYER OF THE YEAR
Brittany Breayley

BEST FORWARD
Brittany Breayley

BEST BACK
Kimiora Nati

PLAYERS' PLAYER
Kimiora Nati

CONTENTS

3	Corporate Information
4	The Chairman's Report
5	The CEO's Report
6	Sponsor Overview
9	Directors' Report
22	Auditor's Independence Declaration
23	Statement of Financial Position
24	Statement of Comprehensive Income
25	Statement of Cash Flows
26	Statement of Changes In Equity
27	Notes to the Financial Statements
53	Directors' Declaration
54	Independent Auditor's Report
60	ASX Additional Information

CORPORATE INFORMATION

A.B.N. 41 009 570 030

DIRECTORS

K D Morris AO (Chairman)
K S Bickford
A J Joseph
D J Lockyer
N Monaghan (appointed 9 April 2018)
K M Lawlor (director status changed to Alternate Director effective 9 April 2018)

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

EY
111 Eagle Street
Brisbane, Queensland 4000

THE CHAIRMAN'S REPORT

Dear Shareholder

The 2018 year was a transformational year for the Brisbane Broncos and its football team.

We are well positioned for a positive future, both on and off the field. Careful planning by the Board, and our CEO Paul White and his team, continues to position the Brisbane Broncos to further grow the commercial business and our investment in community programs that change young people's lives.

One of the highlights of the year is the Brisbane Broncos NRL Women's team who won in its inaugural year. The pride and commitment from this team of players and all staff involved, ensured a win for Brisbane Broncos, but also importantly a huge leap forward for Women's rugby league in Australia.

Our football coaching now has a long-term strategy under new coach, Anthony Seibold, and his team. It is great to have Anthony return to his old club and in his first four months he has certainly made an impact.

To my fellow directors, CEO Paul White, staff, shareholders, members, sponsors, community partners, players and fans, I thank you for your continued support of this great organisation.

Karl Morris AO

THE CEO'S REPORT

In 2018, the Brisbane Broncos celebrated the 30th anniversary of the club and reflected with gratitude on the efforts of our founding fathers, Barry Maranta, Paul Morgan, Steve Williams and Gary Balkin. Sadly, during the year, we lost one of them. Gary Balkin was a man of great decency and great humility, and he was caring to all, particularly the players. I am pleased that Gary's vision, energy and innovation as one of our founding fathers has been honoured with the awarding of the first Gary Balkin Players' Player award.

It was the first full year of occupancy of our new facility, the Clive Berghofer Centre and Clive Berghofer Field. The facility provides an outstanding amenity to allow staff and players to perform at a very high level. We have maximised the opportunities presented by the facility to grow our commercial business, deliver community benefits and to develop sustained on-field success. The facility is now recognised nationally, and we have welcomed visitors from the NRL, other clubs and sports throughout the year.

Whilst a challenging year, the organisation demonstrated its resilience with growth in sponsorship revenue, memberships numbers held steady, corporate sales sustained in a competitive market for the discretionary dollar, and home crowd attendances remained strong. Thank you to all our sponsors, members, corporate partners and fans for your continued support of our club. We are proud that we remain one of the strongest-performing clubs in Australian sport.

The 2018 season for our NRL team was one of great highs, but also disappointments. Our record against top-eight teams was outstanding but, in the end, while we were good enough to qualify for a home final we were not good enough on the day to win. The fact those disappointments are so raw right across club, including members and supporters, highlights what the Broncos mean to so many. I pay tribute to all our players for getting us so close in what was a congested and gripping year of rugby league. It is important that we recognise the exciting batch of young talent emerging at our club. As we move into a new chapter for the club, we thank Wayne Bennett for his efforts over the last four years. Wayne will always hold a special place in Broncos history as our founding coach.

We have now welcomed new coach, Anthony Seibold, a former Broncos player who has returned home to Queensland as Dally M Coach of the Year in 2018. Anthony has hit the ground running as he works to bring increased consistency and effort to a talented playing group. We welcome Anthony and look forward to an exciting 2019 season.

We acknowledge the efforts of all involved in the Broncos NRL Women's team. Their success was a showcase of the Broncos at our best. When the women's concept was floated, we were determined to be part of and it and credit goes to Tain Drinkwater, who successfully ran our submission in to the competition and continued as the CEO of the team. Congratulations to all members of the team, their captain, Ali Brigginshaw, and Head Coach, Paul Dyer, who assembled a wonderful coaching staff and playing roster. It was a privilege to watch their season unfold, and ultimately their grand final win, watched by a remarkable 750,000 TV viewers. This inaugural competition was never going to be defined by the length of the season or the number of teams participating. The participants were playing for all those women who came before them and made this possible. Our team will be forever known as our 'originals', just as our men were 30 years ago. Their place in our history is now assured. We are proud to have them as part of our family.

Our Game Development, Charity partner and Community programs continue to grow and transform Queensland communities. Our programs and partnerships promote health and educational outcomes, on a daily basis, improving the lives young students which in turn improves the lives of those around them. Every Broncos supporter should be proud of this remarkable work. As a club, we are conscious of the role that sport can play in changing people's lives.

The club continued to expand its digital capacity, increasing the number of users across its main platforms and growing revenue attached to a wider range of content. Highlights included the creation of the live-streamed, weekly Broncos Live program - produced and broadcast from the club's new studio; a new Broncos Podcast produced in partnership with NOVA, which was a finalist in the ACRA Awards; and rapid growth in Broncos social media platforms, particularly Instagram which is now the largest in Australian club sport with more than 200,000 followers.

Our fundraising efforts continued in 2018 to support our Community, Game Development and NRLW programs. New initiatives included the formation of the Stable membership and the establishment of the Broncos Forever Bequest program. We continue to receive support from donors through the Australian Sports Foundation. I wish to thank and acknowledge the generous support of all those who have contributed.

Paul White

SPONSOR OVERVIEW

In 2018 the Brisbane Broncos enjoyed another strong year of sponsorship growth, increasing 9.5% on the prior year due primarily to a stable portfolio of committed partners who continue to support the club. We also welcomed new Platinum Partners in Llewelyn Motors and Trade Tools, whilst also upgrading McDonalds into the Platinum sponsorship category. Other new partners in 2018 included EVA Air; Allara Learning; One Key Resources; Oil Search and Pathway Homes. 2018 will also be remembered as the inaugural year of the NRL Women's competition. The club was humbled by the support of our existing sponsorship family and some new partners who invested in our NRL Women's team, enjoying the ultimate reward of Premiership success.

NRMA Insurance, the club's principal partner, further imbedded their association with the Brisbane Broncos via a range of community based activities, the highlight being the NRMA Insurance Broncos Queensland Heroes campaign, which was an initiative that acknowledged and celebrated Queenslander's that have gone above and beyond to help their communities.

Premier Partner Arrow Energy continued their support of the club, deepening their association within our Beyond the Broncos Community program and also extending their shorts sponsorship across to the Brisbane Broncos NRL Women's team. National Storage also enjoyed tremendous success with their NRL Women's partnership, committing to the front of jersey property which resulted in significant exposure on the back of the team's success. The Deadly Choices' program delivered by the Institute for Urban Indigenous Health continued again in 2018, delivering more positive results in Queensland communities, driving an important health message in partnership with the Brisbane Broncos. The Deadly Choices was also proudly displayed on the sternum of our NRL Women's jersey, which was produced by existing partner ISC.

Firstmac, the Broncos financial services partner, initiated a successful campaign to have club icon Allan Langer, recognised for his achievements in Rugby League when the Queensland Government committed to commissioning a statue at Suncorp Stadium. Foundation partner Coca-Cola also introduced a number of combo offers at Brisbane Bronco's match day in 2018, leveraging their longstanding commitment to the club. We also enjoyed a number of thrilling matches at home in 2018, and whilst not all results went our way, one constant was the continued support of XXXX, as fans enjoyed the increased choice at the Stadium and enhanced experience that Lion have been able to deliver at the many bars within the stadium precinct. Another of the club's premier partners, Ladbrokes continued to leverage their association at our matches in 2018, providing fans the opportunity to win a trip to Melbourne to experience the Ladbrokes Cox Plate.

Our commitment to the club's community programs continued in 2018. In November, the club facilitated a community blitz across 10 different charities linked with the Broncos. The entire NRL playing squad joined with representatives from all our sponsors and broke away into groups to visit those in need which was a humbling experience for all involved.

Once again, we would like to thank all of our partners for their continued support and dedication to the Broncos throughout 2018, in particular our Principal Sponsor, NRMA Insurance, who have been associated with the club for 15 years now.

2018 PRINCIPAL SPONSOR

NRMA Insurance – part of one of Australia's largest general insurance groups, Insurance Australia Group (IAG). As a provider of motor, home and a number of other insurance products, they are committed to helping all Queenslanders.

2018 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 – ISC offer a wide range of product to suit every fan which has been very well received by the Broncos fan base. The quality or product has also been endorsed by the playing squad and ISC continue to work with the club to create market leading products.

Ladbrokes – Ladbrokes.com.au is the Australian operation of Ladbrokes plc., a responsible leader in the global betting and gaming market, with over 125 years' experience. As Australia's most innovative bookmaker, 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.

SPONSOR OVERVIEW (CONTINUED)

Firstmac – Firstmac has grown from a small family business to become Australia's largest non-bank lender. Over time they have provided 100,000 home loans and currently manage $10 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 coal seam gas company supplying almost 20% of Queensland's natural gas and working to meet global demand for this fuel. As a Premier Sponsor, Arrow provides a link between the Brisbane Broncos and some of Queensland's regional communities, in towns 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 100 storage centres across Australia and New Zealand. In December 2013, National Storage listed on the Australian Securities Exchange (ASX) becoming the first publicly listed independent, internally managed and fully integrated owner and operator of self-storage centres in 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, Coke 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 in 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.

BRONCOS SPONSORSHIP HIERARCHY 2018

PRINCIPAL SPONSOR	NRMA Insurance
PREMIER SPONSORS	XXXX, ISC, Ladbrokes, Firstmac, Arrow Energy, National Storage, Coca-Cola Amatil, Deadly Choices
PLATINUM SPONSORS	Nova 106.9, Slater & Gordon, The University of Queensland, Channel 9, News QLD, Llewellyn Motors, McDondald's, Trade Tools, Puma
ASSOCIATE SPONSORS	Ipswitch City Council, Construction Skills Queensland, Hostplus, Streets, EVA Air, Radio 4BC, Jimani Clothing
SUPPORT SPONSORS	Yellow Cabs, '47, Allara Learning, Sirromet, Painaway, Hog's Breath Cafe, One Key Reources, Four'n Twenty,Diageo, Broncos Leagues Club, Mark Cotterell Master Jeweller
OFFICAL SUPPLIERS	Elastoplast, Event Cinemas, Moreton Hire, Bioglan, Solarwise, Coast 2 Coast Earthmoving, National Science Week, HART Sport, Advanced Adsignz, Top Cut Foods, Bedgear Performance, Alpha Sport, Cha Cha Char/Jellyfish, Lanson, Niagara Therapy

DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December

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. Mr Morris is Executive Chairman of Ord Minnett Limited with a career spanning over 30 years in financial services and wealth management. He is a commerce graduate of Griffith University and holds diplomas from the Stockbrokers and Financial Advisers Association of Australia, Institute of Company Directors and FINSIA. Mr Morris is a Master Member of the Stockbrokers and Financial Advisers Association of Australia, Chairman of QSuper, Director of the Royal Automobile Club of Queensland (RACQ), Director of Gallipoli Medical Research, Board Member of JP Morgan Australia Advisory Council, Board Member of the Financial Sector Advisory Council, Board Member of Archdiocese of Brisbane Catholic Foundation, Chair of Mary MacKillop Brisbane Catholic School Access Fund, Chair of Griffith University Foundation Board, Governor of the University of Notre Dame Australia and Patron of Bravehearts, a child protection charity. Mr Morris was awarded an Officer of the Order of Australia on Australia Day 2019 for his distinguished service to the financial and stockbroking sectors and to the community through a range of organisations.
Katie Skye Bickford Non-Executive Director Independent	Mrs Bickford was appointed as a director on 23 May 2011. Mrs Bickford has more than 28 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.
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 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 of 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 (CONTINUED)

Darren James Lockyer Non-Executive Director Independent	Mr Lockyer was appointed as a director on 30 October 2013. Mr Lockyer's credentials as a rugby league player are unprecedented. He is the most capped Australian, Queensland 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 Non-Executive Alternate Director	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 16 years and is a member of the Association of Certified Chartered Accountants (ACCA).

COMPANY SECRETARY

Louise Anna Lanigan Company Secretary and Salary Cap Manager	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 25 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.

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	2.1 cents
Diluted Earnings Per Share	2.1 cents

DIVIDENDS

On 20 February 2019, 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 2018. The financial effect of this dividend has not been brought into account in the financial statements for the year ended 31 December 2018 and will be recognised in the subsequent financial report.

On 11 April 2018, a 2017 final dividend of three quarters of one cent per share franked to 100% at the 30% corporate income tax rate was paid to shareholders totalling $735,306. This dividend was shown as declared but unrecognised in the 2017 financial report. Refer to note 8 to the financial statements for further details.

PRINCIPAL ACTIVITIES

The principal activity of the Brisbane Broncos Group ("the Group") during the 2018 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 24.8% decrease in profits after tax for the 31 December 2018 financial year to $2,067,148 (2017: $2,747,519). Profits before tax for the 2018 and 2017 financial years were $3,082,000 and $4,018,000 respectively. The financial result reflects a solid underlying commercial business and cash position of the Group, impacted by the net costs of participation in the inaugural NRLW competition, home game related shortfalls, coaching and player related restructure costs, a reduction in interest revenue and a full year of depreciation of the Clive Berghofer Facility. 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 2018 financial year of $51,773,248 which is a 11.4% increase on 2017. Operating revenue increased 11.6% whilst non-operating interest revenue fell 20% as noted below.

Revenue was boosted by the increased Club Grant, growth in sponsorship sales and increased funding for the expanded community programs, being largely cost recovery revenue. Membership revenue and gate takings had modest increases.

Home game attendance was down 2% on last year, averaging 30,859 (2017: 31,403). Total corporate sales revenue rose 2.2%, inclusive of one home final related amounts, with one home final played in both 2018 and in 2017. Total membership numbers increased to 36,420 (2017: 36,298) with ticketed membership numbers decreasing to 25,449 (2017: 25,579) and non-ticketed membership numbers increasing to 10,971 (2017: 10,719).

Sponsorship revenues strengthened with 9.5% growth on the prior year with both years inclusive of finals bonus amounts, website and Broncos Insider sponsorship.

Merchandise sales fell 1.6% and the gross margin on sales fell 4.4%. This reflects the competitive retail market with free post offers and other promotions used to drive sales. In 2018, there was a 30.1% reduction in merchandise royalties related to the apparel sales, also impacted by a restructure in the NRL royalty model.

Interest revenue decreased by 20% to $0.29 million (2017: $0.37 million), despite an increase in the average interest rate, due to a decrease in the average principal amount invested, as cash had been drawn down and used to pay for the new facility in the prior year.

Expenditure

Total Group expenditure for the 2018 year was $48,691,248, an increase of 14.6% over 2017. Operating costs have increased 13.5% and non-operating costs have increased 72.3% reflecting depreciation for the first full year of the new facility compared to accelerated depreciation charges in the prior year in respect of property, plant and equipment no longer held. A dissection of total expenditure is listed in note 6 to the financial statements. Total expenditure also reflects the cost of participation in the inaugural NRLW competition, coaching and player related restructure costs and the increased spend in resourcing the expanded funded Indigenous and Community Programs.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

REVIEW OF OPERATIONS (continued)

Capital Expenditure

Capital expenditure largely reflects residual costs related to the Clive Berghofer Centre. The facility was completed on 29 November 2017 with the balance sheet reflecting the investment with the Construction in Progress costs transferred to Property, Plant and Equipment in the prior year, 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 $13,076,351 cash assets and $34,788,882 net assets.

Community

In 2018, 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 29 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 1,000 young people benefited from the Broncos Indigenous programs in 2018, which support the Australian Government's commitment to Closing the Gap in educational and employment outcomes between Indigenous and non-Indigenous Australians. As reported previously, the Brisbane Broncos received $5 million to expand the Beyond the Broncos Girls Academy from 300 to 1,300 students from 2017 to 2019. This funding sees the program expand west to Cunnamulla and north to Caboolture.

Community staff travelled almost 75,000 kilometres in 2018, visiting students in our Indigenous programs. Our staff out in the schools spent more than 800 hours each week mentoring more than 750 students across Brisbane, the Surat Basin 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 2018 including Blue Hope, Down Syndrome Australia and DV Connect. 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

In 2018 the National Rugby League announced the introduction of a National Rugby League Women's (NRLW) Premiership competition for 2018. The club's inclusion in the inaugural season was a fundamental part of our strategy to grow the game and diversify our commercial portfolio, with the club only one of four clubs to be successful in obtaining a licence to participate in the competition.

While participation in the competition was fully funded by individual clubs, with a licence fee payable to the NRL as part of the licence to participate, the club committed to resourcing the NRLW team with its own leadership and coaching structure focused on building female capacity in the long term and driving commercial outcomes to ensure the future sustainability of the NRLW team. Demonstrating this commitment to building female participation and pathways, the club appointed a female executive to the role of Chief Executive Officer of the NRLW team, appointed a world class Head Coach, and resourced the team with a professional coaching and support team, engaging a high percentage of females in non-traditional roles (strength coaches, medical staff, analysts).

In addition to creating a diversified portfolio with existing commercial partners, the NRLW team were successful in securing new commercial partnerships, and we thank our inaugural Premier Sponsors for supporting the team - National Storage, Arrow Energy, Oil Search, ISC, Pathway Homes and Deadly Choices.

The team went through the season undefeated and we are proud to be the Premiership winning team of the inaugural NRL Holden Women's Premiership competition, defeating the Sydney Roosters 34 to 12. In addition to a Premiership winning performance, Kimiora Nati was named the Karyn Murphy Medal winner as Player of the Match, with Brittany Breayley named as the 2018 Dally M Player of the Year. The focus on 2019 will be to continue to grow our commercial portfolio and recruit a premiership winning team in what will be a competitive market.

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 current 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.

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. We continue to seek opportunities to partner with business and government to further expand our reach.

The Brisbane Broncos remain the most financially successful National Rugby League franchise with one of the highest supporter bases in the game. 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.

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

On 20 February 2019, the Board of Directors declared a final dividend on ordinary shares in respect of the 2018 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 2018 financial statements.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

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. The Group expects to continue its focus on improving its on-field performance in the NRL, grow off-field commercial returns and our community reach. The Group recognises both the future risks and opportunities of competing in a highly congested national sporting team environment, which continues to evolve and develop within a global professional sporting framework. The growth of women's sport, disruptive technology and unique content remain priorities.

SHARE OPTIONS

At 31 December 2018, 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 2018 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.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, EY, 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:

Board or Committee	Number of Meetings
Full Board	8
Audit	2

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

	Full Board	Audit & Risk Management Committee
K D Morris	8 (8)	2 (2)
K S Bickford	8 (8)	n/a
A J Joseph	6 (8)	2 (2)
K M Lawlor (Alternate Director effective 9 April 2018)	1 (1)	1 (1)
D J Lockyer	8 (8)	n/a
N Monaghan (appointed 9 April 2018)	6 (7)	1 (1)

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 Board met twice during the 2018 financial year in their capacity as the Audit Committee.

REMUNERATION REPORT (AUDITED)

This Remuneration Report for the year ended 31 December 2018 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 are set out below.

Key Management Personnel

(i) Directors

K D Morris AO	Chairman (Non-Executive)
K S Bickford	Director (Non-Executive)
A J Joseph	Director (Non-Executive)
N Monaghan	Director (Non-Executive) (appointed 9 April 2018)
D J Lockyer	Director (Non-Executive)
K M Lawlor	Alternate Director (Non-Executive) (effective 9 April 2018)

(ii) Executive

P M White	Chief Executive Officer
S N Czislowski	General Manager - Football Operations
T M Drinkwater	General Manager – HR, Risk & Compliance
C L Halliwell	General Manager – Community & Government Programs
L A Lanigan	Company Secretary & Salary Cap Manager
S A Moro	Chief Financial Officer
T M Reader	Chief Commercial Officer
S A Tallon	General Manager – Communications & Digital Media

There were no changes to the number of KMP in 2018. After reporting date, a review of the business structure and reporting hierarchy commenced, which will result in some changes to KMP for 2019. Those changes will 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.

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 2018 financial year were $210,222.

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 2019 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 in the prior year and did not receive an increase in the current year. The directors' fees for Mr Monaghan and Mr Lawlor, both employed by News Corp Australia, were paid directly to their employer. The non-executive directors do not receive retirement benefits, nor do they participate in any incentive program. In the prior year, the retired Chairman received $31,050 plus statutory superannuation and, in addition to the aforementioned fee, the total payment to the retired Chairman in 2017 recognised the additional time commitment required of the retired Chairman in that year. Post his retirement as a director, a consultancy agreement was entered into between the retired Chairman and the Company for services to be provided in 2018 and a payment of $100,000 was paid to him in January 2018.

The remuneration of non-executive directors for the period ended 31 December 2018 and 31 December 2017 is detailed in Table 1 and 2 respectively of this report.

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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

5. Group performance

Profit before tax has decreased to $3,082,000 in 2018, a 23.3% decrease on the 2017 result. Earnings per share for the current year and the past four financial years are shown below:

Year Ended	2018	2017	2016	2015	2014
Profit before tax	$3.08 million	$4.02 million	$4.1 million	$3.77 million	$1.32 million
Earnings per share (cents)	2.11	2.80	2.86	2.61	0.85
Share Price	49 cents	55 cents	37 cents	34 cents	26 cents

The share price has moved from 55 cents at 1 January 2018 to 49 cents at 31 December 2018. 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 2016, the Group signed a further three-year employment contract with Mr White, which is due to expire on 31 December 2019. The structure, terms, conditions and remuneration components of the new agreement remain materially unchanged from the earlier agreements.

Details of Mr White's employment contract for 2018 were as follows:

- The renewed contract is for the period 2017-2019. In the first year of the renewed contract, Mr White received fixed remuneration of $600,000 per annum plus statutory superannuation and a fully maintained motor vehicle. This amount increased to $650,000 per annum plus statutory superannuation for the 2018 year.
- 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.
- 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Table 1: Remuneration for the year ended 31 December 2018

	Short Term#				Post Employment	Long-Term Benefits	Total	Performance Related
	Salary & Fees $	Cash Bonus $	Allowances $	Non Monetary Benefits $	Superannuation $	Long Service Leave $	$	%
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	-
S N Czislowski – General Manager – Football Operations	156,000	8,000	16,800	-	15,580	3,345	199,725	4.0%
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%
L A Lanigan – Company Secretary & Salary Cap Manager^*	129,480	14,000	15,000	-	29,530	3,395	191,405	7.3%
S A Moro – Chief Financial Officer^	223,800	25,000	-	20,000	24,950	6,021	299,771	8.3%
T M Reader – Chief Commercial Officer	247,000	10,000	3,000	20,000	24,415	4,967	309,382	3.2%
S A Tallon – General Manager – Communications & Digital Media	174,000	12,000	1,800	15,000	17,670	1,079	221,549	5.4%
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
^^ 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.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Remuneration of key management personnel (continued)

Table 2: Remuneration for the year ended 31 December 2017

	Short Term#				Post Employment	Long-Term Benefits	Total	Performance Related
	Salary & Fees $	Cash Bonus $	Allowances $	Non Monetary Benefits $	Superannuation $	Long Service Leave $	$	%
Non-executive directors								
K D Morris – Non-executive (appointed 5 December 2017)	4,640	-	-	-	441	-	5,081	-
K S Bickford – Non-executive	20,700	-	-	-	1,967	-	22,667	-
A J Joseph – Non-executive ^	17,250	-	-	-	5,417	-	22,667	-
K M Lawlor – Non-executive+	22,667	-	-	-	-	-	22,667	-
D J Lockyer – Non-executive	20,700	-	-	-	1,967	-	22,667	
D M Watt - Non-executive (retired 5 December 2017)++	100,000	-	-	-	9,500	-	109,500	-
Sub-total non-executive directors	**185,957**	**-**	**-**	**-**	**19,292**	**-**	**205,249**	
Other key management personnel								
P M White – Chief Executive Officer	600,000	200,000	-	20,000	76,000	19,045	915,045	21.9%
S N Czislowski – General Manager - Football Operations	152,000	13,000	16,800	-	15,675	619	198,094	6.6%
T M Drinkwater – General Manager – HR, Risk & Compliance^^	115,000	19,000	16,200	-	12,730	636	163,566	11.6%
C L Halliwell – General Manager – Community & Government Programs	125,000	18,000	16,200	-	13,585	1,873	174,658	10.3%
L A Lanigan – Company Secretary & Salary Cap Manager^*	140,650	16,000	-	-	16,360	4,153	177,163	9.0%
S A Moro – Chief Financial Officer^	210,980	29,000	-	20,000	30,485	6,995	297,460	9.7%
T M Reader – Chief Commercial Officer	240,000	28,000	2,000	20,000	25,460	8,049	323,509	8.7%
S A Tallon – General Manager – Communications & Digital Media (appointed 22 May 2017)	103,736	9,000	1,088	15,000	10,710	-	139,534	6.5%
Sub-total executive KMP	**1,687,366**	**332,000**	**52,288**	**75,000**	**201,005**	**41,370**	**2,389,029**	
Totals	**1,873,323**	**332,000**	**52,288**	**75,000**	**220,297**	**41,370**	**2,594,278**	

Short-term allowances cover incidental administrative expenses
^ Mr Joseph, Ms Lanigan and Ms Moro salary sacrificed a portion of their wages
+ Fees for Mr Lawlor were paid directly to his employer
++ The total payment to Mr Watt recognised the additional time commitment required
^^ 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.

Post Mr Watt's retirement as a director, a consultancy agreement was entered into with the Company for services to be provided in 2018 and a payment of $100,000 was paid to him in January 2018.

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 did not change in 2018. Mr Joseph held 53,141 ordinary shares on his appointment date and subsequently acquired 3,000 ordinary shares on 9 March 2011 and 3,859 ordinary shares on 14 March 2011. His total shareholding as at reporting date is 60,000 ordinary shares.

Mr Lockyer's shareholding did not change in 2018. Mr Lockyer acquired 43,778 ordinary shares on 27 June 2017. His 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 22 from the auditor of Brisbane Broncos Limited.

NON-AUDIT SERVICES

Details of non-audit services provided by the entity's auditor, EY, 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
Chairman
Brisbane
20 February 2019

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 2018, 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.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Engagement Partner
Brisbane
20 February 2019

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Consolidated	
		2018 $	2017 $
ASSETS			
Current Assets			
Cash and cash equivalents	10	13,076,351	12,060,955
Trade and other receivables	11	1,690,131	2,512,482
Inventories	12	196,367	193,244
Income tax receivable	7	449,283	107,948
Lease straight-line asset		185,939	-
Other current assets		970,236	896,096
Total Current Assets		**16,568,307**	**15,770,725**
Non-current Assets			
Property, plant and equipment	13	20,833,877	22,121,876
Deferred tax asset	7(c)	157,594	196,403
Intangible assets	14(a)	12,510,580	12,510,580
Other non-current assets		64,167	99,167
Total Non-current Assets		**33,566,218**	**34,928,026**
TOTAL ASSETS		**50,134,525**	**50,698,751**
LIABILITIES			
Current Liabilities			
Trade and other payables	15	3,043,310	3,203,589
Provisions	16	1,689,322	1,238,528
Unearned revenue	17	7,563,009	7,078,603
Total Current Liabilities		**12,295,641**	**11,520,720**
Non-current Liabilities			
Trade and other payables	18	1,323,631	1,731,693
Provisions	19	156,091	187,928
Unearned revenue	20	1,570,280	3,801,370
Total Non-current lLiabilities		**3,050,002**	**5,720,991**
TOTAL LIABILITIES		**15,345,643**	**17,241,711**
NET ASSETS		**34,788,882**	**33,457,040**
EQUITY			
Equity attributable to equity holders of the Parent			
Contributed equity	21	28,991,500	28,991,500
Accumulated profits	22	5,797,382	4,465,540
TOTAL EQUITY		**34,788,882**	**33,457,040**

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 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Operations			
Revenue from contracts with customers	2 (b)	38,088,287	36,661,210
Grant received from National Rugby League Limited		13,347,562	9,392,417
Interest revenue		292,720	365,663
Other revenue		44,679	72,195
Revenue		**51,773,248**	**46,491,485**
Expenses	6	(48,691,248)	(42,473,485)
Profit before income tax		**3,082,000**	**4,018,000**
Income tax expense	7(a)	(1,014,852)	(1,270,481)
Net profit and other comprehensive income for the period attributable to the ordinary equity holders of the parent		**2,067,148**	**2,747,519**
Earnings per share attributable to the ordinary equity holders of the parent:			
Basic earnings per share	9	2.1 cents	2.8 cents
Diluted earnings per share	9	2.1 cents	2.8 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 2018

	Note	Consolidated	
		2018 $	2017 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (GST inclusive)		55,028,099	54,718,320
Payments to suppliers & employees (GST inclusive)		(51,698,944)	(45,423,845)
Other revenue received		1,048,016	694,625
Purchase of inventories		(1,447,573)	(1,468,258)
Interest received		273,259	395,281
Income tax paid		(1,317,378)	(1,951,257)
Net cash flows from/(used in) operating activities	23	**1,885,479**	**6,964,866**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(781,381)	(19,286,635)
Grant funds received (GST inclusive)		646,604	3,588,159
Net cash flows from/(used in) investing activities		**(134,777)**	**(15,698,476)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividends paid		(735,306)	(735,306)
Proceeds from National Rugby League Limited	24	-	1,250,000
Net cash flows from/(used in) financing activities		**(735,306)**	**514,694**
Net increase/(decrease) in cash and cash equivalents		1,015,396	(8,218,916)
Cash and cash equivalents at beginning of the period		12,060,955	20,279,871
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	**13,076,351**	**12,060,955**

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 2018

	Note	Attributable to equity holders of the Parent		
		Contributed Equity	Accumulated Profits	Total Equity
CONSOLIDATED				
At 1 January 2017		28,991,500	2,453,327	31,444,827
Dividends paid	8(a)	-	(735,306)	(735,306)
Total comprehensive income for the year		-	2,747,519	2,747,519
At 31 December 2017		**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	21/22	**28,991,500**	**5,797,382**	**34,788,882**

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

1. CORPORATE INFORMATION

The financial report of Brisbane Broncos Limited for the year ended 31 December 2018 was authorised for issue in accordance with a resolution of directors on 20 February 2019.

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

Table of Contents

Basis of preparation	
(a)	Compliance with IFRS
(b)	New accounting standards and interpretations
(c)	Basis of consolidation
(d)	Operating segments – refer note 5
(e)	Cash and cash equivalents – refer note 10
(f)	Trade and other receivables – refer note 11
(g)	Inventories – refer note 12
(h)	Property, plant and equipment – refer note 13
(i)	Leases – refer note 27
(j)	Impairment of non-financial assets other than indefinite life intangibles – refer note 14
(k)	Intangible assets – refer note 14
(l)	Trade and other payables – refer note 15 and note 18
(m)	Interest-bearing loans and borrowings
(n)	Provisions and employee leave benefits – refer note 16 and note 19
(o)	Government grants
(p)	Contributed equity – refer note 21
(q)	Income tax and other taxes – refer note 7
(r)	Earnings per share – refer note 9

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 2017 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 2018 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, AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. The application of AASB 9 did not have a material impact on the Group. As appropriate, accounting policy disclosures in the financial report have been updated to reflect AASB 9. The Company is currently evaluating the impact of AASB 16 – *Leases*, which has an effective date for reporting periods commencing on or after 1 January 2019. AASB 16 requires, with the exception of low-value and short-term leases, all leases to be recognised on the Statement of Financial Position. The lessee will recognise an asset reflecting its right to use the underlying asset and a liability for its obligation to make lease payments. Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the half-year financial report.

AASB 15 *Revenue from Contracts with Customers*

AASB 15 supersedes AASB 111 *Construction Contracts*, AASB 118 *Revenue* and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under AASB 15, revenue is 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. The standard 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 customers.

The Group adopted AASB 15 using the modified retrospective method. The cumulative catch-up adjustment to the opening balance of retained earnings as at 1 January 2018 relating only to the change in accounting for membership revenue (performance obligations for merchandise pack and merchandise voucher) was not material ($33,420) and thus had not been recognized. The Group has applied the practical expedient not to disclose the amount of the remaining performance obligations for contracts with original expected duration of less than one year. In addition, the Group applied the practical expedient, such that for completed contracts the entity did not restate contracts that begin and end within the same reporting period.

Consistent with the information disclosed at 31 December 2017, the impact for full year is not material. Other than the revenue recognition for membership revenue which has been impacted at the year-end, there has been no other changes to revenue recognition under AASB 15.

As required for the general purpose financial report information for the year ended 31 December 2018, 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 into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors.

REVENUE FROM CONTRACTS WITH CUSTOMERS:	Reference	2018 $	2017 $
Membership, ticketing, corporate sales and game day	(a)	17,077,456	16,932,374
Sponsorship	(b)	14,572,909	13,308,204
Development, community and Indigenous programs	(c)	3,402,314	3,023,046
Sale of goods	(d)	2,119,305	2,163,430
Royalties and commissions	(e)	543,093	769,972
Other		373,210	464,184
		38,088,287	**36,661,210**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New accounting standards and interpretations (continued)

(a) 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, which is consistent with prior accounting treatment.

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. Therefore, the adoption of AASB 15 did not have an impact on the timing of the revenue recognition.

(b) 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. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition.

(c) 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. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition.

(d) 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. Therefore, the adoption of AASB 15 did not have an impact on the timing of the revenue recognition.

(e) 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. Therefore, the adoption of AASB 15 did not have an impact on the timing of revenue recognition.

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. Therefore, the adoption of IFRS 15 did not have an impact on the timing of revenue recognition.

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(n) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) New accounting standards and interpretations (continued)

Comparative Information

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.

(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). Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. 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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 4 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.

In the prior year, costs that were capitalised into Construction in Progress during the planning, design and construction phase were then recognised as Property, Plant and Equipment on completion.

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.

(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.

(i) Group as lessee

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leases – refer note 27 (continued)

(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.

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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) 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax and other taxes – refer note 7 (continued)

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.

(r) 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	
	2018 $	2017 $
Cash at bank and in hand	3,576,351	5,610,955
Short-term deposit	9,500,000	6,450,000
	13,076,351	**12,060,955**

The Group invests its cash in short-term deposits earning interest at an average rate of 2.66% (2017: 2.18%) per annum. It is reasonably possible that movements in interest rates (+ 1%, - 1%) would impact interest revenue by approximately $92,363 (2017: $125,842) and not have any material effect on net profit or equity of the consolidated group for the year ended 31 December 2018.

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 $1,039,716 (2017: $1,764,558) financial liabilities with six months or less contractual maturity and has $1,623,631 (2017: $2,600,000) financial liabilities with greater than six months to five years' contractual maturity.

Capital Risk

The Board has considered the Company's capital structure following delivery of the new facility, Clive Berghofer Centre, and believes that a dividend payout ratio of approximately 47% (2017: 27%) 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 2018 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 $12,743,044 arising from sales and grants in respect of the 2018 financial year (2017: $9,890,130).

	Consolidated	
	2018 $	2017 $
6. EXPENSES		
Cost of sales	1,444,450	1,448,526
Administration expense	7,168,207	5,552,366
Stadium operations expense	6,395,438	6,181,113
Corporate sales, merchandise and ticketing expense	4,773,379	4,580,478
Marketing, sponsorship and advertising expense	5,462,218	4,829,852
Development, community and indigenous program costs	3,740,480	2,933,790
Football related expenses	19,707,076	16,947,360
	48,691,248	**42,473,485**

Included in the above expenses are the following:		
Lease payments – operating leases	2,010,365	2,062,316
Depreciation of property, plant and equipment	1,373,162	798,044
Movement in provision for employee benefits	1,001,767	776,846
Salary and wage expense	22,018,665	19,455,841

	Consolidated 2018 $	Consolidated 2017 $
7. INCOME TAX		
(a) Income tax expense		
The major components of income tax expense are:		
Statement of Comprehensive Income		
Current income tax		
Current income tax charge	976,043	1,301,402
Under-provision prior year	-	157
Deferred income tax		
Relating to origination and reversal of temporary differences	38,809	(31,078)
Income tax expense reported in the Statement of Comprehensive Income	**1,014,852**	**1,270,481**

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

	2018 $	2017 $
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	**3,082,000**	**4,018,000**
At the Group's statutory income tax rate of 30% (2017: 30%)	924,600	1,205,400
Expenditure not allowed for income tax purposes		
Entertainment	90,378	64,950
Other	(126)	131
Aggregate income tax expense	**1,014,852**	**1,270,481**

	Statement of Financial Position 2018 $	Statement of Financial Position 2017 $	Statement of Comprehensive Income 2018 $	Statement of Comprehensive Income 2017 $
(c) Recognised deferred tax assets and liabilities				
Deferred income tax at 31 December relates to the following:				
CONSOLIDATED				
(i) Deferred tax assets/(liabilities)				
Sundry debtors	(8,556)	(49,720)	41,164	(2,847)
Provisions	8,316	8,562	(246)	(2,081)
Employee benefits	312,942	242,806	70,136	31,127
Prepayments	(4,621)	(4,218)	(403)	(99)
Lease straight-line asset	(55,782)	-	(55,782)	-
Fixed assets	(135,537)	(23,088)	(112,449)	(2,353)
Accruals	40,832	22,061	18,771	7,331
Deferred tax assets/(liabilities)	**157,594**	**196,403**		
Deferred tax income/(expense)			**(38,809)**	**31,078**

7. INCOME TAX (CONTINUED)

(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 2018 $	Consolidated 2017 $
8. DIVIDENDS PAID AND PROPOSED		
(a) Recognised amounts		
Paid during the year:		
Final franked dividend for 2017: 0.75 cent paid in 2018 (2017: for 2016 0.75 cent paid in 2017)	735,306	735,306
(b) Unrecognised amounts		
Dividends on ordinary shares:		
Final franked dividend for 2018: 1 cent (2017: final franked dividend for 2017: 0.75 cent)	980,406	735,306
(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% (2017: 30%)	7,507,935	6,505,687
› franking credits that will arise from the payment of income tax / (receipt of refund) as at the end of the financial year	(364,403)	6,615
› 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)	(315,131)
	6,723,358	**6,197,171**

(d) Tax rates

The tax rate at which paid dividends have been franked is 30% (2017: 30%). Dividends proposed will be franked at the rate of 30% (2017: 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 2018	Consolidated 2017
Net profit from continuing operations attributable to equity holders of the parent	$2,067,148	$2,747,519
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 2018 $	Consolidated 2017 $
10. CURRENT ASSETS - CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	3,576,351	5,610,955
Short-term deposit	9,500,000	6,450,000
	13,076,351	**12,060,955**

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.

11. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

	Consolidated	
	2018 $	2017 $
Trade receivables	1,075,600	2,123,665
Allowance for expected credit losses (a)	-	-
	1,075,600	2,123,665
Other receivables	614,531	388,817
Carrying amount of trade and other receivables	**1,690,131**	**2,512,482**

Other receivables for the Group include GST receivable of $508,060 (2017: $8,837) and NRL Merchandise Royalties receivable of nil (2017: $156,882) 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 2018 are aged within the 30-90 day terms with $206,752 (2017: $487,228) 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.

12. CURRENT ASSETS - INVENTORIES

	Consolidated	
	2018 $	2017 $
Finished goods – at cost	196,367	193,244
Provision for net realisable value write down	-	-
Total inventories at the lower of cost and net realisable value	**196,367**	**193,244**

Inventories recognised as an expense for the year ended 31 December 2018 totalled $1,444,450 (2017: $1,448,526) 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

	Consolidated			
	Plant and Equipment $	Leasehold Improvements $	Construction lin Progress $	Total $
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	**6,402,940**	**14,430,937**	**-**	**20,833,877**
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	**6,402,940**	**14,430,937**	**-**	**20,833,877**
Year ended 31 December 2017				
At 1 January 2017 net of accumulated depreciation, impairment and grant monies received	969,621	1,116,435	5,136,327	7,222,383
Additions	330,297	-	18,842,597	19,172,894
Grant monies received	-	-	(3,475,357)	(3,475,357)
Reclassification on project completion (cost)	6,397,505	20,572,872	(26,970,377)	-
Reclassification on project completion (grants)	(304,847)	(6,161,963)	6,466,810	-
Depreciation charge for year	(697,097)	(100,947)	-	(798,044)
At 31 December 2017 net of accumulated depreciation, impairment and grant monies received	**6,695,479**	**15,426,397**	**-**	**22,121,876**
At 31 December 2017				
Cost	8,002,734	22,855,497	-	30,858,231
Accumulated grant monies received	(304,847)	(6,161,963)	-	(6,466,810)
Accumulated depreciation and impairment	(1,002,408)	(1,267,137)	-	(2,269,545)
Net carrying amount	**6,695,479**	**15,426,397**	**-**	**22,121,876**

In the prior year, on 29 November 2017, practical completion was achieved for the new Clive Berghofer Centre at Red Hill. The lease with State Government was issued effective 30 November 2017, being the start date for depreciation. Accordingly, the Construction in Progress amounts are now recognised as Property and Equipment or Leasehold Improvement.

	Consolidated		
	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 2018			
Cost	13,382,857	28,000	13,410,857
Accumulated amortisation and impairment	(900,277)	-	(900,277)
Net carrying amount	**12,482,580**	**28,000**	**12,510,580**
At 31 December 2017			
Cost	13,382,857	28,000	13,410,857
Accumulated amortisation and impairment	(900,277)	-	(900,277)
Net carrying amount	**12,482,580**	**28,000**	**12,510,580**

(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 prior year, negotiations which began in 2016 continued between the NRL and the 16 NRL clubs for terms of a proposed new Club Agreement. A Memorandum of Understanding (MOU) was issued by the NRL in 2016. In accordance with that document, additional funds of $1,750,000 were paid to each club in 2016 and $1,250,000 in 2017. 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 in 2016 and 2017 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 advised that the nature of the additional funds is an advance of participation grant funds related to the period from November 2017 to October 2022. The advanced funds are being recognised as grant revenue over the five-year period in equal monthly instalments. At reporting date, $600,000 (2017: $100,000) in grant revenue has been recognised in the Statement of Comprehensive Income and $376,369 (2017: $568,306) has been recognised as unearned grant income in the Statement of Financial Position in respect of the advanced funds. 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. Negotiations continue between the NRL and clubs for a proposed new perpetual licence agreement. 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.

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

(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.

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% (2017: 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 2018, the present value of the cash flow projections supported the carrying value of the cash generating unit and there is therefore no impairment.

15. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated	
	2018 $	2017 $
Trade payables	739,716	1,464,558
Related party payables – National Rugby League Limited	600,000	600,000
Other payables	1,703,594	1,139,031
	3,043,310	**3,203,589**

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.

16. CURRENT LIABILITIES - PROVISIONS

	Consolidated 2018 $	Consolidated 2017 $
Fringe benefits tax	158,969	94,709
Annual leave	763,880	620,282
Long service leave	766,473	523,537
	1,689,322	**1,238,528**

17. CURRENT LIABILITIES - UNEARNED REVENUE

	Consolidated 2018 $	Consolidated 2017 $
Game Day	4,790,978	4,942,912
Community Grants	2,540,942	1,868,754
Naming Rights	75,000	75,000
Other	156,089	191,937
	7,563,009	**7,078,603**

18. NON-CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated 2018 $	Consolidated 2017 $
Related party payables – National Rugby League Limited	1,323,631	1,731,693
	1,323,631	**1,731,693**

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

19. NON-CURRENT LIABILITIES – PROVISIONS

	Consolidated 2018 $	Consolidated 2017 $
Long service leave	156,091	187,928
	156,091	**187,928**

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.

20. NON-CURRENT LIABILITIES - UNEARNED REVENUE

	Consolidated 2018 $	Consolidated 2017 $
Community Grants	-	2,500,000
Naming Rights	1,350,000	925,000
Other	220,280	376,370
	1,570,280	**3,801,370**

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 $1 million was receipted at 31 December 2017 and $0.5m at 31 December 2018. The agreement is for the term of the lease for the facility at Red Hill.

	Consolidated	
	2018	2017
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	
	2018 $	2017 $
22. ACCUMULATED PROFITS		
Balance 1 January	4,465,540	2,453,327
Net profit	2,067,148	2,747,519
Dividends	(735,306)	(735,306)
Balance 31 December	**5,797,382**	**4,465,540**

	Consolidated	
	2018 $	2017 $
23. CASH FLOW STATEMENT RECONCILIATION		
Reconciliation of net profit after tax to net cash flows from operations		
Net profit	2,102,148	2,747,519
Adjustments for:		
Depreciation and amortisation	1,373,162	798,044
Sundry provision reversal	49,612	6,936
Movement in employee benefit provisions	354,697	231,948
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	1,282,434	(1,029,879)
(Increase)/decrease in inventories	(3,123)	(19,731)
(Increase)/decrease in lease straight-line asset	(185,939)	-
(Increase)/decrease in deferred tax asset	53,809	(31,078)
(Decrease)/increase in current tax liability	(341,335)	(649,700)
(Decrease)/increase in creditors and accruals	(709,500)	(491,581)
(Decrease)/increase in unearned revenue	(2,154,746)	5,381,091
(Decrease)/increase in provisions	64,260	21,297
Net cash from/(used in) operating activities	**1,885,479**	**6,964,866**

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	
			2018	2017
Brisbane Broncos Corporation 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 $	Advances From Related Parties $
CONSOLIDATED					
Major shareholder					
News Corporation	2018	106,000	-	152,302	-
	2017	103,657	-	169,254	-
Other					
National Rugby League Limited	2018	894,804	12,530,063	391,846	-
	2017	919,311	9,681,500	374,766	1,250,000

24. RELATED PARTY DISCLOSURE (CONTINUED)

(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 2018 (2017: 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 $152,302 (2017: $169,254).

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 Club Agreement.

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

	Parent Entity	
	2018 $	2017 $
Current assets	12,727,613	10,647,223
Total assets	28,587,653	27,447,955
Current liabilities	875,246	1,084,931
Total liabilities	9,592,603	9,803,172
Net Assets	**18,995,050**	**17,644,783**
Issued Capital	28,991,500	28,991,500
Accumulated profits/(losses)	(9,996,450)	(11,346,717)
Total equity	**18,995,050**	**17,644,783**
Profit or loss of the Parent Entity	2,085,574	2,023,455
Total comprehensive income of the Parent Entity	**2,085,574**	**2,023,455**

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 Agreement for Lease, Development Lease (now expired) and Final Lease described at note 27. In the prior year, the Parent acted on its own behalf and as agent for BBRLC under the terms of the building contract for the new facility and also entered into a Sublease and related agreements with BBRLC in relation to the new facility. The Parent provided a $1.2 million bank guarantee under the Agreement for Lease with the State of Queensland (State) which was returned in 2018 following expiry of the Development Lease with State.

The Parent has entered into an Agreement for Lease to sub-sublease 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 (2017: $141,675 relating to the completion of new facility at Red Hill).

26. KEY MANAGEMENT PERSONNEL

(a) Compensation of key management personnel

	Consolidated	
	2018 $	2017 $
Short-term employee benefits	2,286,150	2,342,464
Post-employment benefits	229,602	210,444
Other long-term benefits	98,757	41,370
	2,614,509	**2,594,278**

Key management personnel number 14 during 2018 (2017: 14).

(b) Shareholdings of key management personnel (consolidated)

	Consolidated	
	2018	2017
Shares held in Brisbane Broncos Limited (number)	103,778	103,778
Balance as at 31 December	**103,778**	**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. Mr Watt was a former employee of News Corp Australia. Transactions conducted with News Corp Australia and its related entities are disclosed in note 24 of this report. Post Mr Watt's retirement as a director, a consultancy agreement was entered into with the Company for services to be provided in 2018 and a payment of $100,000 was paid to him in January 2018.

On 17 February 2015, a new Licence and Endorsement Agreement was entered into between Mr Lockyer and a subsidiary of Brisbane Broncos Limited for three years from 1 January 2015 to 31 December 2017. This followed expiry of the earlier three-year Licence and Endorsement Agreement which ended on 31 October 2014. The purpose of the agreement was for Mr Lockyer to provide promotional services and intellectual property access to the Brisbane Broncos. The Licence Fee paid in relation to the agreement was $80,000 (GST exclusive) per annum. In accordance with the agreement, payments totalling $80,000 were made to Mr Lockyer in 2017 in consideration for his services provided during the financial year. No payments were required in 2018 as the agreement had expired in the prior year.

27. COMMITMENTS AND CONTINGENCIES

(a) Commitments

(i) Leasing Commitments

Operating lease 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, including the 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.

On 24 December 2014, an Agreement for Lease (AFL) was entered into between the State of Queensland (State) and the Brisbane Broncos for the Training, Administration and Community Facility (TACF) site at Fulcher Road, Red Hill. The AFL is the overarching agreement between the parties that enabled and governed the development of the facility and the long-term lease of the site. The AFL itself did not result in a lease commitment for the Brisbane Broncos, but it brought together a number of other pre-agreed documents which on execution resulted in lease commitments. These documents included a Development Lease and a 40-year Final Lease.

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

On 9 September 2016, the State Government issued a 36-month Development Lease for the TACF site with an effective start date of 12 September 2016. This followed satisfactory completion of the pre-requisite conditions including planning and design approvals and project funding confirmation. The Development Lease covered the entire site and provided the tenure required to enable the construction of the facility which was completed on 17 November 2017.

Following practical completion and satisfaction the pre-requisites, a Final Lease for the TACF site with a 40-year term was granted by the State effective 30 November 2017. The Final Lease allows for the occupation and operation of the completed facility, named the Clive Berghofer Centre and Clive Berghofer Field. The Final Lease requires Brisbane Broncos to meet the requirements of a Community Benefits Plan over the term of the lease. At the time that the Final Lease took effect, other related lease documents and licence agreements required to accommodate the requirements within the Broncos structure also took effect.

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. This followed the signing of a Memorandum of Understanding in April 2017 and agreement of terms. 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.

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

The Group has entered into commercial leases of property. 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 have an average life of three years.

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

	Consolidated	
	2018 $	2017 $
Within one year	65,345	67,397
After one year but not more than five years	86,856	65,000
Total minimum lease payments	**152,201**	**132,397**

(ii) 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	
	2018 $	2017 $
Within one year	13,911,945	15,053,394
After one year but not more than five years	27,074,082	20,674,942
	40,986,027	**35,728,336**

27. COMMITMENTS AND CONTINGENCIES (CONTINUED)

(a) Commitments (continued)

(iii) 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	
	2018 $	2017 $
Within one year	786,500	823,511
After one year but not more than five years	-	786,500
	786,500	**1,610,011**

Mr Paul White was appointed as Chief Executive Officer on 1 January 2011. Amounts disclosed as 2018 and 2017 remuneration commitments include commitments arising from Mr White's employment agreement, the current agreement signed in May 2016 for a three-year period expiring on 31 December 2019. The amounts include cash salary, superannuation and the provision of a motor vehicle.

(iv) Capital Expenditure Commitments

There are no capital expenditure commitments at 31 December 2018. Capital commitments in the prior year of $141,675 related to the completion of the Clive Berghofer Centre.

(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.

	Consolidated	
	2018 $	2017 $
Amounts received, or due and receivable, by Ernst & Young for:		
› an audit or review of the financial report of the entity and any other entity in the consolidated group	109,900	112,400
› other services in relation to the entity and any other entity in the consolidated group		
› other	25,500	5,500
	135,400	**117,900**

29. EVENTS AFTER BALANCE DATE

On 20 February 2019, the Board of Directors declared a final dividend on ordinary shares in respect of the 2018 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 2018 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 2018 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 2018.

On behalf of the Board

Karl Morris
Chairman
Brisbane
20 February 2019

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

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 2018, 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 2018 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.

EY
Building a better working world

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	How our audit addressed the key audit matter
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, specifically concerning future discounted cash flows. 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.	Our audit procedures included 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. Recognition of Revenue

Why significant	How our audit addressed the key audit matter
The recognition of revenue and associated 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.	We considered whether the Group's revenue recognition policies comply with the policies in terms of applicable Australian Accounting Standards.

Building a better working world

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

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

As disclosed in Note 2(b) to the financial statements, the Group applied AASB 15 *Revenue from Contracts with Customers* for the first time this period. Due to the nature of the Group's revenue streams and the associated performance obligations, the adoption of AASB 15 did not have a material impact on the timing of revenue recognition.

For all significant revenue related contracts, we tested the Group's determination and allocation of contract elements relative to performance obligations. In addition, 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.

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

National Rugby League Grant revenue

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

We assessed the financial report disclosures related to the National Rugby League Grant revenue.

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 2018 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.

Building a better working world

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.

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 15 to 21 of the directors' report for the year ended 31 December 2018.

In our opinion, the Remuneration Report of Brisbane Broncos Limited for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

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.

Ernst & Young

Ernst & Young

Brad Tozer

Brad Tozer
Engagement Partner
Brisbane
20 February 2019

IN THE COMMUNITY

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 11 February 2019.

(a) Distribution of equity securities

98,040,631 fully paid ordinary shares are held by 740 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	116	-
10,001 – 100,000	106	-
100,001 – OVER	18	-
	740	**-**
Holding less than a marketable parcel	**27**	**-**

(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%**

(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	440,000	0.45
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	299,038	0.31
Moonton Pty Ltd	288,550	0.29
Mrs Kellyanne Dyer	250,000	0.25
W F M Motors Pty Ltd	250,000	0.25
Mr Stewart Douglas Upton	191,750	0.20
Mr Adrian Charles Vos	132,536	0.14
Mr D'Wayne Richard George Wigley and Mrs Lynne Wigley	124,203	0.13
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
Mr Jeffrey Noel Hanan	101,957	0.10
Mr Jonathan James Hunter	100,501	0.10
Bushfly Air Charter Pty Ltd	100,000	0.10
Mr John Terence Wood	100,000	0.10
	93,253,933	**95.12%**

NOTICE OF ANNUAL GENERAL MEETING

Registered Office: 81 Fulcher Road, Red Hill QLD 4059.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Shareholders of BRISBANE BRONCOS LIMITED will be held at the Clive Berghofer Centre, 81 Fulcher Road, Red Hill QLD 4059 on Tuesday 14 May 2019 commencing at 10.00 am.

BUSINESS

Item 1 Financial Statements and Reports

To receive and consider the Annual Financial Report of Brisbane Broncos Limited and its controlled entities together with the Directors' Report and Auditor's Report for the financial year ended 31 December 2018.

Item 2 Remuneration Report

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"To adopt the Remuneration Report for Brisbane Broncos Limited and its controlled entities for the year ended 31 December 2018."

(Note: The vote on this resolution is advisory only and does not bind the directors of Brisbane Broncos Limited).

Voting Exclusion Statement

For all resolutions that are directly or indirectly related to the remuneration of a director, officer or a member of the Key Management Personnel ('KMP') of the Company (being item 2), the *Corporations Act 2001* restricts KMP and their closely related parties from voting in some circumstances. Closely related party is defined in the Corporations Act and includes spouse, dependants, and certain other close family members, as well as any companies controlled by the directors, officers or KMPs.

The Company will disregard any votes cast on item 2 by or on behalf of the directors, officers or KMPs named in the Remuneration Report or their closely related parties. However, the Company need not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or if it is cast by the Chairman of the Meeting as proxy for a person who is entitled to vote, in accordance with the directions of the Proxy Form.

Item 3 Re-election of Director – Mrs Katie Bickford

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mrs Katie Bickford, who retires by rotation in accordance with Clause 75 of the Company's Constitution and being eligible offers herself for re-election, be re-elected as a director of Brisbane Broncos Limited."

Item 4 Re-election of Director – Mr Darren Lockyer

To consider and, if thought fit, to pass the following resolution as an **ordinary** resolution:

"That Mr Darren Lockyer, who retires by rotation in accordance with Clause 75 of the Company's Constitution and being eligible offers himself for re-election, be re-elected as a director of Brisbane Broncos Limited."

Voting Entitlements

In accordance with Regulation 7.11.37 of the *Corporations Regulations 2001*, the Board has determined that a person's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00 pm (Brisbane time) on Sunday 12 May 2019. Accordingly, transactions registered after that time will be disregarded in determining shareholders entitlements to attend and vote at the Annual General Meeting.

On a show of hands, every shareholder present has one vote. On a poll, shareholders have one vote for every fully paid ordinary share held. All items will be determined on a show of hands unless a poll is duly called on an item.

Corporate Representatives

Any corporate shareholder or corporate proxy appointed by a shareholder, which has appointed an individual to act as the shareholder's or proxy's corporate representative at the Annual General Meeting should provide the person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share register in advance of the Annual General Meeting or handed in at the Annual General Meeting when registering as a corporate representative. An appointment of Corporate Representative form is available by contacting the Company's share registry Computershare Investor Services Pty Limited on 1300 552 270 during business hours.

Return Proxy Forms

Proxy forms must be received at our Registered Office no later than 48 hours before the commencement of the Annual General Meeting. Proxy forms can be delivered or mailed to The Company Secretary, Brisbane Broncos Limited, Clive Berghofer Centre, 81 Fulcher Road, Red Hill, Queensland, 4059, emailed to info@broncos.com.au or faxed to (07) 3858 9112.

By order of the Board of BRISBANE BRONCOS LIMITED

L. Lanigan

Ms Louise Lanigan
Company Secretary
5 April 2019

EXPLANATORY NOTES

Registered Office: 81 Fulcher Road, Red Hill QLD 4059.

1. INTRODUCTION

These Explanatory Notes have been prepared for the information of shareholders in connection with the resolutions to be considered by them at the Annual General Meeting to be held at the Clive Berghofer Centre, 81 Fulcher Road, Red Hill QLD 4059 on Tuesday 14 May 2019 commencing at 10.00 am.

The purpose of the Explanatory Notes is to provide shareholders with the information known to the Company that the Board considers material to their decision on whether to approve the resolutions in the accompanying Notice of Meeting. This document is important and should be read in conjunction with all of the information included in the Notice of Meeting and Annual Report.

2. BUSINESS

Item 1 – Financial Statements and Reports

As required by section 317 of the *Corporations Act 2001 (Cth)* (the 'Act'), the Financial Report, Directors' Report and Auditor's Report of Brisbane Broncos Limited and its controlled entities for the most recent financial year will be laid before the meeting.

These reports are contained in the Company's 2018 Annual Report. Shareholders can access a copy of the Annual Report on the corporate section of the Brisbane Broncos website www.broncos.com.au. A printed copy of the Company's 2018 Annual Report has been sent to all shareholders

Neither the *Corporations Act 2001* nor the Company's Constitution requires a vote of shareholders at the Meeting on such reports or statements. However shareholders will be provided with the opportunity to ask questions with respect to these reports or about the Broncos generally at the Annual General Meeting.

Item 2 – Remuneration Report

It is a requirement under the *Corporations Act 2001* that the Annual Report for the financial year ended 31 December 2018 contains a Remuneration Report, which forms part of the Directors' Report and sets out the remuneration policy for the Company and its controlled entities and reports on the remuneration arrangements in place for directors, officers and senior executives.

The *Corporations Act 2001* requires listed companies to put an annual non-binding resolution to shareholders to adopt the Remuneration Report. In line with the legislation, this vote is advisory only and does not bind the directors or the Company. However, directors will have regard to the outcome of the vote and any discussion when setting the remuneration policies in future years. Shareholders will have the opportunity to ask questions about the Brisbane Broncos Limited Remuneration Report at the Annual General Meeting.

A voting exclusion statement applies to this item of business as set out in the Notice of Meeting.

*The directors unanimously recommend that members vote in favour of adopting the Remuneration Report. The Chairman of the meeting intends to vote all available proxies **in favour** of this Resolution*

Item 3 - Re-election of Director – Mrs Katie Bickford

Pursuant to Clause 75 of the Company's Constitution, Mrs Katie Bickford must retire by rotation from the Board. In accordance with Clause 75, Mrs Katie Bickford, being eligible, offers herself for re-election at the Meeting. Mrs Bickford, because of her interest, makes no recommendation in relation to this resolution.

Mrs Bickford's qualifications and experience are detailed in the Directors' Report included in the Annual Report.

*The Board recommends the re-election of Mrs Bickford. The Chairman of the Meeting intends to vote all available proxies **in favour** of this Resolution.*

Item 4 - Re-election of Director – Mr Darren Lockyer

Pursuant to Clause 75 of the Company's Constitution, Mr Darren Lockyer must retire by rotation from the Board. In accordance with Clause 75, Mr Darren Lockyer, being eligible, offers himself for re-election at the Meeting. Mr Lockyer, because of his interest, makes no recommendation in relation to this resolution.

Mr Lockyer's qualifications and experience are detailed in the Directors' Report included in the Annual Report.

*The Board recommends the re-election of Mr Lockyer. The Chairman of the Meeting intends to vote all available proxies **in favour** of this Resolution.*

STEP 1 APPOINT A PROXY TO VOTE ON YOUR BEHALF

I/WE

Name(s) of Individual or Corporate Holder(s)

OF

Address of shareholder(s) as shown on the register of members

A member of BRISBANE BRONCOS LIMITED (ABN 41 009 570 030) hereby appoint

☐ The Chairman of the Meeting (mark with an 'X') OR ☐

Leave this box blank if you are selecting the Chairman

If you are not appointing the Chairman of the Meeting as your proxy please write here the full name of the individual or body corporate you are appointing as your proxy. Do not insert your own name.

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Brisbane Broncos Limited to be held at the Clive Berghofer Centre, 81 Fulcher Road, Red Hill, Brisbane on Tuesday 14 May 2019 at 10.00 am (Brisbane time), and at any adjournment of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on **Item 2** (except where I/we have indicated a different voting intention below) even though **Item 2** is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Item 2 by marking the appropriate box in step 2 below.

STEP 2 ITEMS OF BUSINESS – PLEASE MARK 'X' TO INDICATE YOUR DIRECTIONS

Ordinary Business		For	Against	Abstain*
Item 2	Remuneration Report			
Item 3	Re-election Director – Mrs Katie Bickford			
Item 4	Re-election Director – Mr Darren Lockyer			

*If you mark the Abstain box for an item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority.

The Chairman of the Meeting intends to vote all available proxies **in favour** of each item of business.

SIGN THIS SECTION *MUST* BE SIGNED IN ACCORDANCE WITH THE INSTRUCTIONS OVERLEAF TO ENABLE YOUR DIRECTIONS TO BE IMPLEMENTED

Individual or Shareholder 1	Shareholder 2	Shareholder 3
Individual/Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date

RETURN PROXY FORMS

Proxy forms must be received at our Registered Office no later than 48 hours before the commencement of the Annual General Meeting. Proxy forms can be delivered or mailed to The Company Secretary, Brisbane Broncos Limited, Clive Berghofer Centre, 81 Fulcher Road, Red Hill, Queensland, 4059, emailed to info@broncos.com.au or faxed to (07) 3858 9112.

VOTING ENTITLEMENT

A shareholder's entitlement to vote at the Annual General Meeting will be the entitlement of that person set out in the register of shareholders as at 7.00 pm (Brisbane time) on 12 May 2019. Accordingly, shares transferred after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

INSTRUCTIONS FOR HOW TO COMPLETE THIS PROXY FORM

1. YOUR ADDRESS

This is your address as it appears on the Company's share register.

2. APPOINTMENT OF PROXY

Please write the name of your proxy where indicated in Step 1. If you wish to appoint the Chairman of the Meeting as your proxy, mark the box on the left in Step 1. If you leave this section blank, or your named proxy does not attend the meeting, the Chairman of the Meeting will be your proxy. A proxy need not be a shareholder of the Company. Please do not write the name of the Company or the registered shareholder in the space provided.

Voting 100% of your holding

Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding

Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy

You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. The sum of the percentages allocated to each proxy must not exceed 100%. When appointing a second proxy, write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

3. VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by placing a mark in one of the three boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any one item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as they choose. If you mark more than one box on an item, your vote on that item will be invalid unless the marks are a number or percentage of shares. If you attempt to vote in excess of your shareholding on the register, whether by one proxy or two, your vote will be invalid. **The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.**

4. SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual:	Where the holding is in one name, the shareholder must sign.
Joint Holding:	Where the holding is in more than one name, all of the shareholders should sign.
Companies:	Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this from must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. Delete titles as applicable.
Power of Attorney:	If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

If a representative of a corporate shareholder or proxy is to attend the Meeting, the appropriate 'Certificate of Appointment of Corporate Representative' should be produced prior to admission.

5. LODGEMENT OF PROXY FORM

This Proxy Form must be received no later than 10.00 am (Brisbane time) on 12 May 2019. Any Proxy Form received after that time will not be valid for the scheduled meeting. Proxy forms can be delivered or mailed to The Company Secretary, Brisbane Broncos Limited, Clive Berghofer Centre, 81 Fulcher Road, Red Hill, Queensland, 4059, emailed to info@broncos.com.au or faxed to (07) 3858 9112.

NRMA INSURANCE

BRONCOS BRISBANE

BRISBANE BRONCOS

Clive Berghofer Centre
81 Fulcher Rd, Red Hill QLD 4059
T: 07 3858 9111 F: 07 3858 9112

ABN 41 009 570 030

www.broncos.com.au