



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

FINANCIAL REPORT
31 OCTOBER 2010



HYUNDAI CENTRE

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club@lions.com.au www.lions.com.au ABN 43 054 263 473 Brisbane Bears-Fitzroy Football Club Ltd trading as Brisbane Lions Australian Football Club

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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 2010 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 Angus William Johnson</i> Chairman	50	Joint Managing Director and 50% shareholder of Citimark Properties. Elected to the Board in February 1999. Elected Chairman 21/08/2010.
<i>Mr Anthony Robert Kelly</i> LLB, MAICD Chairman - Resigned	49	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. Member of the Football Committee. Director since 09/02/1999. Resigned 21/08/2010.
<i>Mr Philip Graeme Downie</i> OAM, FCA, MAICD Director	65	Chartered Accountant, and a Director of MDW Associates, a specialist business turnaround and insolvency firm servicing the Gold Coast Region. Also heads a group of private companies in the fields of hospitality and investment. Except for a nineteen month period between September 2007 and April 2009 has been a director of the Club since January 1992 and was Chairman from 2000 to 2006.
<i>Ms Linda Mary Nash</i> BEC, Masters Commerce (Finance) Director	49	Senior Executive with a professional services organisation and previously Senior Commerce and Finance Executive with Queensland Treasury and Queensland Treasury Corporation. Director since 29/10/2002.
<i>Mr Paul Robert Williams</i> BA, LLB Director & Company Secretary	46	General Counsel with Mitsui Coal Holdings Pty Ltd and other mining groups. Previously practised as a corporate and commercial lawyer for 17 years. Also a director of Brisbane racing Club Ltd, formed by the recent merger of the Eagle Farm and Doomben racecourses. Director since 19/09/2005 and Company Secretary since 28/07/2008.
<i>Mr Lorenzo Serafini</i> Director	51	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 David Paul Liddy</i> MBA, SF FIN, FAICD Director	60	Managing Director and CEO of the Bank of Queensland including 41 years experience in banking. Member of the Football Committee. Director since 20/10/2003. Resigned 06/08/2010.
<i>Mr Mick Power, AM</i> HonFIEAust, FAICD, FAIM Director	60	Founder, Group Board Chairman and Managing Director of BMD including more than 40 years of experience in civil engineering, project management, construction and property investment. Also a Board Member of the South Bank Corporation, the Greg Norman Golf Foundation, Queensland Performing Arts Centre (QPAC), the Mater Children's Hospital Research Appeal & Leadership Gifts, the Queensland Surf Lifesaving Foundation and the Northcliffe Foundation. Appointed director on 03/09/2010.
<i>Mr Cameron Milner</i> Director	38	Director of Milner Strategic Services, Labour Holdings and Communicator 1 and previously the State Secretary of the Labour Party in Queensland. Appointed director 03/09/2010.

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	7	7
Mr AW Johnson	9	9
Mr C Milner	2	2
Mr DP Liddy	7	7
Mr LP Serafini	8	9
Ms LM Nash	9	9
Mr M Power	2	2
Mr PR Williams	7	9
Mr PG Downie	9	9

BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

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.

Objectives and Strategies

Throughout the year, the Club has worked to a strategic plan that aims to promote and advance the game of Australian Football at all levels within the community; and to establish the Lions as a respected, innovative and successful sporting club.

The Board has recently completed a review of the Football Department and has implemented the majority of recommendations.

A review of the Administration and role of the Board has commenced with changes already implemented. This will be ongoing.

A review of the Strategic Plan that was completed in 2008 is underway and will be completed in the first quarter of next year.

The over-arching objectives of the current strategic plan include:

- A football environment that is the preferred sporting Club of choice for Coaches and players alike in Australia.
- A work environment that is the preferred business of choice for employees within the football industry.
- Significant non football revenue streams whilst maintaining and growing current revenues.
- A strong and cooperative relationship with key stakeholders at both a local and national level.

The strategies encompassed within these objectives focus both the football and the commercial needs of the Club.

The club will measure performance against these objectives by KPI's set by management that covers a broad range of performance targets.

Operating and financial review

The loss for the year was \$2,476,274 (2009: loss of \$603,207).

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 2010.

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.

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

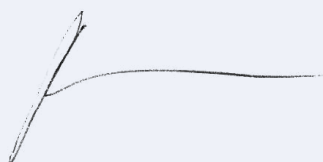
Since the end of the previous financial year no Director of the Company has received or become entitled to receive any benefit because of a contract made by the Company or a related body corporate with a Director or with a firm of which a Director is a member or with an entity in which the Director has 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 17th November 2010.

Signed in accordance with a resolution of the Directors:



Chairman
A W Johnson



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 2010, 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
17th November 2010

BRISBANE BEARS-FITZROY FOOTBALL CLUB LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2010

	Note	2010 \$	2009 \$
Revenue	2	30,694,874	30,472,348
Cost of goods sold		(727,681)	(702,656)
Marketing expenses		(4,162,916)	(4,248,461)
Administration expenses		(4,471,994)	(3,954,960)
Membership expenses		(2,025,798)	(1,933,094)
Football expenses		(15,601,349)	(14,145,824)
Lease/Football Park and other expenses		(3,871,862)	(3,646,895)
Other expenses		(2,770,036)	(2,518,697)
Net profit/(loss) before net financing income and distribution to AFL Queensland		(2,936,762)	(678,239)
Financial income	4	492,831	311,678
Financial expenses	4	(32,343)	(161,646)
Net financing income		460,488	150,032
Net profit/(loss) from operations before distribution to AFL Queensland		(2,476,274)	(528,207)
Distribution to AFL Queensland		-	(75,000)
Profit/(loss) for the year		(2,476,274)	(603,207)
Other comprehensive income			
Net change in fair value of equity securities available for sale		-	316,134
Net change in fair value of equity securities available for sale transferred to profit or loss		237,574	11,108
Other comprehensive income for the year		237,574	327,242
Total comprehensive income for the year		(2,713,848)	(275,965)

The above statement of comprehensive income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 7 to 12.

BALANCE SHEET

Brisbane Bears-Fitzroy Football Club Limited. As at 31 October 2010

	Note	2010 \$	2009 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,493,779	3,601,249
Trade and other receivables	6	1,667,962	2,262,735
Inventories	7	351,724	238,929
Total current assets		3,513,465	6,102,913
NON-CURRENT ASSETS			
Investments	8	25	1,695,059
Property, plant and equipment	10	4,725,358	3,026,811
Intangible assets	9	1,201,802	76,050
Deferred lease establishment costs		63,098	70,530
Total non-current assets		5,990,283	4,868,450
Total assets		9,503,748	10,971,362
CURRENT LIABILITIES			
Trade and other payables	11	5,161,735	3,715,215
Employee benefits		198,818	317,242
Loans and borrowings	13	141,243	538,466
Other provisions		23,806	66,015
Other liabilities	12	1,299,125	652,683
Total current liabilities		6,824,727	5,289,621
NON-CURRENT LIABILITIES			
Employee benefits		69,272	96,813
Loans and borrowings	13	-	141,244
Other liabilities	12	1,371,633	1,491,720
Total non-current liabilities		1,440,905	1,729,777
Total liabilities		8,265,632	7,019,398
Net assets		1,238,116	3,951,964
ACCUMULATED FUNDS			
Retained earnings		1,238,116	3,714,390
Reserves			237,574
Total accumulated funds		1,238,116	3,951,964

The above Balance Sheet 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 2010

	Note	Retained Earnings \$	Fair Value Reserve \$	Total \$
Opening balance 1 November 2008		4,317,597	(89,668)	4,227,929
Total profit/(loss)		(603,207)		(603,207)
Other comprehensive income		-	327,242	327,242
Balance 31 October 2009		3,714,390	237,574	3,951,964
Total profit/(loss)		(2,476,274)	-	(2,476,274)
Other comprehensive income		-	(237,574)	(237,574)
Balance 31 October 2010		1,238,116	-	1,238,116

STATEMENT OF CASH FLOWS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and sponsors		35,024,209	29,211,937
Cash paid to suppliers and employees		(34,669,649)	(29,613,108)
Cash generated from operations		354,560	(401,171)
Distribution to AFL Queensland		-	(75,000)
Net cash provided by/(used in) operating activities		354,560	(476,171)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		198,788	93,816
Dividends received		92,757	217,862
Acquisitions of property, plant, equipment and intangible assets		(3,961,488)	(421,818)
Acquisition of equity securities		-	(531,445)
Proceeds from sale of property, plant and equipment		119,951	77,349
Proceeds from sale of equity securities		1,658,772	1,083,028
Net cash provided by/(used in) investing activities		(1,891,220)	518,792
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment of finance lease liabilities		(538,467)	(498,436)
Interest paid		(32,343)	(72,372)
Net cash used in financing activities		(570,810)	(570,810)
Net increase in cash and cash equivalents		(2,107,470)	(528,189)
Cash and cash equivalents at 1 November		3,601,249	4,129,438
Cash and cash equivalents at 31 October	5	1,493,779	3,601,249

The Statement of Changes in Equity and Statement of Cash Flows are 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 2010

1. significant accounting policies

This financial report was authorised for issue by the directors on 17th November 2010.

(A) STATEMENT OF COMPLIANCE

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

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

(B) BASIS OF PREPARATION

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

The Company has applied the revised AASB 101 *Presentation of Financial Statements (2007)* which became effective as of 1 January 2009. As a result the Company has presented all changes in equity in the statement of comprehensive income. Comparative information has been re-presented to that it also is in conformity with the revised standard. This change in accounting policy only impacts presentation aspects.

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

- AASB 9 *Financial Instruments* which includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 will become mandatory for the Company's 31 October 2014 financial statements. The Club is yet to determine the impact on the financial statements.
- AASB 124 *Related Party Disclosures (revised December 2009)* which simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Company's 31 October 2012 financial statements will only impact disclosures in the 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 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.

Going concern

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 Company has reported a loss of \$2,476,274 for the year ended 31 October 2010 (2009: loss of \$603,207) and at 31 October 2010 has an excess of current liabilities over current assets of \$3,311,262 (2009: net current assets of \$813,292). The deficiency in current assets results from the Company using its available cash to fund the

construction of the Springwood social club. As at 31 October 2010 \$3,427,069 in construction costs have been capitalised (refer to Note 9 and 10).

The Company is currently finalising negotiations on a \$4m facility with its bankers which will be used to fund the remaining construction costs of the Springwood social club and provide approximately \$2m of working capital. This facility has scheduled monthly repayments and a 4 year term upon loan execution.

Management has prepared cash flow forecasts that support the preparation of the financial statements on a going concern basis.

(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 profit and loss as an expense as incurred.

iii. Depreciation and Amortisation

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

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

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

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

(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
Logo design	10 years
Football software	5 years

NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2010

(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.

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.

(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.

(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 profit and loss as incurred.

Wages, salaries and annual leave

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

Long service leave

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

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

(N) TRADE AND OTHER PAYABLES

Trade and other payables are stated at their amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2010

(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 profit and loss 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 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, 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 profit and loss as it accrues, using the effective interest method. Dividend income is recognised in profit and loss 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 profit and loss using the effective interest method.

(R) ACCRUED INCOME

Income and contributions due and receivable from the AFL and others relating to the past season, but which have not been received by 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.

	2010	2009
	\$	\$
2. revenue		
Sale of goods	1,138,940	1,044,545
Net AFL distributions and prize money	7,424,500	7,609,052
Membership and ticket sales	9,386,775	8,785,965
Corporate and marketing sales	11,208,106	11,583,104
Other revenue	1,536,553	1,449,682
	<u>30,694,874</u>	<u>30,472,348</u>

3. personnel expenses

Wages and salaries	14,336,307	12,139,422
Other associated personnel expenses	3,309,873	4,130,236
Contributions to defined contribution superannuation funds	367,148	344,920
	<u>18,013,328</u>	<u>16,614,578</u>

4. finance income and expense

Interest income on bank deposits	198,788	217,862
Dividend income on available-for-sale financial assets	92,757	93,816
Net gain on disposal of available for-sale financial assets	201,286	-
Finance income	<u>492,831</u>	<u>311,678</u>
Interest expense on liabilities measured at amortised cost	(32,343)	(72,374)
Net loss on disposal of available for-sale financial assets		(60,726)
Impairment loss on available for-sale financial assets		(28,546)
Finance expenses	<u>(32,343)</u>	<u>(161,646)</u>
Net finance income	<u>460,488</u>	<u>150,032</u>

5. cash and cash equivalents

Cash at bank	1,163,342	579,288
Bank short term deposits		521,961
Investment account	330,437	2,500,000
	<u>1,493,779</u>	<u>3,601,249</u>

All of the above earn interest at an effective interest rate of 2.6% (2009: 4.3%) at 31 October 2010.

6. trade and other receivables

CURRENT

Trade receivables	1,214,276	1,267,290
Less impairment	(13,580)	(13,580)
	<u>1,200,696</u>	<u>1,253,710</u>
Accrued income	156,701	300,200
Other receivables and prepayments	310,565	708,825
	<u>1,667,962</u>	<u>2,262,735</u>

NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2010

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

	2010	2009
	\$	\$
Balance at 1 November	13,580	100,210
Impairment loss recognised	-	8,370
Debts written off	-	(95,000)
Balance at 31 October	13,580	13,580

7. inventories

CURRENT

Merchandise – at cost	351,724	238,929
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8. investments

NON-CURRENT

Investment in controlled entities – at cost (Note 16)	25	25
Equity securities available-for-sale	-	1,695,034
	25	1,695,059

9. intangible assets

Naming rights – at cost	117,167	117,167
Less accumulated amortisation	(77,377)	(71,519)
	39,790	45,648

Signage rights – at cost	100,000	100,000
Less accumulated amortisation	(74,598)	(69,598)
	25,402	30,402

Logo design – at cost	48,000	-
Less accumulated amortisation	4,800	-
	43,200	

Football software – at cost	113,345	-
Less accumulated amortisation	(7,488)	-
	105,857	

Capital work in progress	987,553	-
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Total Intangible Assets	1,201,802	76,050
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RECONCILIATIONS

Naming Rights

Carrying amount at beginning of year	45,648
Amortisation	(5,858)
Carrying amount at end of year	39,790

Signage Rights

Carrying amount at beginning of year	30,402
Amortisation	(5,000)
Carrying amount at end of year	25,402

Logo Design

Carrying amount at beginning of year	-
Transfer from property, plant and equipment work in progress	48,000
Amortisation	(4,800)
Carrying amount at end of year	43,200

Football Software

Carrying amount at beginning of year	-
Additions	113,345
Amortisation	(7,488)
Carrying amount at end of year	105,857

Capital Work in Progress

Carrying amount at beginning of year	-
Additions	987,553
Transfers	-
Carrying amount at end of year	987,553

10. property, plant, and equipment

Plant and equipment – at cost	6,128,519	5,871,025
Less accumulated depreciation	(5,103,500)	(4,270,879)
	1,025,019	957,469
Leasehold improvements – at cost	2,502,279	2,448,162
Less accumulated amortisation	(1,241,456)	(1,069,497)
	1,260,823	1,378,665
Capital work in progress	2,439,516	48,000
	4,725,358	3,026,811

RECONCILIATIONS

Plant and Equipment

Carrying amount at beginning of year	1,600,146
Additions	366,977
Disposals	(20,172)
Depreciation	(921,932)
Carrying amount at end of year	1,025,019

Leasehold Improvements

Carrying amount at beginning of year	1,378,665
Additions	54,097
Amortisation	(171,939)
Carrying amount at end of year	1,260,823

Capital Work in Progress

Carrying amount at beginning of year	48,000
Additions	2,439,516
Transfers to intangible assets	(48,000)
Carrying amount at end of year	2,439,516

NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2010

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 2010, the net carrying amount of leased plant and equipment was \$167,415 (2009: \$688,494).

	2010	2009
	\$	\$

11. trade and other payables

CURRENT

Trade payables	886,232	930,432
Other trade payables and accrued expenses	4,275,503	2,784,783
	<u>5,161,735</u>	<u>3,715,215</u>

12. other liabilities

CURRENT

Income received in advance	1,299,125	652,683
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NON CURRENT

Income received in advance	-	49,274
Accrued lease liability	1,371,633	1,442,446
	<u>1,371,633</u>	<u>1,491,720</u>

13. loans and borrowings

CURRENT

Finance lease liability	141,243	538,466
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NON CURRENT

Finance lease liability	-	141,244
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Finance lease liabilities

Finance lease liabilities for the Company are payable as follows:

	2010	2009
	Minimum lease payments	Minimum lease payments
Not later than one year	142,704	570,810
One year or later and no later than five years	-	142,704
	<u>142,704</u>	<u>713,514</u>

14. 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 rental commitment for computer equipment for a further 3 years.

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

Not later than one year	1,677,665	1,941,746
One year or later and no later than five years	7,085,448	8,456,096
Later than five years	791,667	10,018,040
	<u>9,554,780</u>	<u>20,415,882</u>

During the financial year ended 31 October 2010 \$1,515,783 was recognised as an expense in profit and loss in respect of operating leases (2009: \$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:

	2010	2009
	\$	\$
Not later than one year	8,704,268	9,826,058
One year or later and no later than five years	6,458,120	9,285,137
	<u>15,162,388</u>	<u>19,111,195</u>

(C) CONSTRUCTION COMMITMENTS

The Company is currently constructing new social club facilities at Springwood. The construction commitments to complete the project are as follows:

	2010	2009
	\$	\$
Not later than one year	2,838,802	-
One year or later and no later than five years	-	-
	<u>2,838,802</u>	<u>-</u>

15. contingent liabilities

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

Revenue Fee

An additional annual fee is payable by the Company for the use of the Gabba of a specified percentage of defined net match-related revenue items. The fees payable for 2010 are currently being negotiated and have not yet been finalised. Accordingly the amounts accrued in these financial statements represent the Directors' best estimate of the Company's liability.

16. particulars in relation to controlled entities

The following are entities controlled by the Company.

Name	Class of Share	Interest Held	
		%	%
		2010	2009
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 2010.

NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears-Fitzroy Football Club Limited. For the year ended 31 October 2010

17. related parties

Key management personnel compensation

	2010	2009
	\$	\$
Total compensation provided	956,468	861,377

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 \$1,001,040 (2009: \$398,206). The Director involved was Mr D.P. Liddy. The aggregate amount receivable from Directors at balance date was \$Nil (2009: \$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 relating to gaming machines at the Lions Den. These are operated under normal commercial banking terms and conditions.

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 2010 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 17th November 2010.

Signed in accordance with a resolution of the Directors:

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 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, notes 1 to 18 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls 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.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

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

Independence

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

Auditor's opinion

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

- (i) giving a true and fair view of the Company's financial position as at 31 October 2010 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001



KPMG



Scott Guse
Partner
Brisbane

17 November 2010

