



BRISBANE
LIONS



2014
FINANCIAL REPORT

31 OCTOBER 2014 | BRISBANE BEARS – FITZROY FOOTBALL CLUB LIMITED | ABN 43 054 263 473



BRISBANE BEARS – FITZROY FOOTBALL CLUB LIMITED DIRECTORS' REPORT

The Directors present their report together with the financial report of Brisbane Bears – Fitzroy Football Club Limited ("the Company" or "the Club") for the financial year ended 31 October 2014 and the auditor's report thereon.

INCORPORATION

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

REGISTERED OFFICE

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

DIRECTORS

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

NAME AND QUALIFICATIONS	AGE	EXPERIENCE, SPECIAL RESPONSIBILITIES AND OTHER DIRECTORSHIPS
Mr Robert James Sharpless <i>Chairman</i>	58	Deputy Chairman Springfield Land Corporation. Appointed Director 23 October 2013. Elected Chairman on 23 October 2013. Member Football Committee.
Mr Mick Power, AM <i>HonFIEAust, FAICD, FAIM Director</i>	64	Founder, Group Board Chairman and Managing Director of BMD including more than 40 years of experience in civil engineering, project management, construction and property investment. Also a Board Member of the South Bank Corporation, the Greg Norman Golf Foundation, Queensland Performing Arts Centre (QPAC), the Mater Children's Hospital Research Appeal & Leadership Gifts, the Queensland Surf Lifesaving Foundation and the Northcliffe Foundation. Director since 3 September 2010. Member Finance Committee.
Mr Cameron Milner <i>Director</i>	42	Director of Milner Strategic Services, Labour Holdings and previously the State Secretary of the Labour Party in Queensland. Director since 3 September 2010. Member Brand and Marketing Committee. Resigned 22 October 2014.
Mr Peter James McGregor <i>B. Com, F. Fin, MAICD Director</i>	48	Managing Director Institutional Banking & Markets, Commonwealth Bank of Australia. Director of Strathcona Baptist Girls Grammar School Limited. Appointed Director 4 April 2012. Member Finance Committee.
Mr Leigh Raymond Matthews <i>Director</i>	62	Four-time Hawthorn premiership player, four-time premiership coach (three with the Lions in 2001/02/03), inaugural AFL Football Hall of Fame Legend, Lions Life Member. Appointed Director 23 October 2013. Chair of Football Committee.
Dr Sarah Jane Kelly <i>BCom, LLB (Hons), MBA, PhD</i>	43	Senior Lecturer in Marketing at the University of Queensland Business School and Director of the MBA Program. Appointed Director 22 May 2014. Chair of Brand and Marketing Committee.
Mr Andrew John Wellington <i>BCom (Hons), MAcc, SF Fin, CA</i>	47	Partner PwC Australia and member PwC Australia Board of Partners. Appointed Director 22 May 2014. Chair of Finance Committee.

DIRECTORS' MEETINGS

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

	NUMBER OF MEETINGS ATTENDED	NUMBER OF MEETINGS HELD DURING THE TIME THE DIRECTOR HELD OFFICE DURING THE YEAR
Mr RJ Sharpless	15	15
Mr M Power	12	15
Mr C Milner	13	14
Mr P McGregor	14	15
Mr LR Matthews	12	15
Ms SJ Kelly	6	7
Mr AJ Wellington	7	7

PRINCIPAL ACTIVITIES

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

OBJECTIVES AND STRATEGIES

The Club is focused on improving on-field success through a better resourced football department with a focus on skills development and increased levels of player welfare. A number of victories in the second half of the 2014 season showed the new approach was producing results, as did Brisbane Lions players winning the competition's Rising Star Award for best first year player and an All-Australian Team representative for the first time since 2009.

The Club's Academy continues to improve its results, with 2014 marking the first time any of its graduates had made an AFL debut.

Off the field, the Club has appointed a new CEO with significant experience at the head of AFL Clubs. The focus is on revenue generation to improve financial performance. Additional funding has been secured from the AFL and a strategic plan put in place to maximise new revenue streams.

Key aims are also to lift home game attendances, the volume and yield from ticketing sales, and corporate hospitality revenue. Growing membership, which held strong this year around 24,000, will also be a priority. The LIONS@springwood Social Club continues to play an important role in the community and contribution to the performance of the Company. A strategic plan review is underway with a view to improving revenue generation and performance.

OPERATING AND FINANCIAL REVIEW

The loss for the year was \$3,543,138 (2013: loss of \$1,574,762).

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 2014.

EVENTS SUBSEQUENT TO REPORTING DATE

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

LIKELY DEVELOPMENTS

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

DIRECTORS' INTERESTS AND BENEFITS

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

ENVIRONMENTAL REGULATION

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

INDEMNIFICATION AND INSURANCE PREMIUMS

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

Dated at Brisbane this 19th day of November 2014.

Signed in accordance with a resolution of the Directors:



Chairman
R J Sharpless



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

To: the Directors of Brisbane Bears – Fitzroy Football Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2014 there have been:

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



KPMG



Scott Guse
Partner
Brisbane
19 November 2014

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Brisbane Bears – Fitzroy Football Club Limited for the year ended 31 October 2014

	NOTE	2014 \$	2013 \$
Revenue	2	46,538,187	43,500,672
Cost of goods sold		(738,757)	(851,820)
Marketing expenses		(5,731,396)	(5,432,251)
Administration expenses		(4,100,466)	(3,385,142)
Membership expenses		(2,392,775)	(2,329,618)
Football expenses		(18,631,664)	(17,336,070)
Lease/Football Park and other expenses		(2,753,221)	(3,229,479)
Social Club expenses		(12,583,909)	(9,749,861)
Other expenses		(2,774,943)	(2,470,414)
Net loss before net finance expense		(3,168,944)	(1,283,983)
Finance income	4	31,665	53,465
Finance expenses	4	(405,859)	(344,244)
Net finance expense		(374,194)	(290,779)
Loss for the year		(3,543,138)	(1,574,762)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(3,543,138)	(1,574,762)

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

STATEMENT OF FINANCIAL POSITION

Brisbane Bears – Fitzroy Football Club Limited. As at 31 October 2014

	NOTE	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	752,744	1,204,873
Trade and other receivables	6	1,488,353	1,222,811
Inventories	7	509,133	462,388
Total current assets		2,750,230	2,890,072
NON-CURRENT ASSETS			
Investments	8	25	25
Property, plant and equipment	10	6,003,061	7,687,670
Intangible assets	9	935,808	951,466
Deferred lease establishment costs		56,268	63,699
Total non-current assets		6,995,162	8,702,860
Total assets		9,745,392	11,592,932
CURRENT LIABILITIES			
Trade and other payables	11	9,616,715	6,379,520
Employee benefits		469,959	471,354
Loans and borrowings	13	-	6,700,000
Other provisions		237,733	196,483
Other liabilities	12	639,068	1,908,539
Total current liabilities		10,963,475	15,655,896
NON-CURRENT LIABILITIES			
Employee benefits		22,502	46,793
Loans and borrowings	13	7,000,000	-
Other liabilities	12	8,387	596,077
Total non-current liabilities		7,030,889	642,870
Total liabilities		17,994,364	16,298,766
Net liabilities		(8,248,972)	(4,705,834)
ACCUMULATED DEFICIT			
Accumulated losses		(8,248,972)	(4,705,834)
Total accumulated deficit		(8,248,972)	(4,705,834)

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

STATEMENT OF CHANGES IN EQUITY

Brisbane Bears – Fitzroy Football Club Limited. For the year ended 31 October 2014

	RETAINED EARNINGS	TOTAL
Opening balance 1 November 2012	(3,131,072)	(3,131,072)
Total profit/(loss)	(1,574,762)	(1,574,762)
Other comprehensive income	-	-
Balance 31 October 2013	(4,705,834)	(4,705,834)
Total profit/(loss)	(3,543,138)	(3,543,138)
Other comprehensive income	-	-
Balance 31 October 2014	(8,248,972)	(8,248,972)

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

STATEMENT OF CASH FLOWS

Brisbane Bears – Fitzroy Football Club Limited. For the year ended 31 October 2014

	NOTE	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers and sponsors		45,083,941	44,824,928
Cash paid to suppliers and employees		(44,954,494)	(44,117,099)
Interest paid		(409,664)	(343,520)
Net cash provided by operating activities		(280,217)	364,309
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		31,665	53,465
Acquisitions of property, plant and equipment		(493,471)	(761,849)
Proceeds from sale of property, plant and equipment		-	60,000
Net cash used in investing activities		(461,806)	(648,384)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		300,000	3,000,000
Repayment of borrowings		-	(3,183,799)
Payment of finance lease liabilities		(10,106)	(10,106)
Net cash used in financing activities		289,894	(193,905)
Net increase/(decrease) in cash and cash equivalents		(452,129)	(477,980)
Cash and cash equivalents at 1 November		1,204,873	1,682,853
Cash and cash equivalents at 31 October	5	752,744	1,204,873

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

NOTES TO THE FINANCIAL STATEMENTS

Brisbane Bears – Fitzroy Football Club Limited. For the year ended 31 October 2014

1. SIGNIFICANT ACCOUNTING POLICIES

The financial report of Brisbane Bears – Fitzroy Football Club Limited (“the Company” or “the Club”), a not-for-profit entity, for the year ended 31 October 2014 was authorised for issue by the Directors on 19 November 2014.

(A) STATEMENT OF COMPLIANCE

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

(B) BASIS OF PREPARATION

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

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

- AASB 9 *Financial Instruments* (2010 and 2009) is effective for annual periods beginning on or after 1 January 2017 with early adoption permitted and includes new requirements for the classification and measurement of financial assets and liabilities. The Club is yet to determine any potential impact on 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 on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

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

Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in Note 1 to all periods presented in these financial statements.

The Company has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 November 2013.

- AASB 13 *Fair Value Measurement*
- AASB 119 *Employee Benefits (2011)*
- AASB 9 *Financial Instruments*

Adopting the new standards and amendments has not resulted in any material changes to the Company's financial statements.

Going concern

The Company has reported a loss of \$3,543,138 for the year ended 31 October 2014 (2013: loss of \$1,574,762). As at 31 October 2014 the Company has negative Accumulated Funds of \$8,248,972 (2013: negative funds of \$4,705,834) and a current asset deficiency of \$8,213,245 (2013: \$12,765,824).

The ability of the Company to continue as a going concern including the ability to pay its debts as and when they fall due is dependent on the Company being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other sources, including the Australian Football League's (“AFL”) contributions. If the Company is unable to successfully generate sufficient funds from its revenue sources to continue to fund its ongoing operations, there is an uncertainty whether the Company will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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

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

- The Company has an \$8.0 million commercial bill facility with Westpac which is secured by a guarantee from the Australian Football League (AFL). The facility expires 31 October 2016. The AFL has agreed to guarantee the facility and the Company expects the facility will be rolled over when it is reviewed in October 2016. The facility was drawn to \$7.0 million at year end;
- In June 2014 the AFL unveiled a series of Competitive Balance policies, following consultation with the industry and with the endorsement of the Clubs, to support the objective of having all Clubs being financially viable. The ability of all Clubs to be competitive on the field and financially viable off the field is a stated fundamental objective of the AFL. As a consequence of these policies the Company will be the recipient of extra funding in future years to assist the Company to meet its financial obligations;
- The Company has a letter of support (which is not a guarantee) from the AFL which makes available a range of financial assistance packages that can be used to assist the Company to meet its obligations if necessary;
- The Company's current Trade and other payables include an amount of \$6,262,308 owing to the AFL. Whilst this debt is payable on demand by the AFL the Company expects that the AFL will continue to support the Company and will not demand repayment if the Company does not have sufficient available funds to pay;
- Management has prepared cash flow forecasts that, after taking into account the above continued financial assistance, supports the preparation of the financial statements on a going concern basis; and
- As discussed in note 17 the Company is economically dependent on the continual support of the AFL.

(C) CONSOLIDATION

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

(D) PROPERTY, PLANT AND EQUIPMENT

i. Owned assets

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

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

ii. Subsequent Costs

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

iii. Depreciation and Amortisation

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

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

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

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

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

(E) INTANGIBLE ASSETS

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

Naming rights	20 years
Signage rights	20 years
Logo design	10 years
Liquor Licence	Indefinite
Gaming machine entitlements	Indefinite

(F) INVESTMENTS

Investments in subsidiaries

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

(G) TRADE AND OTHER RECEIVABLES

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

(H) INVENTORIES

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

(I) CASH AND CASH EQUIVALENTS

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

(J) IMPAIRMENT

i. Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence

indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

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

All impairment losses are recognised in profit or loss.

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

ii. Non-financial assets

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

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

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

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

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

(K) SHARE CAPITAL

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

(L) INCOME RECEIVED IN ADVANCE

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

(M) EMPLOYEE BENEFITS

i. Short-term employee benefits

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

ii. Defined contribution plans

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

iii. Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods.

That benefit is discounted to determine its present value.

Remeasurements are recognised in profit or loss in the period in which they arise.

iv. Termination benefits

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

(N) TRADE AND OTHER PAYABLES

Trade and other payables are stated at their amortised cost.

(O) REVENUE

Goods Sold and Services Rendered

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

(P) LEASED ASSETS

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

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

Operating lease payments

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

(Q) NET FINANCING COSTS

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

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

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

(R) ACCRUED INCOME

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

(S) TAXATION

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

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

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

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

	2014 \$	2013 \$
2. REVENUE		
Sale of goods	1,193,068	1,248,511
Net AFL distributions	12,051,036	10,846,962
Membership and ticket sales	5,642,955	5,834,439
Corporate and marketing sales	11,207,630	11,225,023
Social Club revenue	15,429,008	13,368,209
Other revenue	1,014,490	977,528
	46,538,187	43,500,672
3. PERSONNEL EXPENSES		
Wages and salaries	20,635,498	18,325,642
Other associated personnel expenses	2,383,199	2,296,839
Contributions to defined contribution superannuation funds	620,757	538,683
	23,639,454	21,161,164
4. FINANCE INCOME AND EXPENSE		
Interest income on bank deposits	31,665	53,465
Finance income	31,665	53,465
Interest expense on liabilities measured at amortised cost	(405,859)	(344,244)
Finance expenses	(405,859)	(344,244)
Net finance expense	(374,194)	(290,779)
5. CASH AND CASH EQUIVALENTS		
Cash at bank	752,744	1,204,873
	752,744	1,204,873

All of the above earn interest at an effective interest rate of 2.50% (2013: 2.60%) at 31 October 2014.

	2014 \$	2013 \$
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6. TRADE AND OTHER RECEIVABLES**CURRENT**

Trade receivables	174,534	209,376
Less impairment	(5,000)	-
	169,534	209,376
Accrued income	11,974	15,037
Other receivables and prepayments	1,306,845	998,398
	1,488,353	1,222,811

7. INVENTORIES**CURRENT**

Merchandise and Liquor – at cost	509,133	462,388
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In 2014 the write down of inventory to net realisable value amounted to \$0 (2013: \$81,844).

8. INVESTMENTS**NON-CURRENT**

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

9. INTANGIBLE ASSETS

Naming rights – at cost	117,167	117,167
Less accumulated amortisation	(100,811)	(94,953)
	16,356	22,214
Signage rights – at cost	100,000	100,000
Less accumulated amortisation	(94,598)	(89,598)
	5,402	10,402
Logo design – at cost	48,000	48,000
Less accumulated amortisation	(24,000)	(19,200)
	24,000	28,800
Liquor licencing – at cost	22,192	22,192
Less impairment	-	-
	22,192	22,192
Gaming entitlements – at cost	867,858	867,858
Less impairment	-	-
	867,858	867,858
Capital work in progress	-	-
Total Intangible Assets	935,808	951,466

	2014 \$	2013 \$
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RECONCILIATIONS**NAMING RIGHTS**

Carrying amount at beginning of year	22,214	28,073
Amortisation	(5,858)	(5,859)
Carrying amount at end of year	16,356	22,214

SIGNAGE RIGHTS

Carrying amount at beginning of year	10,402	15,402
Amortisation	(5,000)	(5,000)
Carrying amount at end of year	5,402	10,402

LOGO DESIGN

Carrying amount at beginning of year	28,800	33,600
Amortisation	(4,800)	(4,800)
Carrying amount at end of year	24,000	28,800

LIQUOR LICENCE

Carrying amount at beginning of year	22,192	22,192
Impairment	-	-
Carrying amount at end of year	22,192	22,192

GAMING ENTITLEMENTS

Carrying amount at beginning of year	867,858	867,858
Impairment	-	-
Carrying amount at end of year	867,858	867,858

10. PROPERTY, PLANT AND EQUIPMENT

Plant and equipment – at cost	7,431,219	10,361,319
Less accumulated depreciation	(6,116,401)	(8,242,225)
	1,314,818	2,119,094
Leasehold improvements – at cost	8,716,511	8,705,466
Less accumulated amortisation	(4,028,268)	(3,300,832)
	4,688,243	5,404,634
Capital work in progress	-	163,942
	6,003,061	7,687,670

	2014 \$	2013 \$
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RECONCILIATIONS**PLANT AND EQUIPMENT**

Carrying amount at beginning of year	2,119,094	2,732,916
Additions	381,938	630,013
Disposals	(11,363)	(49,169)
Depreciation	(1,174,851)	(1,194,666)
Carrying amount at end of year	1,314,818	2,119,094

LEASEHOLD IMPROVEMENTS

Carrying amount at beginning of year	5,404,634	6,125,697
Additions	11,044	10,680
Amortisation	(727,435)	(731,743)
Carrying amount at end of year	4,688,243	5,404,634

CAPITAL WORK IN PROGRESS

Carrying amount at beginning of year	163,942	73,089
Additions	100,489	121,353
Write-offs	(264,431)	(30,500)
Carrying amount at end of year	-	163,942

11. TRADE AND OTHER PAYABLES**CURRENT**

Trade payables	1,046,543	565,563
Trade payables to AFL	6,262,308	w3,360,312
Other payables and accrued expenses	2,307,864	2,453,645
	9,616,715	6,379,520

12. OTHER LIABILITIES**CURRENT**

Income received in advance	163,208	1,613,657
Accrued lease liability	475,860	294,882
	639,068	1,908,539

NON CURRENT

Accrued lease liability	8,387	596,077
	8,387	596,077

13. LOANS AND BORROWINGS**CURRENT**

Commercial bill	-	6,700,000
	-	6,700,000

NON CURRENT

Commercial bill	7,000,000	-
	7,000,000	-

The Company has an \$8.0 million (2013: \$8.0 million) commercial bill facility with Westpac that is secured by a General Security over all of the Company's existing and future assets and undertakings. The facility is also secured by a guarantee and indemnity issued by the AFL expiring 31 October 2016. The average interest rate on bills drawn was 3.8% (2013: 4.1%). The amount drawn at 31 October 2014 was \$7.0 million (2013: \$6.7 million).

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

14. COMMITMENTS**(A) RENTAL COMMITMENTS**

The Company has a current lease regarding the use of the Gabba for a further 2 years (after agreeing with the Landlord to an extension of one year on the existing term), plus two 5 year options.

The Company has a current lease over the premises occupied by the Social Club at Springwood for a further 11 years, plus two 10 year options.

The Company has a current lease over an office premises at Etihad Stadium for a further 2 years.

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:

	2014 \$	2013 \$
Not later than one year	2,499,392	2,681,024
One year or later and no later than five years	4,680,771	5,599,707
Later than five years	4,972,465	5,693,291
	12,152,628	13,974,022

During the financial year ended 31 October 2014 \$2,504,691 was recognised as an expense in profit and loss in respect of operating leases (2013: \$2,431,267).

(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:

	2014 \$	2013 \$
Not later than one year	12,337,377	10,279,862
One year or later and no later than five years	14,304,089	7,288,000
Later than 5 years	537,500	-
	27,178,966	17,567,862

(C) CONSTRUCTION COMMITMENTS

There were no construction commitments existing at the end of the financial year.

15. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

The following are entities controlled by the Company.

NAME	CLASS OF SHARE	INTEREST HELD	
		2014 %	2013 %
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 2014.

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

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

	2014 \$	2013 \$
Total compensation provided	2,233,879	1,448,103

Total compensation provided includes amounts paid on termination to four key management personnel.

DIRECTORS' REMUNERATION

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

KEY MANAGEMENT PERSONNEL AND DIRECTOR TRANSACTIONS

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

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

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

DIRECTOR	SERVICE	INCOME/ (EXPENSE) 2014 (GST EXCLUSIVE)	RECEIVABLE/ (PAYABLE) AT 31/10/14	INCOME/ (EXPENSE) 2013 (GST EXCLUSIVE)	RECEIVABLE/ (PAYABLE) AT 31/10/13
M Power	Corporate Sales	92,098	-	84,382	-

17. ECONOMIC DEPENDENCY

A significant portion of the income of the Company is derived from the holding of licences issued by the Australian Football League (AFL) and the Queensland Office of Liquor and Gaming Regulation. The Company is economically dependent on the ongoing support of the AFL through receipts of distributions and other financial assistance as outlined in note 1(B) Going Concern.

18. EVENTS SUBSEQUENT TO REPORTING DATE

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

DIRECTORS' DECLARATION

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

- (a) the financial statements and notes set out on pages 4 to 12 are in accordance with the Corporations Act 2001, including:
- (i) giving a true and fair view of the financial position of the Company as at 31 October 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Brisbane this 19 November 2014.

Signed in accordance with a resolution of the Directors:


Chairman
R J Sharpless

**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 statement of financial position as at 31 October 2014, and the statement of profit or loss and other 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* and for such internal control as the Directors determine necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

INDEPENDENCE

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

AUDITOR'S OPINION

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

- (a) giving a true and fair view of the Company's financial position as at 31 October 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

MATERIAL UNCERTAINTY REGARDING CONTINUATION AS A GOING CONCERN

Without modification to the above opinion, we draw attention to note 1(B) to the financial report which indicates that as at 31 October 2014 the Company has a deficiency in net assets of \$8,248,972, a deficiency in current assets of \$8,213,245 and that the ability of the Company to continue as a going concern is dependent upon the Company being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other sources, including the Australian Football League's distributions. These conditions, along with other matters as set forth in note 1(B), indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and therefore, whether it will realise its assets and settle its liabilities in the normal course of business and at the amounts stated in the financial report.

KPMG

KPMG



Scott Guse
Partner

Brisbane
19 November 2014



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