

BRISBANE
LIONS



2012
FINANCIAL REPORT

31 OCTOBER | BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED | ABN 43 054 263 473



BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial report of Brisbane Bears-Fitzroy Football Club Limited ("the Company" or "the Club") for the financial year ended 31 October 2012 and the auditor's report thereon.

INCORPORATION

The Brisbane Bears-Fitzroy Football Club Limited is incorporated under the Corporations Act 2001. The Club is a public company limited by guarantee of \$20 per member and without share capital.

REGISTERED OFFICE

The Company's principal registered office is Level 5, 812 Stanley Street, Woolloongabba, Qld 4102.

DIRECTORS

The Directors of the Company at any time during or since the financial year are:

NAME AND QUALIFICATIONS	AGE	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
Mr Angus William Johnson Chairman	52	Managing Director and shareholder of Citimark Properties. Elected to the Board in February 1999. Elected Chairman 21 August 2010.
Mr Philip Graeme Downie OAM, FCA, MAICD Director	67	Chartered Accountant, and a Director of MDW Associates, a specialist business turnaround and insolvency firm servicing the Gold Coast Region. Also heads a group of private companies in the fields of hospitality and investment. Except for a nineteen month period between September 2007 and April 2009 has been a director of the Club since January 1992 and was Chairman from 2000 to 2006. Resigned 14 December 2011.
Ms Linda Mary Nash BEc, Masters Commerce (Finance) Director	51	Senior Executive with a professional services organisation and previously Senior Commerce and Finance Executive with Queensland Treasury and Queensland Treasury Corporation. Director since 29 October 2002.
Mr Paul Robert Williams BA, LLB Director & Company Secretary	48	General Counsel with Mitsui Coal Holdings Pty Ltd and other mining groups. Previously practised as a corporate and commercial lawyer for 17 years. Also a director of Brisbane Racing Club Ltd, formed by the recent merger of the Eagle Farm and Doomben racecourses. Director since 19 September 2005 and Company Secretary since 28 July 2008.
Mr Mick Power, AM HonFIEAust, FAICD, FAIM Director	62	Founder, Group Board Chairman and Managing Director of BMD including more than 40 years of experience in civil engineering, project management, construction and property investment. Also a Board Member of the South Bank Corporation, the Greg Norman Golf Foundation, Queensland Performing Arts Centre (QPAC), the Mater Children's Hospital Research Appeal & Leadership Gifts, the Queensland Surf Lifesaving Foundation and the Northcliffe Foundation. Director since 3 September 2010.
Mr Cameron Milner Director	40	Director of Milner Strategic Services, Labour Holdings and previously the State Secretary of the Labour Party in Queensland. Director since 3 September 2010.
Mr Len Poulter Director	62	Founding Director of Lenard's with over 40 years' experience in retail. Inducted into the Franchise Council of Australia, Hall of Fame in 2003. Appointed Director 16 December 2010.
Mr Peter McGregor Director B. Com, F. Fin, MAICD	46	Head of Institutional Banking & Markets, Victoria with the Commonwealth Bank of Australia. Director of Strathcona Baptist Girls Grammar School Limited and Strathcona Foundation Limited. Appointed Director 4 April 2012.

DIRECTORS' MEETINGS

The number of Directors' meetings and number of meetings attended by each of the Directors of the Company during the financial year are:

	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS HELD DURING THE TIME THE DIRECTOR HELD OFFICE DURING THE YEAR
Mr AW Johnson	9	9
Mr C Milner	7	9
Ms LM Nash	9	9
Mr M Power	7	9
Mr P Williams	8	9
Mr PG Downie	1	2
Mr L Poulter	8	9
Mr P McGregor	6	6

PRINCIPAL ACTIVITIES

The principal activities of the Company during the course of the financial year were the operation of an AFL club and fielding football teams in the national and state AFL competitions along with the promotion and advancement of the game of Australian Football. The Company also owns and operates the LIONS@springwood Social Club.

OBJECTIVES AND STRATEGIES

The Club's strategic vision was unveiled late in 2011. That vision outlines six key performance areas for which the Club has identified objectives for achievement by 2016. These key performance areas are football, supporters, corporate, culture, finance and infrastructure. The Club's focus is on delivering the objectives set in each of those key areas.

2012 was a year of consolidation following the significant structural and process changes made in 2011 which have positioned the Club to take advantage of improved on-field performance to grow its revenue and ensure future sustainability. The Club has continued to work closely with the AFL in this regard.

Progress has been made on-field with the continued development of the Club's young list resulting in ten wins this year, compared to four the previous year. List development continues to be a prime focus in this area to build a highly competitive team.

The Club has previously identified the need to upgrade its Training and Administration facilities to ensure its strategic objectives can be met. The process to identify a suitable location and design for a new facility has continued during the year. The Club has identified two preferred sites that are now being more fully assessed with a view to announcing a preferred location in the short term future.

The LIONS@springwood Social Club has grown to a membership of almost one hundred thousand since it opened in late 2010. The first round of community sporting grants arising from the Club's contributions to the Logan Sports Development Program were made during the year, further enhancing the Club's role in the local community.

OPERATING AND FINANCIAL REVIEW

The loss for the year was \$2,513,262 (2011: loss of \$1,855,926).

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

DIVIDENDS

The Company's Constitution requires that all income and property of the Company be applied solely towards the promotion of the objects as set forth in the Constitution and no portion shall be paid, distributed or transferred, directly or indirectly by way of dividend, bonus or otherwise, to the members of the Company.

STATE OF AFFAIRS

In the opinion of the Directors, there were no significant changes in the state of affairs of the Company that occurred during the period under review not otherwise disclosed in the financial report.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The Lead Auditor's Independence Declaration is set out on page 3 and forms part of the Directors' Report for the financial year ended 31 October 2012.

EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

LIKELY DEVELOPMENTS

The Company will continue to pursue its Australian Football aims and objectives.

DIRECTORS' INTERESTS AND BENEFITS

Since the end of the previous financial year no Director of the Company has received or become entitled to receive any benefit because of a contract made by the Company or a related body corporate with a Director or with a firm of which a Director is a member or with an entity in which the Director has a substantial interest.

ENVIRONMENTAL REGULATION

The operations of the Company are not subject to any significant environmental regulation under a law of the Commonwealth or of a State of Territory.

INDEMNIFICATION AND INSURANCE PREMIUMS

The Company has agreed to indemnify the Directors against various liabilities that may arise from their position of Directors. The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' Liability and Legal Expenses insurance contracts, as such disclosure is prohibited under the terms of the contract.

Dated at Brisbane this 14th day of November 2012.

Signed in accordance with a resolution of the Directors:

Chairman
A W Johnson

**LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001**

To: the directors of Brisbane Bears-Fitzroy Football Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2012 there have been:

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

KPMG

Scott Guse
Partner
Brisbane
14 November 2012

STATEMENT OF COMPREHENSIVE INCOME

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2012

	NOTE	2012 \$	2011 \$
Revenue	2	43,859,151	42,297,354
Cost of goods sold		(774,800)	(682,058)
Marketing expenses		(5,722,297)	(4,452,054)
Administration expenses		(3,873,571)	(4,710,397)
Membership expenses		(2,820,558)	(2,440,242)
Football expenses		(17,231,496)	(16,061,596)
Lease/Football Park and other expenses		(3,103,871)	(3,267,852)
Social Club Expenses		(9,896,228)	(9,667,583)
Other expenses		(2,440,713)	(2,347,625)
Net loss before net financing expense		(2,004,383)	(1,332,053)
Financial income	4	18,107	52,408
Financial expenses	4	(526,986)	(576,281)
Net financing expenses		(508,879)	(523,873)
Loss for the year		(2,513,262)	(1,855,926)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		(2,513,262)	(1,855,926)

The above Statement of Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7-12.

STATEMENT OF FINANCIAL POSITION

Brisbane Bears-Fitzroy Football Club Limited. As at 31 October 2012

	NOTE	2012 \$	2011 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,682,853	1,331,529
Trade and other receivables	6	381,315	463,440
Inventories	7	533,471	730,717
Total current assets		2,597,639	2,525,686
NON-CURRENT ASSETS			
Investments	8	25	25
Property, plant and equipment	10	8,931,702	9,763,127
Intangible assets	9	967,125	982,783
Deferred lease establishment costs		71,129	78,560
Total non-current assets		9,969,981	10,824,495
Total assets		12,567,620	13,350,181
CURRENT LIABILITIES			
Trade and other payables	11	6,626,866	5,976,496
Employee benefits		406,613	259,980
Loans and borrowings	13	5,246,746	2,966,541
Other provisions		280,069	212,095
Other liabilities	12	575,434	262,860
Total current liabilities		13,135,728	9,677,972
NON-CURRENT LIABILITIES			
Employee benefits		34,951	34,639
Loans and borrowings	13	1,637,053	3,185,875
Other liabilities	12	890,960	1,069,505
Total non-current liabilities		2,562,964	4,290,019
Total liabilities		15,698,692	13,967,991
Net assets/(liabilities)		(3,131,072)	(617,810)
ACCUMULATED DEFICIT			
Retained losses		(3,131,072)	(617,810)
Total accumulated deficit		(3,131,072)	(617,810)

The above Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7-12.

STATEMENT OF CHANGES IN EQUITY

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2012

	RETAINED EARNINGS	TOTAL
Opening balance 1 November 2010	1,238,116	1,238,116
Total profit/(loss)	(1,855,926)	(1,855,926)
Other comprehensive income	-	-
Balance 31 October 2011	(617,810)	(617,810)
Total profit/(loss)	(2,513,262)	(2,513,262)
Other comprehensive income	-	-
Balance 31 October 2012	(3,131,072)	(3,131,072)

The above Statement of Changes in Equity is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7-12.

STATEMENT OF CASH FLOWS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2012

	NOTE	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and sponsors		44,643,184	42,224,084
Cash paid to suppliers and employees		(43,529,243)	(41,152,260)
Net cash provided by operating activities		1,113,941	1,071,824
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		18,107	46,672
Dividends received		-	5,736
Acquisitions of property, plant and equipment		(1,082,128)	(6,749,192)
Proceeds from sale of property, plant and equipment		103,700	27,818
Net cash provided by/(used in) investing activities		(960,321)	(6,668,966)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		2,500,000	6,152,416
Repayment of Borrowings		(1,768,618)	-
Payment of finance lease liabilities		(6,737)	(141,243)
Interest paid		(526,941)	(576,281)
Net cash used in financing activities		197,704	5,434,892
Net increase (decrease) in cash and cash equivalents		351,324	(162,250)
Cash and cash equivalents at 1 November		1,331,529	1,493,779
Cash and cash equivalents at 31 October	5	1,682,853	1,331,529

Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7-12.

NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2012

1. SIGNIFICANT ACCOUNTING POLICIES

The financial report of Brisbane Bears-Fitzroy Football Club Limited ("the Company" or "the Club"), a not-for-profit entity, for the year ended 31 October 2012 was authorised for issue by the directors on 14 November 2012.

(A) STATEMENT OF COMPLIANCE

The Company early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-02 *Amendments of Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 November 2009 to prepare Tier 2 general purpose financial statements.

The financial report of the Company includes Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

(B) BASIS OF PREPARATION

The financial report is presented in Australian dollars and on the historical cost basis.

The following standards and amendments, applicable to the Company, were available for early adoption but have not been applied by the Company in these financial statements:

- AASB 9 *Financial Instruments* which includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Company's 31 October 2014 financial statements. The Club is yet to determine the impact on the financial statements.
- AASB 119 *Employee Benefits* requires a defined benefit obligation to be measured at the present value of the expected future benefit payments using the Projected Unit Credit Method. AASB 119 will become mandatory for the Company's 31 October 2013 financial reports. The Company does not expect any change arising from this standard as it has no defined benefit obligations.

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The accounting policies set out below have been applied consistently to all periods presented in the financial report.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

Going concern

The Company has reported a loss of \$2,513,262 for the year ended 31 October 2012 (2011: loss of \$1,855,926). As at 31 October 2012 the Company has negative Accumulated Funds of \$3,131,072 (2011: negative funds of \$617,810) and the Company has a current asset deficiency of \$10,538,089 (2011: \$7,152,286).

The ability of the Company to continue as a going concern including the ability to pay its debts as and when they fall due is dependent on the Company being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and

other sources, including the Australian Football League's ("AFL") contributions. If the Company is unable to successfully generate sufficient funds from their revenue sources to continue to fund its ongoing operations, there is an uncertainty whether the Company will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Notwithstanding the deficiency in Accumulated Funds, the financial statements have been prepared on a going concern basis which assumes the Company will continue its operations and be able to meet its obligations as and when they become due and payable.

The Directors note the following factors supporting the adoption of the going concern basis:

- The company has a \$5.0million commercial bill facility with Westpac which is secured by the Australian Football League (AFL). The facility has no fixed term but is subject to annual review. The company expects the facility will be rolled over when it is reviewed in October 2013 and the AFL guarantee will be extended. The facility was drawn to \$3.7million at year end;
- The Company has a letter of support (which is not a guarantee) from the AFL which makes available a range of financial assistance packages that can be used to assist the Company to meet its obligations if necessary;
- The Company's current Trade and other payables include an amount of \$3,019,736 owing to the AFL. Whilst this debt is payable on demand by the AFL the Company expects that the AFL will continue to support the Company and will not demand repayment if the Company does not have sufficient available funds to pay;
- Significant structural and procedural changes have been made which the Directors believe will enable the company to grow revenue and assist future sustainability;
- Management has prepared cash flow forecasts that, after taking into account the above continued financial assistance, supports the preparation of the financial statements on a going concern basis; and
- As discussed in note 18 the Company is economically dependent on the continual support of the AFL.

(C) CONSOLIDATION

The Company's controlled entities are dormant and the investment in them totals \$25. On the basis of materiality these financial statements only contain one set of figures which represents both the Company and the consolidated entity.

(D) PROPERTY, PLANT AND EQUIPMENT

i. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and accumulated impairment losses (see Note 1 (J)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

ii. Subsequent Costs

The Company recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised in profit and loss as an expense as incurred.

iii. Depreciation and Amortisation

Items of property, plant and equipment, including leasehold improvements, have limited useful lives and are depreciated/amortised over their estimated useful lives or term of the lease.

Assets are depreciated or amortised from the date of acquisition. Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only.

The depreciation rates, ranges and methods used for each class of asset are as follows:

	Depreciation rate	Depreciation method
Leasehold improvements	5 to 33.3%	straight line
Plant and equipment	5 to 36%	straight line

Amortisation method, useful life and residual values are reviewed annually and adjusted as appropriate.

(E) INTANGIBLE ASSETS

Intangibles acquired by the Company are stated at cost less accumulated amortisation and impairment losses (see Note 1 (J)). Amortisation is charged to profit and loss on a straight line basis over the useful life of the intangible. The estimated useful lives in the current and comparative periods are as follows:

Naming rights	20 years
Signage rights	20 years
Logo design	10 years
Liquor Licence	Indefinite
Gaming Machine Entitlements	Indefinite

(F) INVESTMENTS

Investments in subsidiaries

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

(G) TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at their amortised cost less impairment losses (see Note 1(J)).

(H) INVENTORIES

Inventories consist of merchandising items and liquor held for sale and/or promotional use. Inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses. Cost is calculated using the average cost method and includes direct and allocated costs incurred in acquiring the inventories and bringing them to their present location and condition.

(I) CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash and short term deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(J) IMPAIRMENT

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

ii. Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories (see Note 1 (H)), are reviewed at each reporting date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below). Indefinite life intangible assets are tested annually for impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit and loss.

The recoverable amount of non-financial assets is calculated as the greater of the depreciated replacement cost of the asset and its fair value less costs to sell. The recoverable amount of non-financial indefinite life intangible assets is calculated as the greater of its value in use and its fair value less costs to sell.

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(K) SHARE CAPITAL

As the Company is limited by guarantee, there are no issued shares. Under the Constitution every member of the Company undertakes to contribute to the Company in the event of it being wound up while he/she is a member, or within one year afterwards, for payment of the debts and liabilities of the Company incurred before he/she ceased to be a member, and of the costs, charges and expenses of winding-up and for the adjustment of the rights of the contributories among themselves to an amount not exceeding \$20 per member.

(L) INCOME RECEIVED IN ADVANCE

Prepaid income from sponsors, corporates, members and service providers relating to future seasons is not recorded as income until the season to which it relates.

(M) EMPLOYEE BENEFITS

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit and loss as incurred.

Wages, salaries and annual leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from the employees' services provided up to the reporting date, and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including on-costs.

Long service leave

The provision for employee entitlements for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

(N) TRADE AND OTHER PAYABLES

Trade and other payables are stated at their amortised cost.

(O) REVENUE

Goods Sold and Services Rendered

Revenue comprises revenue earned from the sales of memberships, corporate marketing, sponsorships, the sale of merchandise, gate receipts, gaming revenue, food and beverage sales and AFL distributions. Revenue from services rendered is recognised in profit and loss in proportion to the stage of completion of the transaction at the reporting date. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

(P) LEASED ASSETS

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the lease asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leases are not recognised on the Company's Statement of Financial Position.

Operating lease payments

Payments made under operating leases are recognised in profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss as an integral part of the total lease expense and spread over the lease term. Initial direct costs incurred in negotiating and arranging an operating lease are capitalised as 'Deferred lease establishment costs' and expensed over the lease term.

(Q) NET FINANCING COSTS

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and impairment losses recognised on financial assets. Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in profit and loss as it accrues, using the effective interest method. The interest expense component of finance lease payments is recognised in profit and loss using the effective interest method.

(R) ACCRUED INCOME

Income and contributions due and receivable from the AFL and others relating to the past season, but which have not been received by reporting date, are accrued as income at reporting date. The carrying amount of accrued income approximates net fair value.

(S) TAXATION

The Company has been advised by the Australian Tax Office that it is exempt from payment of income tax under the provisions of section 50 – 45 of the *Income Tax Assessment Act 1997* providing the Company continues to conduct its business in accordance with its Constitution and providing there are no significant changes to the Constitution.

(T) AFL LICENCE

It is the policy of the Directors not to attribute any value to the AFL Licence in the financial statements of the Company.

(U) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

	2012 \$	2011 \$
2. REVENUE		
Sale of goods	1,004,273	847,636
Net AFL distributions	10,400,161	9,417,804
Membership and ticket sales	6,127,764	6,918,708
Corporate and marketing sales	11,700,040	11,033,963
Social Club Revenue	13,744,072	12,641,070
Other revenue	882,841	1,438,173
	43,859,151	42,297,354
3. PERSONNEL EXPENSES		
Wages and salaries	18,730,189	16,861,926
Other associated personnel expenses	2,167,047	3,819,421
Contributions to defined contribution superannuation funds	652,025	515,474
	21,549,261	21,196,821
4. FINANCE INCOME AND EXPENSE		
Interest income on bank deposits	18,107	46,672
Dividend income on available-for-sale financial assets	-	5,736
Finance income	18,107	52,408
Interest expense on liabilities measured at amortised cost	(526,986)	(576,281)
Finance expenses	(526,986)	(576,281)
Net finance expense	(508,879)	(523,873)
5. CASH AND CASH EQUIVALENTS		
Cash at bank	1,682,853	1,331,529
	1,682,853	1,331,529
All of the above earn interest at an effective interest rate of 3.80% (2011:3.25%) at 31 October 2012.		
6. TRADE AND OTHER RECEIVABLES		
CURRENT		
Trade receivables	147,535	221,804
Less impairment	-	-
	147,535	221,804
Accrued income	872	24,015
Other receivables and prepayments	232,908	217,621
	381,315	463,440
The movement in the allowance for impairment in respect of trade receivables during the year was as follows:		
Balance at 1 November	-	13,580
Debts written off	-	(13,580)
Balance at 31 October	-	-

	2012 \$	2011 \$
7. INVENTORIES		
CURRENT		
Merchandise and Liquor – at cost	533,471	730,717
In 2012 the write down of inventory to net realisable value amounted to \$74,866 (2011: \$54,820). The write down is included in cost of goods sold.		
8. INVESTMENTS		
NON-CURRENT		
Investment in controlled entities – at cost (Note 16)	25	25
	25	25
9. INTANGIBLE ASSETS		
Naming rights – at cost	117,167	117,167
Less accumulated amortisation	(89,094)	(83,236)
	28,073	33,931
Signage rights – at cost	100,000	100,000
Less accumulated amortisation	(84,598)	(79,598)
	15,402	20,402
Logo design – at cost	48,000	48,000
Less accumulated amortisation	(14,400)	(9,600)
	33,600	38,400
Liquor licencing – at cost	22,192	22,192
Less impairment	-	-
	22,192	22,192
Gaming Entitlements – at cost	867,858	867,858
Less impairment	-	-
	867,858	867,858
Capital work in progress	-	-
Total Intangible Assets	967,125	982,783
RECONCILIATIONS		
NAMING RIGHTS		
Carrying amount at beginning of year	33,931	
Amortisation	(5,858)	
Carrying amount at end of year	28,073	
SIGNAGE RIGHTS		
Carrying amount at beginning of year	20,402	
Amortisation	(5,000)	
Carrying amount at end of year	15,402	
LOGO DESIGN		
Carrying amount at beginning of year	38,400	
Amortisation	(4,800)	
Carrying amount at end of year	33,600	

	2012 \$	2011 \$
LIQUOR LICENCE		
Carrying amount at beginning of year	22,192	
Impairment	-	
Carrying amount at end of year	22,192	
GAMING ENTITLEMENTS		
Carrying amount at beginning of year	867,858	
Impairment	-	
Carrying amount at end of year	867,858	
10. PROPERTY, PLANT, AND EQUIPMENT		
Plant and equipment – at cost	9,852,196	9,345,491
Less accumulated depreciation	(7,119,280)	(6,129,610)
	2,732,916	3,215,881
Leasehold improvements – at cost	8,694,786	8,357,212
Less accumulated amortisation	(2,569,089)	(1,867,639)
	6,125,697	6,489,573
Capital work in progress	73,089	57,673
	8,931,702	9,763,127
RECONCILIATIONS		
PLANT AND EQUIPMENT		
Carrying amount at beginning of year	3,215,881	
Additions	774,345	
Disposals	(77,735)	
Depreciation	(1,179,575)	
Carrying amount at end of year	2,732,916	
LEASEHOLD IMPROVEMENTS		
Carrying amount at beginning of year	6,489,573	
Additions	283,323	
Transfers	57,673	
Disposals	(197)	
Amortisation	(704,675)	
Carrying amount at end of year	6,125,697	
CAPITAL WORK IN PROGRESS		
Carrying amount at beginning of year	57,673	
Additions	73,089	
Transfers	(57,673)	
Carrying amount at end of year	73,089	
11. TRADE AND OTHER PAYABLES		
CURRENT		
Trade payables	4,326,553	2,628,246
Other trade payables and accrued expenses	2,300,313	3,348,250
	6,626,866	5,976,496

	2012 \$	2011 \$
12. OTHER LIABILITIES		
CURRENT		
Income received in advance	351,207	84,969
Accrued lease liability	224,227	177,891
	575,434	262,860
NON CURRENT		
Accrued lease liability	890,960	1,069,505
	890,960	1,069,505
13. LOANS AND BORROWINGS		
CURRENT		
Secured Bank Loan	1,421,746	1,266,541
Other Loans	125,000	500,000
Commercial Bill	3,700,000	1,200,000
	5,246,746	2,966,541
NON CURRENT		
Secured Bank Loan	1,637,053	3,060,875
Other Loans	-	125,000
	1,637,053	3,185,875
The bank loans are secured over the Company's leasehold interest in land and buildings occupied by its Social Club and by a Fixed and Floating Charge over all of the Company's assets and undertakings. The other loan is unsecured.		
The Company has a \$5.0million commercial bill facility with Westpac that is secured by a guarantee and indemnity issued by the Australian Football League expiring 31 October 2013. The average discount rate on bills drawn was 4.8% (2011: 6%). The amount drawn at 31 October 2012 was \$3.7million (2011: \$1.2million).		
14. COMMITMENTS		
(A) RENTAL COMMITMENTS		
The Company has a current lease regarding the use of the Gabba for a further 3 years, plus two 5 year options.		
The Company has a current lease over the premises occupied by the Social Club at Springwood for a further 13 years, plus two 10 year options.		
There is also a current rental commitment for computer equipment for a further 5 years.		
Future commitments, excluding the option period not provided for in the financial statements are payable:		
	2012 \$	2011 \$
Not later than one year	2,352,493	1,734,565
One year or later and no later than five years	6,981,977	6,189,226
Later than five years	6,386,392	-
	15,720,862	7,923,791
During the financial year ended 31 October 2012 \$2,118,990 was recognised as an expense in profit and loss in respect of operating leases (2011: \$1,558,823)		

(B) PLAYER AND COACHING CONTRACTS

The Company negotiates individual contracts of varying length and terms for each of the football players and coaching staff in the Club. Certain players are entitled to receive base payments regardless of their level of performance or number of games played, as well as entitlements should player employment contracts be terminated before expiry. Selected coaching staff are also entitled to performance related payments. As contract terms in this regard vary considerably, with some future payments being dependent upon number of matches played, level of performance, whether players remain on approved lists and whether contracts are terminated early, it is not practical to estimate the total future commitments or contingencies under player and coaching contracts. However, base contractual commitments are as follows:

	2012 \$	2011 \$
Not later than one year	10,361,089	9,665,464
One year or later and no later than five years	3,242,074	2,860,000
	13,603,163	12,525,464

(C) CONSTRUCTION COMMITMENTS

The Construction commitments are as follows:

	2012 \$	2011 \$
Not later than one year	-	228,981
One year or later and no later than five years	-	-
	-	228,981

15. CONTINGENT LIABILITIES

The Directors consider the below contingent liabilities should be disclosed notwithstanding that, in their opinion, the probability of future payments in excess of that accrued in these financial statements is considered extremely remote.

REVENUE FEE

An additional annual fee is payable by the Company for the use of the Gabba of a specified percentage of defined net match-related revenue items. The fees payable for 2012 are currently being negotiated and have not yet been finalised. Accordingly the amounts accrued in these financial statements represent the Directors' best estimate of the Company's liability.

16. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The following are entities controlled by the Company.

NAME	CLASS OF SHARE	INTEREST % 2012	HELD % 2011
Brisbane Football Club Limited	Ord	100	100
Brisbane Lions AFC Pty Ltd	Ord	100	100
Brisbane Lions Australian Football Club Pty Ltd	Ord	100	100

These three companies were originally purchased or formed to protect the Club's business names and all three remained dormant for the year ended 31 October 2012.

17. RELATED PARTIES**KEY MANAGEMENT PERSONNEL COMPENSATION**

Key management personnel are determined to be the Chief Executive Officer, Chief Financial Officer and five General Managers who make up the Executive Management Team.

	2012 \$	2011 \$
Total compensation provided	1,351,910	1,144,767

The 2011 comparative has been restated following a change in those roles identified as Key Management Personnel.

DIRECTORS' REMUNERATION

The Directors received no remuneration for their services during the period under review, nor was there any income paid or payable, or otherwise made available including superannuation and retirement benefits, to Directors of the Company from the Company, or any related party.

KEY MANAGEMENT PERSONNEL AND DIRECTOR TRANSACTIONS

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of these entities.

The terms and conditions of the transactions with key management personnel were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or joint control were as follows:

DIRECTOR	SERVICE	INCOME/ (EXPENSE) 2012 (GST EXCLUSIVE)	RECEIVABLE/ (PAYABLE) AT 31/10/12	INCOME/ (EXPENSE) 2011 (GST EXCLUSIVE)	RECEIVABLE/ (PAYABLE) AT 31/10/11
M Power	Corporate Sales	83,127	1,440	99,546	-
L Poulter	Corporate Sales	1,173	-	30,083	-

18. ECONOMIC DEPENDENCY

A significant portion of the income of the Company is derived from the holding of licences issued by the Australian Football League (AFL) and the Queensland Office of Liquor and Gaming Regulation. The Company is economically dependent on the ongoing support of the AFL through receipts of distributions.

19. EVENTS SUBSEQUENT TO REPORTING DATE

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

DIRECTORS' DECLARATION

In the opinion of the Directors of Brisbane Bears-Fitzroy Football Club Limited ("the Company"):

- (a) the financial statements and notes set out on pages 4 – 12 are in accordance with the Corporations Act 2001, including
 - (i) giving a true and fair view of the financial position of the Company as at 31 October 2012 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 14 November 2012

Signed in accordance with a resolution of the Directors:



Chairman
A W Johnson



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Brisbane Bears-Fitzroy Football Club Limited (the Company), which comprises the statement of financial position as at 31 October 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL REPORT

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Company's financial position and of its performance.

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

INDEPENDENCE

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

AUDITOR'S OPINION

In our opinion the financial report of Brisbane Bears-Fitzroy Football Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Company's financial position as at 31 October 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

MATERIAL UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

Without modification to the above opinion, we draw attention to Note 1 (B) to the financial report which indicates that as at 31 October 2012 the company has a deficiency in net assets of \$3,131,072 and a deficiency in current assets of \$10,538,089 and that the ability of the Company to continue as a going concern is dependent upon the Company being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other sources, including the Australian Football League's (AFL) distributions. These conditions, along with other matters as set forth in Note 1 (B), indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.



KPMG



Scott Guse
Partner
Brisbane
14 November 2012

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