

# BRISBANE LIONS



## 2019 FINANCIAL REPORT

31 OCTOBER 2019 | 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 2019 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 Andrew John Wellington BCom (Hons), MAcc, SF Fin, CA Chairman	52	Partner PwC Australia and member PwC Australia Board of Partners. Appointed Director 22 May 2014. Chair of Finance Committee and appointed Chairman on 13 December 2017.
Dr Sarah Jane Kelly BCom, LLB (Hons), MBA, PhD Deputy Chairman	48	Associate Professor in Marketing and Law and Marketing Discipline Leader at the University of Queensland. Non-executive Director Wandering Warriors, Spark International Student Services Pty Ltd, the Global Esports Institute, Tourism and Events Queensland, Gregory Terrace Foundation and Events Management Queensland. Appointed Director 22 May 2014. Chair of Brand and Marketing Committee.
Mr Ross Thornton Director	63	Played 146 games for Fitzroy and Lions Life Member. Appointed Director 17 December 2014. Member of Brand and Marketing Committee.
Mr Peter James McGregor B. Com, F. Fin, MAICD Director	53	Company Director and CEO of Nutrano Produce Group. Appointed Director 4 April 2012. Chair of Professional Standards & Integrity Committee, Member of Finance Committee. Retired 30 June 2019.
Mr Mick Power, AM HonFIEAust, FAICD, FAIM Director	69	Founder, Group Board Chairman and Managing Director of BMD including more than 50 years of experience in civil engineering, project management, construction and property investment. Also a Board Member of the South Bank Corporation, Brisbane Festival and the BMD Northcliffe Foundation. Director since 3 September 2010. Member of Finance Committee.
Mr Leigh Raymond Matthews Director	67	Four-time Hawthorn premiership player, four-time premiership coach (three with the Lions in 2001/02/03), inaugural AFL Football Hall of Fame Legend, Lions Life Member. Appointed Director 23 October 2013.
Mrs Cathie Reid AM B.Pharm Director	50	Co-Founder of Epic Pharmacy, Icon Group and the Epic Good Foundation. Chair of AUCloud. Appointed Director 23 February 2016. Chair of Professional Standards and Integrity Committee. Co-chair of Reconciliation Action Plan Committee.
Mr Cyril Jinks B Econ GradDip AppFin Director	50	Director – Equities at Bell Potter Securities. Director Lyrebird Interactive Holdings Pty Limited and Moat Investments Pty Limited. Appointed Director 23 February 2016. Member of Finance Committee.
Tim Forrester Director	37	Founder and Managing Director of Aria Property Group. Previous board member of the Property Council of Australia and Qld Museum. Appointed Director 25 March 2019. Chair of The Reserve Springfield Project Steering Committee.

### 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:

	MEETINGS ATTENDED	NUMBER OF MEETINGS HELD DURING THE TIME THE DIRECTOR HELD OFFICE DURING THE YEAR		MEETINGS ATTENDED	NUMBER OF MEETINGS HELD DURING THE TIME THE DIRECTOR HELD OFFICE DURING THE YEAR
Mr A Wellington (Chair)	11	11	Mr LR Matthews	11	11
Dr S Kelly (Deputy Chair)	10	11	Mrs Cathie Reid AM	10	11
Mr M Power AM	10	11	Mr Cyril Jinks	9	11
Mr R Thornton	9	11	Mr Tim Forrester	7	7
Mr P McGregor	5	7			



## 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 men's and women's and regional men's AFL competitions along with the promotion and advancement of the game of Australian Rules Football. The Company also owns and operates the LIONS@springwood Social Club.

## OBJECTIVES AND STRATEGIES

2019 was a successful year for the Club with the men's senior team making the AFL Finals for the first time in a decade and the men's NEAFL team being undefeated premiers. Average crowds were significantly higher as a result of this improved performance. Whilst the AFLW team did not achieve the same level of success following player losses due to expansion of the competition, the Club has been working on rebuilding the player list for 2020.

The Club will continue to focus on member and fan engagement with quality content and unique insight into the Club and expects increased revenues as a result of the improved on-field results.

The Club's priority is still the development of a new boutique stadium and Training and Administration Centre at Springfield known as The Reserve Springfield, to support the existing operations, our Hyundai Help for Kids Academy and the women's team. The design process for the facility is well advanced, and work commenced during the year on site preparation. It is expected that construction of the facility will begin in early 2020. The facility is planned to have significant state of the art community access facilities through key partnerships, to provide a platform for greater engagement with the Club's fans and community partners. The Company is grateful to have received commitments for funding of The Reserve Springfield from all levels of government and the AFL.

The LIONS@springwood Social Club continues to play an important role in the community and contribution to the performance of the Company.

## OPERATING AND FINANCIAL REVIEW

The profit for the year was \$648,618 (2018: loss of \$230,641).

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 2019.

## 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 Rules 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 other than a construction contract relating to The Reserve Springfield entered into on an arm's length basis with an entity in which a director has a substantial interest.

## ENVIRONMENTAL REGULATION

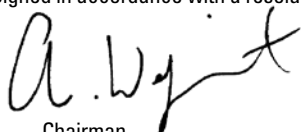
The operations of the Company are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

## INDEMNIFICATION AND INSURANCE PREMIUMS

The Company has agreed to indemnify the Directors against various liabilities that may arise from their position as 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 19th day of November 2019.

Signed in accordance with a resolution of the Directors:



Chairman  
A J Wellington



## 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 of Brisbane Bears-Fitzroy Football Club Limited for the financial year ended 31 October 2019 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.

A handwritten signature in blue ink that reads 'KPMG'.

KPMG

A handwritten signature in blue ink that reads 'Stephen Board'.

Stephen Board  
Partner  
Brisbane  
19 November 2019

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Brisbane Bears—Fitzroy Football Club Limited. For the year ended 31 October 2019

	NOTE	2019 \$	2018 \$
Revenue	2	58,903,614	55,605,874
Cost of goods sold		(685,613)	(549,984)
Marketing expenses		(6,023,553)	(5,533,789)
Administration expenses		(3,826,588)	(3,380,407)
Membership expenses		(2,490,969)	(2,171,826)
Football expenses		(26,091,918)	(25,793,708)
Lease/Football Park and other expenses		(3,086,176)	(2,847,015)
Social Club expenses		(13,588,301)	(13,138,808)
Other expenses		(1,914,294)	(1,847,971)
Net profit before net finance expense		1,196,202	342,366
Finance income	4	14,268	17,711
Finance expenses	4	(561,852)	(590,718)
Net finance expense		(547,584)	(573,007)
Profit/(loss) for the year		648,618	(230,641)
Other comprehensive income for the year		-	-
Total comprehensive profit/(loss) for the year		648,618	(230,641)

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

## STATEMENT OF FINANCIAL POSITION

Brisbane Bears—Fitzroy Football Club Limited. For the year ended 31 October 2019

	NOTE	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	20,110,214	1,025,644
Trade and other receivables	6	1,365,076	1,706,847
Inventories	7	372,478	322,093
Total current assets		21,847,768	3,054,584
<b>NON-CURRENT ASSETS</b>			
Investments	8	25	25
Intangible assets	9	890,231	891,090
Property, plant and equipment	10	7,533,646	5,911,005
Deferred lease establishment costs		22,891	22,891
Total non-current assets		8,446,793	6,825,011
Total assets		30,294,561	9,879,595
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	15,546,639	13,955,761
Employee benefits		820,382	712,693
Other provisions		287,034	289,434
Other liabilities	12	18,639,585	332,800
Total current liabilities		35,293,640	15,290,688
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		166,798	153,402
Loans and borrowings	13	7,300,000	7,300,000
Other liabilities	12	250,000	500,000
Total non-current liabilities		7,716,798	7,953,402
Total liabilities		43,010,438	23,244,090
Net liabilities		(12,715,877)	(13,364,495)
<b>ACCUMULATED DEFICIT</b>			
Accumulated losses		(12,715,877)	(13,364,495)
Total accumulated deficit		(12,715,877)	(13,364,495)

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 to 12.

## STATEMENT OF CHANGES IN EQUITY

Brisbane Bears–Fitzroy Football Club Limited. For the year ended 31 October 2019

	ACCUMULATED LOSSES	TOTAL
Opening balance 1 November 2017	(13,133,854)	(13,133,854)
Total profit/(loss)	(230,641)	(230,641)
Other comprehensive income	-	-
Balance 31 October 2018	(13,364,495)	(13,364,495)
Total profit/(loss)	648,618	648,618
Other comprehensive income	-	-
Balance 31 October 2019	(12,715,877)	(12,715,877)

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 to 12.

## STATEMENT OF CASH FLOWS

Brisbane Bears–Fitzroy Football Club Limited. For the year ended 31 October 2019

	NOTE	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers and sponsors		62,947,554	55,742,513
Cash paid to suppliers and employees		(58,457,302)	(53,337,128)
Interest paid		(561,852)	(590,718)
Net cash provided by operating activities		3,928,400	1,814,667
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		45,715	17,711
Acquisitions of property, plant and equipment	10	(3,011,517)	(1,382,744)
Proceeds from sale of property, plant and equipment		121,972	-
Grant funding received	12	18,000,000	-
Net cash provided by/(used in) investing activities		15,156,170	(1,365,033)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		19,084,570	449,634
Cash and cash equivalents at 1 November		1,025,644	576,010
Cash and cash equivalents at 31 October	5	20,110,214	1,025,644

The above 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 to 12.



# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears–Fitzroy Football Club Limited. For the year ended 31 October 2019

## 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 2019 was authorised for issue by the Directors on 19 November 2019.

### (A) STATEMENT OF COMPLIANCE

The financial statements of the Company are 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 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 118 Revenue, AASB 1004 Contributions, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 and AASB 1058 is effective for annual reporting periods beginning on or after 1 January 2019 and the Company does not plan to early adopt the standard. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15 and AASB 1058.
- AASB 16 Leases amends the accounting for leases. Lessees will be required to bring all leases on Balance Sheet as the distinction between operating and finance leases has been eliminated. AASB 16 is effective for annual reporting periods beginning on or after 1 January 2019 and the Company does not plan to early adopt the standard.

AASB 9 Financial Instruments, replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised requirements on the recognition and measurement of financial instruments. Under the transition methods chosen, comparative information has not been restated as adoption of AASB 9 has not had a significant effect on the Group’s financial statements.

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.

#### Going concern

The Company has reported a profit of \$648,618 for the year ended 31 October 2019 (2018: loss of \$230,641). As at 31 October 2019 the Company has Accumulated Losses of \$12,715,877 (2018: accumulated losses of \$13,364,495) and a net current asset deficiency of \$13,445,872 (2018: \$12,236,104).

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 its 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 an \$8.0 million cash advance facility with Westpac which is secured by a guarantee from the AFL. The facility expires 31 December 2021. The facility was drawn to \$7.3 million at year end;
- In June 2014 the AFL unveiled a series of Competitive Balance policies, following consultation with the industry and with the endorsement of the AFL Clubs, to support the objective of having all AFL Clubs being financially viable. The ability of all AFL Clubs to be competitive on the field and financially viable off the field is a stated fundamental objective of the AFL. As a consequence of these policies the Company has been and will continue to be the recipient of extra funding in future years to assist the Company to meet its financial obligations;
- 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 \$10,000,000 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;
- 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 17 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 and accordingly the Company and consolidated financial position and performance are not materially different.

### (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 in the current and comparative period are as follows:

	Depreciation rate	Depreciation method
Leasehold improvements	2.9 to 33.3%	straight line
Plant and equipment	5 to 33.3%	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
Liquor Licence	Indefinite
Gaming machine entitlements	Indefinite

The Liquor Licence and Gaming Machine Entitlements have been assigned indefinite useful lives on the basis that they do not expire and the Company will use the intangibles for the foreseeable future.

### (F) INVESTMENTS

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

The Company recognises loss allowances at an amount equal to lifetime expected credit losses ("ECL") on financial assets. Lifetime ECLs are the ECLs that result from all possible default events that occur over the expected life of a financial asset.

Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

All loss allowances are 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

#### i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### ii. Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

#### iii. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

#### iv. Termination benefits

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits and when the Company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

### (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.

**Grant Funds**

The Club has received grant funds to assist with the construction of its Training and Administration facility and boutique stadium at Springfield known as The Reserve Springfield. Conditions are attached to these grants requiring them to be used for that specific purpose. The economic benefits associated with the grants will flow to the Company as those grant funds are utilised for their intended purpose. Revenue will be recognised progressively as funds are appropriated.

**(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.

The Company recognises interest-bearing liabilities initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost.

**(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 LICENCES**

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

**(U) GOODS AND SERVICES TAX**

Revenues, expenses and assets other than receivables are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the 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.

	2019 \$	2018 \$
<b>2. REVENUE</b>		
Sale of merchandise	1,175,531	714,133
Net AFL distributions	22,652,134	23,609,188
Membership and ticket sales	8,155,059	6,057,458
Corporate and marketing sales	9,457,242	8,886,961
Social Club revenue	17,244,317	16,137,792
Other revenue	219,331	200,342
	<b>58,903,614</b>	<b>55,605,874</b>
<b>3. PERSONNEL EXPENSES</b>		
Wages and salaries	26,463,952	26,273,548
Other associated personnel expenses	3,636,107	3,481,326
Contributions to defined contribution superannuation funds	1,874,722	1,713,226
	<b>31,974,781</b>	<b>31,468,100</b>
<b>4. FINANCE INCOME AND EXPENSE</b>		
Interest income on bank deposits	14,268	17,711
Finance income	14,268	17,711
Interest expense on liabilities measured at amortised cost	(561,852)	(590,718)
Finance expenses	(561,852)	(590,718)
Net finance expense	<b>(547,584)</b>	<b>(573,007)</b>
<b>5. CASH AND CASH EQUIVALENTS</b>		
Cash at bank and on hand	20,110,214	1,025,644
	<b>20,110,214</b>	<b>1,025,644</b>

\$15,031,448 of cash at bank and on hand earns interest at an effective interest rate of 1.60% at 31 October 2019. The remaining funds earns interest at an effective interest rate of 0.45% (2018: 1.20%)



	2019 \$	2018 \$
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**6. TRADE AND OTHER RECEIVABLES****CURRENT**

Trade receivables	637,665	146,776
Less impairment	-	-
	637,665	146,776
Accrued income	207,301	1,191,186
Other receivables and prepayments	520,110	368,885
	1,365,076	1,706,847

**7. INVENTORIES****CURRENT**

Merchandise and Liquor	372,478	322,093
------------------------	---------	---------

In 2019 the write down of inventory to net realisable value amounted to \$14,871 (2018: \$130,804).

**8. INVESTMENTS****NON-CURRENT**

Investment in controlled entities – at cost (Note 15)	25	25
	25	25

**9. INTANGIBLE ASSETS**

Naming rights – at cost	17,167	17,167
Less accumulated amortisation	(16,986)	(16,127)
	181	1,040
Liquor licensing – 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
Total Intangible Assets	890,231	891,090

**RECONCILIATIONS****NAMING RIGHTS**

Carrying amount at beginning of year	1,040	1,899
Amortisation	(859)	(859)
Carrying amount at end of year	181	1,040

**10. PROPERTY, PLANT AND EQUIPMENT**

Plant and equipment – at cost	8,857,161	8,815,717
Less accumulated depreciation	(7,135,962)	(7,157,700)
	1,721,199	1,658,017
Leasehold improvements – at cost	9,542,324	9,318,043
Less accumulated amortisation	(5,413,011)	(5,806,312)
	4,129,313	3,511,731
Capital Works in Progress	1,683,134	741,257
	7,533,646	5,911,005

Capital Works in Progress reflects ongoing works for The Reserve Springfield. Works are expected to be finalised in the 2021 financial year at which time they will be transferred to Leasehold Improvements.

**RECONCILIATIONS****PLANT AND EQUIPMENT**

Carrying amount at beginning of year	1,658,017	1,849,571
Additions	875,383	615,129
Disposals	(20,596)	(13,332)
Depreciation	(791,605)	(793,351)
Carrying amount at end of year	1,721,199	1,658,017

**LEASEHOLD IMPROVEMENTS**

Carrying amount at beginning of year	3,511,731	3,918,956
Additions	691,238	41,358
Transfers from Work in Progress	503,019	(448,583)
Disposals	(10,605)	-
Amortisation	(566,070)	-
Carrying amount at end of year	4,129,313	3,511,731

**CAPITAL WORKS IN PROGRESS**

Carrying amount at beginning of year	741,257	15,000
Additions	1,444,896	726,257
Transfers to Leasehold Improvements	(503,019)	-
Carrying amount at end of year	1,683,134	741,257

2019  
\$

2018  
\$

### 11. TRADE AND OTHER PAYABLES

#### CURRENT

Trade payables	2,197,286	1,644,700
Trade payables to AFL	10,000,000	10,200,124
Other payables and accrued expenses	3,349,353	2,110,937
	15,546,639	13,955,761

### 12. OTHER LIABILITIES

#### CURRENT

Income received in advance	608,137	332,800
Grant funding received in advance	18,031,448	-
	18,639,585	332,800

Grant funding received in advance includes grant funds received and accumulated interest \$18,031,448 (2018: \$nil) to be utilised for the construction of The Reserve Springfield. This income received in advance will be recognised as revenue progressively as the facility is constructed.

#### NON CURRENT

Income received in advance	250,000	500,000
	250,000	500,000

### 13. LOANS AND BORROWINGS

#### NON CURRENT

Cash advance facility	7,300,000	7,300,000
	7,300,000	7,300,000

The Company has an \$8.0 million (2018: \$8.0 million) cash advance facility with Westpac expiring 31 December 2021, that is secured by a General Security over all of the Company's existing and future assets and undertakings. The facility is also secured by a guarantee and indemnity issued by the AFL expiring 31 January 2022. The average interest rate on cash advanced was 2.47% (2018: 2.29%). The amount drawn at 31 October 2019 was \$7.3 million (2018: \$7.3 million).

Westpac has provided a guarantee in the amount of \$325,278 (2018: \$325,278) to the landlord of the LIONS@springwood Social Club to satisfy the Company's obligations under its lease to lodge a rental bond.

### 14. COMMITMENTS

#### (A) RENTAL COMMITMENTS

The Company has a current lease over the premises occupied by the Club's operations at the Gabba for a further 1 year plus a 1 year option.

The lease held by the Company for use of the ground at the Gabba has expired. The Company is currently negotiating a new Match Day Hire Agreement with Stadiums Queensland to facilitate staging of games at the Gabba and as such a rental commitment has not been disclosed in this report.

The Company has a current lease over the premises occupied by the Social Club at Springwood for a further 6 years, plus two 10 year options.

The Company's lease over office premises at Marvel Stadium has expired and the premises is occupied on a month to month basis.

Future commitments, excluding the option period not provided for in the financial statements are payable:

	2019 \$	2018 \$
Not later than one year	1,395,054	1,469,558
One year or later and no later than five years	3,443,162	3,948,552
Later than five years	912,074	1,860,631
	5,750,290	7,278,741

During the financial year ended 31 October 2019 \$1,444,998 was recognised as an expense in profit and loss in respect of operating leases (2018: \$1,457,767)

#### (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:

	2019 \$	2018 \$
Not later than one year	15,799,506	17,217,961
One year or later and no later than five years	18,427,916	16,769,669
Later than five years	-	-
	34,227,422	33,987,630

#### (C) CONSTRUCTION COMMITMENTS

	2019 \$	2018 \$
Not later than one year	8,741,683	572,000
One year or later and no later than five years	-	-
	8,741,683	572,000

\$6,094,239 of this amount is recoverable from Ipswich City Council under a separate Deed entered into relating to The Reserve Springfield.

**15. PARTICULARS IN RELATION TO CONTROLLED ENTITIES**

The following are entities controlled by the Company.

NAME	CLASS OF SHARE	INTEREST HELD	
		2019 %	2018 %
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 2019.

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

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

	2019 \$	2018 \$
Total compensation provided	2,257,574	1,921,271

**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) 2019 (GST EXCLUSIVE)	RECEIVABLE/ (PAYABLE) AT 31/10/19	INCOME/ (EXPENSE) 2018 (GST EXCLUSIVE)	RECEIVABLE/ (PAYABLE) AT 31/10/18
M Power	Corporate Sales	114,838	-	117,742	-
C Reid	Corporate Sales	194,229	-	103,512	-

The Company entered into a construction contract relating to The Reserve Springfield with an entity in which Mick Power, a Director, holds a position that results in that Director having control over the operations of that entity. The value of the contract which is on commercial arm's length terms is \$6,271,326. During the year \$626,296 was paid in respect of this contract.

**17. 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 and other financial assistance as outlined in note 1(B) Going Concern.

**18. 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.

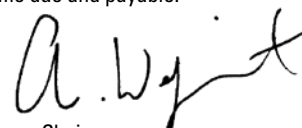
**DIRECTORS' DECLARATION**

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 to 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 2019 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 19 November 2019.

Signed in accordance with a resolution of the Directors:

  
Chairman  
A J Wellington





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

### OPINION

We have audited the Financial Report of Brisbane Bears-Fitzroy Football Club Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 October 2019 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The Financial Report comprises:

- Statement of financial position as at 31 October 2019
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

### BASIS FOR OPINION

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Company in accordance with the *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 fulfilled our other ethical responsibilities in accordance with the Code.

### MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 1(B), "Going Concern" in the Financial Report. The conditions disclosed in Note 1(B), indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Financial Report. Our opinion is not modified in respect of this matter.

### OTHER INFORMATION

Other Information is financial and non-financial information in Brisbane Bears-Fitzroy Football Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material

misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

### RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL REPORT

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL REPORT

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

Stephen Board  
Partner  
Brisbane  
19 November 2019



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