

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



**FINANCIAL REPORT**  
31 OCTOBER 2009

# 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 2009 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
<i>Mr Anthony Robert Kelly</i> LLB, MAICD Chairman	48	In addition to a legal background, has been involved in the fresh produce industry for over 21 years and is currently Deputy Chairman of Brisbane Markets Limited and a director of the Gladstone Ports Corporation. Currently Chairman of Remuneration Committee and member of the Football and Audit/Finance Committees. Director since 09/02/1999.
<i>Mr Angus William Johnson</i> Director	49	Managing Director and shareholder of Citimark Properties. Chairman of the Football Committee and member of the Compliance & Gaming Committee. Director since 09/02/1999.
<i>Mr David Paul Liddy</i> MBA, SF FIN, FAICD Director	59	Managing Director and CEO of the Bank of Queensland including 41 years experience in banking. Member of the Football and Remuneration Committees. Director since 20/10/2003.
<i>Ms Linda Mary Nash</i> BEC, Masters Commerce (Finance) Director	48	Senior Executive with a professional services organisation and previously Senior Commerce and Finance Executive with Queensland Treasury and Queensland Treasury Corporation. Chairperson of Audit/Finance Committee and member of Compliance & Gaming Committee. Director since 29/10/2002.
<i>Mr Lorenzo Serafini</i> Director	50	Head of Sport, Marketing & Entertainment at Slade Partners, Executive Search Melbourne and former Fitzroy fullback and life member. Director since 25/02/1997.
<i>Mr Paul Robert Williams</i> BA, LLB Director & Company Secretary	45	General Counsel with Mitsui Coal Holdings Pty Ltd. 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. Chairman of the Compliance & Gaming Committee, member of Remuneration Committee and Audit/Finance Committee. Director since 19/09/2005 and Company Secretary since 28/07/2008.
<i>Mr Phillip Graeme Downie</i> OAM, FCA, MAICD Director	64	Non-practising Chartered Accountant with a group of private companies active in the fields of investment and hospitality. Chairman of Surfers Paradise Alliance Ltd and Trustee of the Jupiters Casino Community Benefit Fund. Member of the Football Committee. Director since 26/01/1992, resigned 17/09/2007 and reappointed 20/04/2009.

### 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 AR Kelly	8	8
Mr AW Johnson	8	8
Mr LP Serafini	8	8
Ms LM Nash	8	8
Mr DP Liddy	4	8
Mr PR Williams	8	8
Mr PG Downie	5	5

### Audit/Finance Committee meetings

The number of Audit/Finance Committee 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 AR Kelly	4	4
Ms LM Nash	4	4
Mr PR Williams	4	4

# BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED

## DIRECTORS' REPORT

### Compliance & Gaming Committee meetings

The number of Compliance & Gaming Committee 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
Ms LM Nash	8	8
Mr AW Johnson	7	8
Mr PR Williams	8	8

### Football Committee meetings

The number of Football Committee 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 AR Kelly	6	6
Mr AW Johnson	6	6
Mr DP Liddy	4	6
Mr PG Downie	3	4

### Remuneration Committee meetings

The number of Remuneration Committee 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 AR Kelly	1	1
Mr DP Liddy	1	1
Mr PR Williams	1	1

### 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.

### Operating and financial review

The loss for the year was \$528,207 before distribution to AFL Queensland of \$75,000, leaving a loss of \$603,207 (2008: loss of \$2,200,030).

A detailed review of various aspects of the operations is contained elsewhere in the Annual Report.

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 88 and forms part of the Directors' Report for the financial year ended 31 October 2009.

### Events subsequent to reporting date

On 13 November 2009 the Club announced that it had signed Bank of Queensland and Conergy as major sponsors for a 3 year period.

Other than the matter above, 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.

# BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED DIRECTORS' REPORT

## Likely developments

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

## Directors' interests and benefits

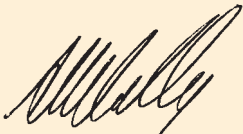
Since the end of the previous financial year no Director of the Company has received or become entitled to receive any benefit because of a contract made by the Company or a related body corporate with a Director or with a firm of which a Director is a member or with an entity in which the Director has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

## 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 16th November 2009.

Signed in accordance with a resolution of the Directors:



Chairman  
A R Kelly



## LEAD AUDITORS 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 2009, 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.



Scott Guse  
Partner  
Brisbane  
16 November 2009

# BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED

## INCOME STATEMENT

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

	Note	2009 \$	2008 \$
Revenue	2	30,472,348	31,501,110
Cost of goods sold		(702,656)	(664,828)
Marketing expenses		(4,248,461)	(4,986,250)
Administration expenses		(3,954,960)	(4,127,598)
Membership expenses		(1,933,094)	(1,913,820)
Football expenses		(14,145,824)	(13,646,060)
Lease/Football Park and other expenses		(3,646,895)	(3,729,687)
Other expenses		(2,518,697)	(2,710,547)
<b>Net profit/(loss) before net financing income and distribution to AFL Queensland</b>		<b>(678,239)</b>	<b>(277,680)</b>
Financial income	5	311,678	515,399
Financial expenses	5	(161,646)	(2,324,395)
<b>Net financing income</b>	5	<b>150,032</b>	<b>(1,808,996)</b>
<b>Net profit/(loss) from operations before distribution to AFL Queensland</b>		<b>(528,207)</b>	<b>(2,086,676)</b>
Distribution to AFL Queensland		(75,000)	(113,354)
<b>Profit/(loss) for the year</b>		<b>(603,207)</b>	<b>(2,200,030)</b>

The Income Statement is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 92 to 98.

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

	Note	2009 \$	2008 \$
Net change in fair value of equity securities available for sale		316,134	(138,395)
Net change in fair value of equity securities available for sale transferred to profit or loss		11,108	(620,779)
Net income recognised directly in equity	20	327,242	(759,174)
Profit/(Loss) for the year		(603,207)	(2,200,030)
Total recognised income and expense for the period		(275,965)	(2,959,204)

The Statement of Recognised Income and Expense is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 92 to 98.

# BALANCE SHEET

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	6	3,601,249	4,129,438
Trade and other receivables	7	2,262,735	2,298,530
Inventories	8	238,929	331,026
<b>Total current assets</b>		<b>6,102,913</b>	6,758,994
<b>NON-CURRENT ASSETS</b>			
Investments	9	1,695,059	2,008,673
Property, plant and equipment	12	2,978,811	3,765,603
Intangible assets	11	124,050	86,909
Deferred lease establishment costs		70,530	77,959
<b>Total non-current assets</b>		<b>4,868,450</b>	5,939,144
<b>Total assets</b>		<b>10,971,363</b>	12,698,138
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	3,715,215	3,324,701
Employee benefits		317,242	271,156
Loans and borrowings	15	538,467	498,435
Other provisions		66,015	81,777
Other liabilities	14	652,683	2,052,351
<b>Total current liabilities</b>		<b>5,289,622</b>	6,228,420
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits		96,813	64,114
Loans and borrowings	15	141,244	679,711
Other liabilities	14	1,491,719	1,497,963
<b>Total non-current liabilities</b>		<b>1,729,776</b>	2,241,788
<b>Total liabilities</b>		<b>7,019,398</b>	8,470,208
<b>Net assets</b>		<b>3,951,965</b>	4,227,930
<b>ACCUMULATED FUNDS</b>			
Retained earnings	20	3,714,391	4,317,598
Reserves	20	237,574	(89,668)
<b>Total accumulated funds</b>		<b>3,951,965</b>	4,227,930

The Balance Sheet is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 92 to 98.

# STATEMENT OF CASH FLOWS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers and sponsors		29,211,937	34,558,331
Cash paid to suppliers and employees		(29,613,108)	(33,918,348)
Cash generated from operations		(401,171)	639,983
Distribution to AFL Queensland		(75,000)	(113,354)
<b>Net cash provided by/(used in) operating activities</b>	22	<b>(476,171)</b>	526,629
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		217,862	272,706
Dividends received		93,816	242,693
Acquisitions of property, plant, equipment and intangible assets		(360,861)	(512,789)
Acquisition of equity securities		(634,493)	(299,631)
Proceeds from sale of property, plant and equipment		77,349	-
Proceeds from sale of equity securities		1,125,119	500,000
<b>Net cash provided by/(used in) investing activities</b>		<b>518,792</b>	202,979
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Payment of finance lease liabilities		(498,436)	(461,381)
Interest paid		(72,374)	(109,429)
<b>Net cash used in financing activities</b>		<b>(570,810)</b>	(570,810)
<b>Net increase in cash and cash equivalents</b>		<b>(528,189)</b>	158,798
<b>Cash and cash equivalents at 1 November</b>		<b>4,129,438</b>	3,970,640
<b>Cash and cash equivalents at 31 October</b>	6	<b>3,601,249</b>	4,129,438

The 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 92 to 98.

# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

## 1. significant accounting policies

Brisbane Bears-Fitzroy Football Club Limited ("the Company" or "the Club") is a company domiciled in Australia. The financial report was authorised for issue by the directors on 16th November 2009.

### (A) STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including the Australian Interpretations) adopted by the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report also complies with the International Financial Reporting Standards and interpretations adopted by the International Accounting Standards Board.

### (B) BASIS OF PREPARATION

The financial report is presented in Australian dollars and on the historical cost basis except for available-for-sale financial assets which are measured at fair value.

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 101 Presentation of Financial Statements introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Company's 31 October 2010 financial report and will only impact the Company's disclosures; and
- AASB 2009-2 Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments. AASB 2009-2 becomes mandatory for the Company's 31 October 2010 financial statements and will only impact the Company's disclosures.

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 ongoing 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.

### (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 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 the income statement 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%	reducing balance
Plant and equipment	5 to 36%	reducing balance

### (E) INTANGIBLE ASSETS

Intangibles acquired by the Company, including naming and signage rights, are stated at cost less accumulated amortisation and impairment losses (see Note 1 (J)). Amortisation is charged to the Income Statement 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

### (F) INVESTMENTS

#### Investments in subsidiaries

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

#### Investments in equity securities

The Company's investments in equity securities are classified as available-for-sale financial assets and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses (see Note 1 (J)). When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss.

The fair value of financial assets classified as available-for-sale is their quoted bid price at the balance sheet date.

Financial instruments classified as available-for-sale investments are recognised/de-recognised by the Company on the date it commits to purchase/sell the investments.

### (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 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.



# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

## (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.

An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value. A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost is objective evidence of impairment.

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. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit and 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 balance sheet date to determine whether there is an indication of impairment. If any such indication exists, the asset's recoverable amount is estimated (see below).

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 depreciated replacement cost of the asset.

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 the income statement 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 and AFL distributions. Revenue from services rendered is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet 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 balance sheet

### Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement 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.

# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

## (Q) NET FINANCING COSTS

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, dividend income, 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 the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payment is established which in the case of quoted securities is ex-dividend date. The interest expense component of finance lease payments is recognised in the income statement 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 balance date, are accrued as income at balance 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 Balance Sheet.

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.

	2009	2008
	\$	\$
<b>2. revenue</b>		
Sale of goods	1,044,545	1,090,191
Net AFL distributions and prize money	7,609,052	7,056,552
Membership and ticket sales	8,785,965	8,317,747
Corporate and marketing sales	11,583,104	13,019,929
Other revenue	1,449,682	2,016,691
	<u>30,472,348</u>	<u>31,501,110</u>
<b>3. personnel expenses</b>		
Wages and salaries	12,139,422	12,223,271
Other associated personnel expenses	4,130,236	3,640,647
Contributions to defined contribution superannuation funds	344,920	357,252
	<u>16,614,578</u>	<u>16,221,170</u>

	2009	2008
	\$	\$

## 4. auditor's remuneration

Auditors of the Company – KPMG:

- Audit of the financial statements	41,800	46,500
- Other audit related services	11,300	11,300
- Other services	2,800	27,500
	<u>55,900</u>	<u>85,300</u>

## 5. finance income and expense

Interest income on bank deposits	217,862	272,706
Dividend income on available-for-sale financial assets	93,816	242,693
<b>Finance income</b>	<u>311,678</u>	<u>515,399</u>
Interest expense on liabilities measured at amortised cost	(72,374)	(109,429)
Net loss on disposal of available for-sale financial assets	(60,726)	(208,055)
Impairment loss on available for-sale financial assets	(28,546)	(2,006,911)
<b>Finance expenses</b>	<u>(161,646)</u>	<u>(2,324,395)</u>
<b>Net finance income</b>	<u>150,032</u>	<u>(1,808,996)</u>

## 6. cash and cash equivalents

Cash at bank	579,288	337,597
Bank short term deposits	521,961	2,791,841
Investment account	2,500,000	1,000,000
	<u>3,601,249</u>	<u>4,129,438</u>

All of the above earn interest at an effective interest rate of 4.3% (2008: 7.2%) at 31 October 2009.

## 7. trade and other receivables

### CURRENT

Trade receivables	1,267,290	1,995,485
Less impairment	(13,580)	(100,210)
	<u>1,253,710</u>	<u>1,895,275</u>
Accrued income	300,200	23,540
Other receivables and prepayments	708,825	379,715
	<u>2,262,735</u>	<u>2,298,530</u>

## 8. inventories

### CURRENT

Merchandise – at cost	238,929	331,026
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## 9. investments

### NON-CURRENT

Investment in controlled entities – at cost (Note 18)	25	25
Equity securities available-for-sale	1,695,034	2,008,648
	<u>1,695,059</u>	<u>2,008,673</u>

# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

## 10. financial risk management

### a) Overview

The Company has exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Audit/Finance Committee and Compliance & Gaming Committee, both of which are responsible for developing & monitoring risk management policies. These committees report regularly to the Board of Directors on their activities.

Risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Audit/Finance Committee and Compliance & Gaming Committee oversees how management monitors compliance with the Company's risk management policies and procedures.

Risk is also managed by the Board of Directors where approval levels have been determined that requires Board approval and review.

### Credit Risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities.

#### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by specific circumstances of each customer.

As regards to corporate hospitality, the Club ensures that payment is made prior to provision of entitlements. In relation to corporate sponsors, contracts are entered into with premium corporates and approved at Board level prior to Management performing due diligence.

The Company has provided for a specific allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

#### Investments

The Company limits its exposure to credit risk by investing in publicly listed liquid securities through a fund manager.

### Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due.

The Company performs daily, monthly and 12 monthly rolling cash flow forecasts to manage liquidity. The current cash position and forecast is reported to the Board by Management on a monthly basis.

### Market risk

Market risk is the risk that changes in market prices, such as interest rates and equity prices will affect the Company's income or the value of its holdings of financial assets.

#### Interest rate risk

The Company's borrowings consist of a finance lease liability (relating to gaming machines utilised at the Lions Den) which expires in 2011. The rate of interest on this finance lease is fixed and does not expose the Club to risks in interest rate movements.

### Other market price risk

Equity price risk arises from available-for-sale equity securities and market price fluctuations. The Company's policy is to invest funds over a long term investment horizon to insulate against short term market fluctuations and deliver revenue streams. The extent of sensitivity to market price movements is determined by numerous factors, including factors relevant to individual equity holdings and factors impacting the market in general.

### b) Financial Instruments

#### Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure. The Company's maximum exposure to credit risk at the reporting date was:

	Note	Carrying amount	
		2009	2008
		\$	\$
Available-for-sale financial assets	9	1,695,034	2,008,648
Receivables	7	2,262,735	2,298,530
Cash and cash equivalents	6	3,601,249	4,129,438
		<b>7,559,018</b>	<b>8,436,616</b>

The Company's maximum exposure to credit risk for trade receivables at the reporting date by type of customer was:

	Carrying amount	
	2009	2008
	\$	\$
Corporate Members/partners	399,778	1,372,519
Landlord	-	407,220
Other	867,512	215,746
	<b>1,267,290</b>	<b>1,995,485</b>

#### Impairment losses

The ageing of the Company's trade receivables at the reporting date was:

	Gross 2009	Impairment 2009	Gross 2008	Impairment 2008
	\$	\$	\$	\$
Current 0 – 30 days	669,329	-	1,189,563	-
Past due 31 – 60 days	58,548	-	129,517	-
Past due 61 – 90 days	483,783	-	74,085	-
More than 90 days	55,630	13,580	602,320	100,210
	<b>1,267,290</b>	<b>13,580</b>	<b>1,995,485</b>	<b>100,210</b>

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2009	2008
	\$	\$
Balance at 1 November	100,210	78,711
Impairment loss recognised	8,370	21,499
Debts written off	(95,000)	-
Balance at 31 October	<b>13,580</b>	<b>100,210</b>

The debt of \$95,000 written off during the year relates to a previous sponsor and had previously been provided for.

# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

## 10. financial risk management (continued)

### Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying Amount	Contractual cash flows	1 year or less	1-2 years
<b>31 October 2009</b>				
<b>Non-derivative Financial liabilities</b>				
Finance lease liabilities	(679,710)	(713,514)	(570,810)	(142,704)
Trade and Other Payables	(3,715,215)	(3,715,215)	(3,715,215)	-
	<b>(4,394,925)</b>	<b>(4,428,729)</b>	<b>(4,286,025)</b>	<b>(142,704)</b>

### 31 October 2008

#### Non-derivative Financial liabilities

Finance lease liabilities	(1,178,146)	(1,284,322)	(570,810)	(713,512)
Trade and other Payables	(3,324,701)	(3,324,701)	(3,324,701)	-
	<b>(4,502,847)</b>	<b>(4,609,023)</b>	<b>(3,895,511)</b>	<b>(713,512)</b>

### Interest rate risk

#### Profile

At the reporting date the interest rate profile of the Company was:

	Carrying amount	
	2009	2008
	\$	\$
<b>Variable rate instrument</b>		
Financial assets – cash and cash equivalents	<b>3,601,249</b>	4,129,438
<b>Fixed rate instruments</b>		
Financial liabilities – finance lease liability	<b>679,710</b>	1,178,146

#### Sensitivity analysis for variable rate instruments

Cash balance at 31 October 2009 was \$3,601,249 (2008: \$4,129,438). A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss and accumulated funds by \$36,012 (2008: \$41,294) assuming all of these cash funds were invested for the full year.

#### Fair values

The directors consider that the carrying amounts of financial assets and financial liabilities in the financial statements approximates their fair values.

#### Foreign exchange risk

The Company is not exposed to any foreign exchange risk as all trading is conducted in Australian dollars.

## 11. intangible assets

	2009	2008
	\$	\$
Naming rights - at cost	117,167	117,167
Less accumulated amortisation	(71,519)	(65,661)
	<b>45,648</b>	<b>51,506</b>
Signage rights - at cost	100,000	100,000
Less accumulated amortisation	(69,598)	(64,597)
	<b>30,402</b>	<b>35,403</b>
Work in progress - at cost	<b>48,000</b>	-
Total Intangible Assets	<b>124,050</b>	<b>86,909</b>

### Reconciliations

#### Naming Rights

Carrying amount at beginning of year	51,506	57,364
Amortisation	(5,858)	(5,858)
Carrying amount at end of year	<b>45,648</b>	<b>51,506</b>

#### Signage Rights

Carrying amount at beginning of year	35,403	40,403
Amortisation	(5,000)	(5,000)
Carrying amount at end of year	<b>30,403</b>	<b>35,403</b>

#### Capital Work in Progress

Carrying amount at beginning of year	-	-
Additions	48,000	-
Transfers	-	-
Carrying amount at end of year	<b>48,000</b>	-

## 12. property, plant, and equipment

Plant and equipment – at cost	5,871,025	5,776,123
Less accumulated depreciation	(4,270,879)	(3,682,746)
	<b>1,600,146</b>	<b>2,093,377</b>
Leasehold improvements - at cost	2,448,162	2,408,170
Less accumulated amortisation	(1,069,497)	(890,023)
	<b>1,378,665</b>	<b>1,518,147</b>
Capital work in progress	-	154,079
	<b>2,978,811</b>	<b>3,765,603</b>

### Reconciliations

#### Plant and Equipment

Carrying amount at beginning of year	2,093,377	2,581,295
Additions	426,948	320,757
Disposals	(57,138)	(74,694)
Depreciation	(863,041)	(733,981)
Carrying amount at end of year	<b>1,600,146</b>	<b>2,093,377</b>

# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

## 12. property, plant, and equipment (continued)

	2009	2008
	\$	\$
<b>Reconciliations</b>		
<b>Leasehold Improvements</b>		
Carrying amount at beginning of year	1,518,147	1,670,983
Additions	39,992	37,953
Amortisation	(179,474)	(190,789)
Carrying amount at end of year	1,378,665	1,518,147

### Capital Work in Progress

	2009	2008
	\$	\$
Carrying amount at beginning of year	154,079	43,647
Additions	-	154,079
Transfers	(154,079)	(43,647)
Carrying amount at end of year	-	154,079

### Leased plant and equipment

The Club leases gaming machines under a finance lease arrangement. The leased equipment secures lease obligations (see Note 15). As at 31 October 2009, the net carrying amount of leased plant and equipment was \$688,494 (2008: \$1,207,043).

## 13. trade and other payables

### CURRENT

Trade payables	930,432	960,851
Other trade payables and accrued expenses	2,784,783	2,363,850
	3,715,215	3,324,701

## 14. other liabilities

### CURRENT

Income received in advance	652,683	2,052,351
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### NON CURRENT

Income received in advance	49,273	37,909
Accrued lease liability	1,442,446	1,460,054
	1,491,719	1,497,963

## 15. loans and borrowings

### CURRENT

Finance lease liability	538,467	498,435
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### NON CURRENT

Finance lease liability	141,244	679,711
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### Finance lease liabilities

Finance lease liabilities for the Company are payable as follows:

	2009			2008		
	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
Not later than one year	570,810	32,343	538,467	570,810	72,375	498,435
One year or later and no later than five years	142,704	1,460	141,244	713,512	33,801	679,711
	713,514	33,803	676,711	1,284,322	106,176	1,178,146

The Company has a finance lease liability on gaming machines with a term of 48 months which expires in 2011. The rate of interest on this finance lease is fixed at 7.75%. There is a purchase option for the Company to acquire the leased assets at the end of the term for \$1.

## 16. commitments

### (A) RENTAL COMMITMENTS

The Company has a current lease regarding the use of the Gabba for a further 6 years, plus two 5 year options. There is also a current lease for the social club facilities for a further 17 years.

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

	2009	2008
	\$	\$
Not later than one year	1,941,746	1,873,170
One year or later and no later than five years	8,456,096	8,172,014
Later than five years	10,018,040	12,243,868
	20,415,882	22,289,052

During the financial year ended 31 October 2009 \$1,471,316 was recognised as an expense in the income statement in respect of operating leases (2008: \$1,471,316).

### (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:

	2009	2008
	\$	\$
Not later than one year	9,826,058	9,159,351
One year or later and no later than five years	9,815,137	9,572,457
	19,641,195	18,731,808

## 17. contingent liabilities

The Directors consider the below contingent liability 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.

### Litigation

A claim has been brought against the Club which is being disputed by the Club. The directors are of the opinion that a provision is not required in respect of this matter, as it is not probable that a future sacrifice of economic benefits will be required and that the amount is not material.

### 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 2009 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.

# NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2009

## 18. particulars in relation to controlled entities

	2009	2008
	\$	\$

The following are entities controlled by the Company.

Name	Class of Share	Interest Held	
		%	%
		2009	2008
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 2009.

## 19. related parties

### Key management personnel compensation

	2009	2008
	\$	\$
Short-term employee benefits	1,359,795	1,451,969
Other long term benefits	48,601	30,085
Post-employment benefits	107,180	122,556
	<b>1,515,576</b>	<b>1,604,610</b>

### 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.

### Other key management personnel transactions

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 following occurred during the financial year:

Director-related parties paid the Company for sponsorships, signage and coteries on the same terms offered to non-related parties. These amounted to \$398,206 (2008: \$360,825). The Director involved was Mr D.P. Liddy. The aggregate amount receivable from Directors at balance date was \$Nil (2008: \$Nil).

Mr D.P. Liddy is a director of Bank of Queensland with which the Club operates various bank accounts and has a finance lease facility. These are operated under normal commercial banking terms and conditions.

## 20. retained earnings and reserves

	2009	2008
	\$	\$

### Retained earnings:

Balance at 1 November	4,317,598	6,517,628
Total profit/(loss)	(603,207)	(2,200,030)
Balance at 31 October	<b>3,714,391</b>	<b>4,317,598</b>

### Fair value reserve:

Balance at 1 November	(89,668)	669,506
Total recognised income and expense	327,242	(759,174)
Balance at 31 October	<b>237,574</b>	<b>(89,668)</b>

The fair value reserve includes the cumulative net change in the fair value of available for sale investments until the investment is derecognised or impaired.

	2009	2008
	\$	\$

## 21. Events subsequent to reporting date

On 13 November 2009 the Club announced that it had signed Bank of Queensland and Conergy as major sponsors for a 3 year period.

## 22. reconciliation of cash flows from operating activities

Profit/(Loss) for the period	(603,207)	(2,200,030)
Add/(less) items classified as investing/financing activities:		
(Gain)/Loss on sale of plant and equipment	(20,211)	-
(Gain)/Loss on equity instruments	60,726	208,055
Interest paid	72,374	109,429
Interest received	(217,862)	(272,706)
Dividends received	(93,816)	(242,693)
Add/(less) non-cash items:		
Amortisation	197,762	209,079
Depreciation	923,998	733,981
Amounts set aside to provisions	63,023	87,063
Accrued lease expense	(17,608)	35,391
Impairment of AFS equity security	28,546	2,006,911
Operating profit/(loss) before change in assets and liabilities	393,725	674,480
Change in assets and liabilities:		
(Increase)/decrease in inventories	92,097	20,626
(Increase)/decrease in trade and other receivables	35,795	(114,389)
(Decrease)/increase in trade creditors and other payables	390,515	(1,562,334)
(Decrease)/increase in income received in advance	(1,388,303)	1,508,246
Net cash from operating activities	<b>(476,171)</b>	<b>526,629</b>

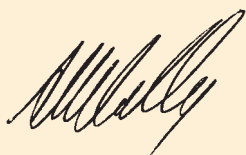
# DIRECTORS' DECLARATION

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 92 to 98 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 2009 and of its performance for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (b) the financial report also complies with International Financial Reporting Standards as discussed in Note 1(A); and
- (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 16th November 2009.

Signed in accordance with a resolution of the Directors:



A R Kelly  
Chairman

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

We have audited the accompanying financial report of Brisbane Bears-Fitzroy Football Club Limited (the Company), which comprises the balance sheet as at 31 October 2009, and the income statement, statement of recognised income and expense and cash flow statement for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 22 and the directors' declaration.

## Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1(A), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report of the Company, comprising the financial statements and notes, complies with International Financial Reporting Standards.

## 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 and fair presentation of the financial report 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 (including the Australian Accounting Interpretations), a 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:

- (a) the financial report of Brisbane Bears-Fitzroy Football Club Limited is in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 31 October 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1(A).

  
KPMG



Scott Guse  
Partner  
Brisbane  
16 November 2009