LEAGUES CLUB

Broncos

CELEBRATING 25 YEARS

2012/13

Annual Report

BRISBANE BRONCOS LEAGUES CLUB LIMITED

Contents

Notice is hereby given that the 25th Annual General Meeting of Brisbane Broncos Leagues Club Ltd, ACN 010 798 679 will be held in the Darcey Mitchell Room, Brisbane Broncos Leagues Club Ltd, Fulcher Road, Red Hill on Thursday, 28 November 2013 at 6.00pm.

AGENDA

1. Apologies
2. Confirmation of minutes from the last Annual General Meeting held on Thursday, 29 November 2012.
3. Business arising out of minutes.
4. Annual reports for adoption:
   4.1 President and General Manager's Report; and
   4.2 Directors' Report, Independent Audit Report and Financial Statements.
5. Approval of Committee Members' remuneration year ended 30 June 2014.
6. General business (of which seven days written notice has been given).

Dated 1st October 2013 by order of the Board of Directors.

Geoff Kuehner
General Manager/Secretary

PRESIDENT **Bruno Cullen**

EXPERIENCE AND QUALIFICATIONS

Bruno Cullen (FAICD FAMI) has been President since November 2008 and a director for 10 years. He was the managing director of the Brisbane Broncos Limited until January 2011 after 8 years in that position. He is Chairman of the Queensland Country Credit Union Ltd and a director of Queensland Country Health Ltd. He is a fellow of both the Australian Institute of Company Directors (AICD) and the Australian Mutuals Institute (AMI). He is a director of the Queensland Academy of Sport (QAS). He is also a member of the Club's Audit committee.

VICE PRESIDENT **Gene Miles**

EXPERIENCE AND QUALIFICATIONS

Gene Miles has been a director for 15 years and represented Australia in rugby league and is a former captain of the Brisbane Broncos. He is currently Executive Chairman of the Former Origin Greats (FOGS). Gene has been a selector for the Qld State of Origin team for the previous 13 years. He is also a life member of Broncos Leagues Club.

HONORARY TREASURER **Ken Macdonald**

EXPERIENCE AND QUALIFICATIONS

Ken Macdonald is a fellow of the Institute of Public Accountants. In 2005, he retired as Managing Director and Chief Executive Officer of the publicly listed automotive group AP Eagers Limited after 26 years service. He retired as a non-executive director of MTQ Insurance Services Limited in 2008 after 9 years service. He is also a member of the Club's Audit committee.

Barry Maranta

EXPERIENCE AND QUALIFICATIONS

Barry Maranta led the purchase of the Broncos Leagues' Club from the Wests' Old Boys in 1988 and has been a director ever since; he was one of the original four owners and founding Chairman of the Brisbane Broncos Football Club. He was also subsequently the founding Chairman of the London Broncos Football Club playing in the English Super League.

Ron Atkins

EXPERIENCE AND QUALIFICATIONS

Ron Atkins has been a director for 25 years. He has been President of the Wests' Old Boys Association for 36 years and is a life member of that organisation. He was a public servant who worked with the Queensland State Government for 51 years. He is President of the Brisbane Branch of the Men of League.

Tom Condon

EXPERIENCE AND QUALIFICATIONS

Tom Condon has been a director for 14 years and is a retired civil engineer. He was a senior executive of Brisbane City Council for several years and is a life member of the Broncos Leagues Club.

James Peterson

EXPERIENCE AND QUALIFICATIONS

James Peterson has been a director for 8 years and is a partner in the law firm of McCullough Robertson and specialises in corporations law and governance. He has been a director of a number of companies. He is also a member of the Club's Audit committee.

Andrew Gee

EXPERIENCE AND QUALIFICATIONS

Andrew Gee joined the board in May 2008. He played 279 games for the Brisbane Broncos and was part of the Club's first 4 premierships. He also played rugby league for Queensland and Australia. He was the Brisbane Broncos' player of the year in 1998 and has also won the clubman of the year award on 2 occasions. He is currently the General Manager for Football Operations at Brisbane Broncos Limited.

GENERAL MANAGER /SECRETARY **Geoff Kuehner**

EXPERIENCE AND QUALIFICATIONS

Geoff Kuehner was appointed General Manager in December 2006 and started his employment at Broncos Leagues Club in 1995. He holds a Bachelor of Business from Queensland University of Technology. He was a director of Kuehner Marketing for 5 years which consulted to numerous venues in Queensland and New South Wales. He sits on the Leagues Club Association of Australia Advisory Council.

Brisbane Broncos Leagues Club Limited Annual Report 2012/2013

DEAR MEMBERS

We are pleased to present the 2012/2013 Annual Report for Brisbane Broncos Leagues Club Ltd.

During the year under review the Club produced a sound result with EBITDAS of $3.7 million and a profit before tax of $154,000.

As we reported last year the Club would face a number of challenges in the 2012/2013 financial year. The carbon tax was introduced and we then saw gaming taxes increase by 5.0% in the highest threshold. The industry also faced softer economic conditions and combined these had a significant impact on profitability.

A summary of the Club's financial performance for the 2012/2013 financial year is set out below.

	2013	2012
	$'000	$'000
Revenue		
Sales – food, bar & bottleshop	8,221	8,538
Gaming machine takings	13,226	13,663
Other	1,607	1,442
	23,054	23,643
Expenses		
Cost of sales	(3,676)	(3,693)
Gaming machine related expenses	(5,263)	(5,363)
Employee & other	(10,431)	(11,038)
	(19,370)	(20,094)
Profit before interest, tax, depreciation & sponsorship (EBITDAS)	3,684	3,883*
Finance costs	(705)	(764)
Depreciation & amortisation	(2,375)	(2,262)
	604	857
Profit from operations		
Sponsorship – Broncos Rugby League Club	(450)	(450)
Profit before tax	154	407

*The class action led by the Club against Alleasing was settled in 2012. As a result of this litigation a provision of $334,000 set aside for onerous lease commitments was reversed.

During the year Brisbane Broncos Leagues Club Ltd celebrated its 25 year anniversary. From somewhat simple beginnings the Club has transformed into a $30 million entertainment complex which is home to the Brisbane Broncos and 50,000 members. There are many who have contributed to the success of the Club including the original founding owners and directors, management, staff and of course our members.

Our support of the community continued during the 2012/2013 financial year and just over $1 million was distributed to local schools, charities, sporting organisations and community groups. Additionally our premier sponsorship of the Brisbane Broncos continued.

Being the home of the Brisbane Broncos is a significant point of difference for the Club and its members and we are extremely proud of the relationship between the two organisations. Jointly we worked together to secure the future of the Brisbane Broncos at Red Hill and we wish to thank all involved who assisted with this process including the local community and the State and Federal Governments. This project will continue to evolve over the coming months and we will keep members updated on our progress.

Our appreciation is extended to Dennis Watt, Paul White, Anthony Griffin and Sam Thaiday from the Brisbane Broncos for their continued support of the Club during the year. We also congratulate the Brisbane Broncos on their 25 year anniversary and the exceptional work they have done to become on of Australia's most recognised sporting organsiations.

The Club is committed to solving the shortage of car parking and has lodged a development application with the Brisbane City Council that, if, approved, will increase car parking by 30%. We understand the frustrations to members, guests and local residents as a result of the current lack of car parking, however, we are confident, the proposed solution will be a major benefit to all. We will provide updates on this important initiative as we progress plans with Council.

The Club's Master Plan has been reviewed and updated during the year. The Master Plan is an important document and provides the framework for the Board of Directors to make informed decisions on the future growth and financial performance of the Club.

The Federal Government introduced gambling reform legislation in November 2012. These reforms will be phased in over the next ten years commencing in February 2014 with a $250 per day ATM withdrawal limit for gaming machine venues. Your Club is committed to reducing the incidence of problem gambling and will continue to actively implement strategies that will be effective in further lowering the incidence of this within the community.

The Board of Directors had another extremely challenging year and we thank them for their diligence and high level of expertise. They have many responsibilities and once again have worked tirelessly and in the best interests of our members.

Our management team and staff are once again to be congratulated for their continued commitment and loyalty. Their contributions to our day to day operations and financial performance are significant and we thank them for their hard work. We especially would like to mention Colleen Stormont, David Mason, Sally Dickinson, Julie Vanderwall, Melissa Soutar, Troy Friend, Marcus Gibson, Josh Arnold, Caroline Neate and Toby West.

Finally but most importantly we thank our members. Without your support the Club simply wouldn't exist. We understand our members have a choice in a highly competitive industry and as a result we remain committed to providing only the very best in services and facilities for you to experience. It has been rewarding to meet those members who have been with us since day one during our 25 year celebrations and we also offer our thanks to these extremely loyal supporters of the Club.

There is so much to look forward to as we commence the next important stage of our history. No doubt the challenges will continue but so will the many highlights. We are well positioned to ensure our continued success and will look forward to you helping us achieve it.

Bruno Cullen
President

Geoff Kuehner
General Manager

Brisbane Broncos Leagues Club Limited Annual Report 2012/2013

Your directors present their report on the Club for the year ended 30 June 2013.

1. DIRECTORS

The following persons were directors of the company during the whole of the financial year and up to the date of this report unless otherwise stated:

B.P. Cullen (president)	T.W. Condon
B.D. Maranta	R.W. Atkins
K. Macdonald	J. Peterson
A. Gee	G.W. Miles

Bruno Cullen – President

Bruno Cullen (FAICD FAMI) has been President since November 2008 and a director for 10 years. He was the managing director of the Brisbane Broncos Limited until January 2011 after 8 years in that position. He is Chairman of the Queensland Country Credit Union Ltd and a director of Queensland Country Health Ltd. He is a fellow of both the Australian Institute of Company Directors (AICD) and the Australian Mutuals Institute (AMI). He is a director of the Queensland Academy of Sport (QAS). He is also a member of the Club's Audit committee.

Gene Miles – Vice President

Gene Miles has been a director for 15 years and represented Australia in rugby league and is a former captain of the Brisbane Broncos. He is currently Executive Chairman of the Former Origin Greats (FOGS). Gene has been a selector for the Qld State of Origin team for the previous 13 years. He is also a life member of Broncos Leagues Club.

Ken Macdonald – Honorary Treasurer

Ken Macdonald is a fellow of the Institute of Public Accountants. In 2005, he retired as Managing Director and Chief Executive Officer of the publicly listed automotive group AP Eagers Limited after 26 years service. He retired as a non-executive director of MTQ Insurance Services Limited in 2008 after 9 years service. He is also a member of the Club's Audit committee.

Barry Maranta

Barry Maranta led the purchase of the Broncos Leagues' Club from the Wests' Old Boys in 1988 and has been a director ever since; he was one of the original four owners and founding Chairman of the Brisbane Broncos Football Club. He was also subsequently the founding Chairman of the London Broncos Football Club playing in the English Super League.

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James Peterson has been a director for 8 years and is a partner in the law firm of McCullough Robertson and specialises in corporations law and governance. He has been a director of a number of companies. He is also a member of the Club's Audit committee.

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Andrew Gee joined the board in May 2008. He played 279 games for the Brisbane Broncos and was part of the Club's first 4 premierships. He also played rugby league for Queensland and Australia. He was the Brisbane Broncos' player of the year in 1998 and has also won the clubman of the year award on 2 occasions. He is currently the General Manager for Football Operations at Brisbane Broncos Limited.

General Manager /Secretary

Geoff Kuehner

Geoff Kuehner was appointed General Manager in December 2006 and started his employment at Broncos Leagues Club in 1995. He holds a Bachelor of Business from Queensland University of Technology. He was a director of Kuehner Marketing for 5 years which consulted to numerous venues in Queensland and New South Wales. He sits on the Leagues Club Association of Australia Advisory Council.

2. PRINCIPAL ACTIVITIES

The principal activities of the company are to provide a social and sporting club and to support the game of rugby league specifically through the Brisbane Broncos.

There were no significant changes in the nature of the company's activities during the financial year.

3. OBJECTIVES & STRATEGIES

Short term – The short term objective is to reduce current debt levels within a reasonable time frame whilst maintaining state of the art facilities and amenities that service the needs of our membership and community. The club will continue to promote and develop sporting and social activities ensuring we continue to maximise the clubs exposure and involvement within our community.

Long term – The long term objective of the Club is to conduct its business affairs in a sound and responsible manner, to promote the game of rugby league through our association and sponsorship of the Brisbane Broncos and to provide facilities and amenities that improve the financial and future viability of the club.

Strategy for achieving objectives - The primary strategies to achieve the objectives is through strong financial management and the use of key performance indicators (KPIs) to ensure that the Club's business plans, budgets and cash flows are current and relevant. Business activities are managed in a pro-active manner to ensure that the goals, objectives and business strategies are achieved.

The current departmental/management reporting strategies support this objective. The Club's checks and control measures ensure the KPIs provide relevant and accurate information to be utilised in the decision making processes of the club. The club is modern and well positioned for the next decade to ensure consistent growth and long term sustainability.

Performance measurement and key performance indicator - The KPIs are reviewed by executive management and the Board of Directors on a regular basis to ensure relevance at any particular point in time. Business activities are reviewed and altered to adhere to these documents.

4. MEETINGS OF DIRECTORS

During the financial year 11 general director meetings and 1 audit committee meeting were held. Attendances by each director were as follows:

	DIRECTORS MEETINGS		AUDIT COMMITTEE MEETINGS	
	Number Eligible to Attend	Number Attended	Number Eligible to Attend	Number Attended
B.P. Cullen	11	11	1	1
B.D. Maranta	11	10	-	-
R.W. Atkins	11	11	-	-
G.W. Miles	11	7	-	-
T.W. Condon	11	11	-	-
J. Peterson	11	11	1	1
K. Macdonald	11	11	1	1
A. Gee	11	9	-	-

There were no other committees.

5. LIMITED LIABILITY OF MEMBERS

The company was incorporated under the Corporations Act 2001 as a company limited by guarantee. If the company is wound up, and there are remaining liabilities of the company after realising the company's assets, the constitution requires each member to contribute a maximum of $100 each toward meeting any outstanding obligations of the company. At 30 June 2013, the total amount that members of the company (at $100 per member) may be liable to contribute if the company is wound up is $472,070 (2012: $467,480).

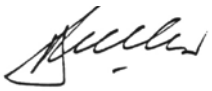
6. ROUNDING OF AMOUNTS

Pursuant to class order 98/0100, issued by the Australian Securities & Investments Commission, amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars unless otherwise indicated.

7. AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is attached to this report.

Signed at Brisbane this 26th day of September 2013 in accordance with a resolution of directors.



Bruno Cullen **(President)**

Brisbane Broncos Leagues Club Limited Annual Report 2012/2013

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JASON EVANS
CHRIS BALL
IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEDERICK
WARWICK RACE
NIGEL BATTERS

The Directors
Brisbane Broncos Leagues Club Ltd
Fulcher Road
RED HILL QLD 4059

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Brisbane Broncos Leagues Club Ltd for the year ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

(i) no contraventions of the auditor independence requirements of 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.

PITCHER PARTNERS

R C N WALKER
Partner

Brisbane, Queensland
26 September 2013

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the Corporations Act 2001, including:

(i) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the Club's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable

Signed at Brisbane on 26 September 2013 in accordance with a resolution of directors.

Director

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BRISBANE BRONCOS LEAGUES CLUB LTD

We have audited the accompanying financial report of Brisbane Broncos Leagues Club Ltd, which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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. Those 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 company'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 company'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 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.

Opinion

In our opinion, the financial report of Brisbane Broncos Leagues Club Ltd is in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the company's financial position as at 30 June 2013 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.

PITCHER PARTNERS

RCN WALKER
Partner

Brisbane, Queensland
26 September 2013

An Independent Queensland Partnership ABN 84 797 724 539
Liability limited by a scheme approved under Professional Standards Legislation
Independent member of Baker Tilly International

JR The partners of Johnston Rorke changed their trading name to Pitcher Partners on 1 December 2012.

Brisbane Broncos Leagues Club Limited Annual Report 2012/2013

Statement of Comprehensive Income for the year ended 30 June 2013

	NOTES	2013 $'000	2012 $'000
Revenue			
Food & beverage		8,221	8,538
Gaming machine takings		13,226	13,663
Other revenue	2	1,607	1,442
Other income	2	–	334
		23,054	23,977
Expenses			
Food & beverage		7,114	7,302
Gaming		5,263	5,362
Promotions and entertainment		2,198	2,401
Membership		574	683
Property costs		3,761	3,669
Administration		2,409	2,405
Finance costs	2	705	764
Other expenses		876	984
		22,900	23,570
Profit before income tax	2	154	407
Income tax (expense) / credit	3	23	(71)
Profit for the year		177	336
Other comprehensive income		–	–
Total comprehensive income for the year		177	336

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position as at 30 June 2013

	NOTES	2013 $'000	2012 $'000
Current Assets			
Cash and cash equivalents		427	405
Trade and other receivables	4	149	149
Inventories	5	156	173
Current tax assets		23	68
Other assets	6	131	151
Total Current Assets		886	946
Non-Current Assets			
Property, plant and equipment	7	19,946	19,557
Investment properties	8	2,207	1,500
Intangible assets	9	20	23
Deferred tax assets	10	31	29
Total Non-Current Assets		22,204	21,109
Total Assets		23,090	22,055
Current Liabilities			
Trade and other payables	11	1,652	2,253
Borrowings	12	3,057	7,877
Provisions	13	533	513
Other liabilities	14	97	123
Total Current Liabilities		5,339	10,766
Non Current Liabilities			
Borrowings	12	8,862	2,594
Provisions	13	60	38
Other liabilities	14	30	35
Total Non-Current Liabilities		8,952	2,667
Total Liabilities		14,291	13,433
Net Assets		8,799	8,622
Members' Funds			
Retained profits	15	8,799	8,622

Statement of changes in Equity for the year ended 30 June 2013

Members' funds at the beginning of the year	8,622	8,286
Profit for the year	177	336
Members' funds at the end of the year	8,799	8,622

The above statement of financial position and statement of changes in equity should be read in conjunction with the accompanying notes.

	NOTES	2013	2012
		$'000	$'000
Cash Flows from Operating Activities			
Cash receipts in the course of operations		25,069	25,789
Cash payments in the course of operations		(22,193)	(22,647)
Membership fees received		243	201
Finance costs paid		(711)	(820)
Income taxes paid		89	(119)
Net cash inflow from operating activities	19	2,497	2,404
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		33	–
Payments for property, plant and equipment		(515)	(1,333)
Payments for intangible assets		(7)	(20)
Payments for investment properties		(740)	(1,546)
Net cash outflow from investing activities		(1,229)	(2,899)
Cash Flows from Financing Activities			
Proceeds from bank borrowings		1,023	3,050
Repayment of bank borrowings		(905)	(1,200)
Repayment of hire purchase liabilities		(1,166)	(1,265)
Net cash outflow from financing activities		(1,048)	585
Net increase in cash held		220	90
Cash and cash equivalents at beginning of financial year		87	(3)
Cash and cash equivalents at end of financial year	19	307	87

The above statement of cash flows should be read in conjunction with the accompanying notes.

1. Summary of Significant Accounting Policies

The following is a summary of the material accounting policies adopted by the Brisbane Broncos Leagues Club Limited (the "Club") in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. The Club is a not-for-profit entity for the purpose of preparing the financial statements.

Compliance with Australian Accounting Standards – Reduced Disclosure Requirements AASB101

The financial statements of the Club comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the Australian Accounting Standards Board (AASB).

New and amended standards adopted

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 July 2012 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods.

Early adoption of standards

The Club has elected to apply AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements. The adoption of AASB 1053 and AASB 2010-2 allowed the Club to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Club's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 1(q).

Historic cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available for sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and (for the purposes of the cash flow statement) bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to individual items of inventory, mainly on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(c) Property, Plant and Equipment

Property, plant and equipment are measured on the cost basis, less depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Club and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

The depreciable amount of all property, plant and equipment, including building and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over the assets' useful lives to the Club commencing from the time the asset is held ready for use.

The expected useful lives are as follows:

Class	Life (Years)
Buildings	10-40
Plant and equipment	3-10
Leased plant and equipment	3-5

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

(d) Investment properties

Investment properties, principally comprising residential properties, are held for long-term rental yields and are not occupied by the group. Investment properties are carried at fair value, which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. These valuations are reviewed annually by the Directors. Changes in fair values are recorded in the profit or loss as part of other income or expenditure.

(e) Intangible Assets

Software assets have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of software over its estimated useful life of 3 years on average.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income, based on the national income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences, to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that, at the time of the transaction, did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The deferred tax liabilities in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

Current and deferred tax balances attributable to amounts recognised in other comprehensive income or directly in equity are also recognised directly in other comprehensive income or equity.

(g) Trade and Other Payables

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost. These amounts represent liabilities for goods and services provided to the Club prior to the end of financial year, which are unpaid. The amounts are usually unsecured and due within 30 days of recognition.

(h) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

(i) Leases

Leases of property, plant and equipment, where the Club has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the lease term.

(j) Employee Benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave
The liability for long service leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation
The Club makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

(k) Provisions

Provisions are recognised when the Club has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

(l) Financial Instruments

The Club classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

Recognition
Financial instruments are initially measured at fair value plus transaction costs (except for financial assets carried at fair value through profit or loss). Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest method.

Other
The Club does not have any financial instruments classified as at fair value through profit or loss, available-for-sale or held-to-maturity.

Fair value
Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value of all other financial assets and liabilities, including discounted cash flow analysis, recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment
At each reporting date the Club assesses whether there is objective evidence that a financial asset has been impaired. Impairment losses are recognised in profit or loss, where applicable.

(m) Impairment of Assets

At each reporting date the Club reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is estimated and compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Club estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(n) 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 the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and amounts collected on behalf of third parties.

Revenue from sale of goods, such as food and liquor, is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Revenue from gaming machines is recognised on the basis of daily takings.

Interest revenue is recognised as the interest accrues (using the effective interest rate method).

Revenue from membership fees is recognised over the membership period.

Members' subscription payments in advance are included in unearned revenue. Other amounts received in advance of provision of goods or services are also included in unearned revenue.

(p) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impaired receivables. Trade and other receivables are usually due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts, which are known to be uncollectible, are written off. A provision for impaired receivables is established when there is objective evidence that the Club will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the provision is recognised in profit or loss.

Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

(q) Critical Accounting Estimates and Judgements

The Club evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Club. Key estimates and judgements impacting the financial statements are as follows:

Recoverable amount of property, plant and equipment
The Club assesses impairment at each reporting date by evaluating conditions specific to the Club that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the assets is determined. The analysis to assess the recoverable amount of property, plant & equipment is based on their value in use which involves an assessment of the Club's net present value of estimated future cash flows. There are a number of critical assumptions used in the value in use calculation, in particular the growth rate of earnings, the level and timing of future capital expenditure and the impact on earnings, and the discount rate applied to the net cash flows. No impairment triggers were noted during the last two financial years.

(r) Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(s) General

This financial report covers Brisbane Broncos Leagues Club Ltd as an individual entity. Brisbane Broncos Leagues Club Ltd is a public company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Brisbane Broncos Leagues Club Ltd
Fulcher Road
RED HILL QLD 4059

	2013 $'000	2012 $'000
2. Revenue and Expenses		
Profit before income tax expense includes the following specific items:		
Other revenue		
Commissions	269	233
Sponsorships	35	35
Membership fees	274	223
Rent & recovery of outgoings	358	319
Entertainment shows	57	83
Other	614	549
	1,607	1,442
Other income		
Onerous lease reversed	–	334
Expenses		
Depreciation and Amortisation		
Depreciation - buildings	380	380
plant and equipment	1,950	1,686
Amortisation - software	10	9
- leased plant and equipment	35	187
Total depreciation and amortisation	2,375	2,262
Finance Costs		
Interest on bank loans and overdraft	563	619
Interest on finance leases and hire purchase liabilities	142	145
	705	764
Cost of sales – food, bar & bottleshop	3,676	3,693
(Profit) / Loss on sale of plant & equipment	(18)	81
Loss from fair value adjustment – investment properties (see note 8)	33	85
Sponsorship – Brisbane Broncos Rugby League Club Ltd	450	450
Employee benefits expense*	5,915	6,232
Defined contribution superannuation expense*	407	424

* Superannuation expense is also included within employee benefits expense

	2013 $'000	2012 $'000
3. Income Tax		
Income tax expense		
Current tax	(21)	6
Deferred tax	(2)	65
	(23)	71
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit for the year before income tax expense	154	407
Income tax calculated at the Australian rate of 30% (2012: 30%)	46	122
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
- Non-assessable net mutual income	(293)	(386)
- Members only income	(149)	(127)
- Members only expenditure	234	248
- Sponsorship	72	72
- Non-deductible amortisation	54	84
- Other items	34	(34)
- Benefit of tax losses not recognised	–	86
- Under/(over) provision in prior year	(21)	6
Income tax expense/(credit)	(23)	71
4. Trade and Other Receivables		
Trade receivables	68	73
Amounts receivable from Brisbane Broncos Football Club	33	44
Other receivables	48	32
	149	149
Refer to note 18 for information on amounts receivable from related parties		
5. Inventories		
Finished goods - at cost	156	173
6. Other Assets		
Prepayments & deposits	131	151

	2013	2012
	$'000	$'000
7. Property, Plant and Equipment		
Land – at cost	5,620	5,620
Buildings - at cost	19,717	19,717
Accumulated depreciation and impairment	(12,402)	(12,022)
	7,315	7,695
Plant and equipment - at cost	15,590	13,498
Accumulated depreciation	(8,579)	(7,299)
	7,011	6,199
Plant and equipment under finance lease - at cost	–	398
Accumulated amortisation	–	(355)
	–	43
Total property, plant and equipment	19,946	19,557

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment are set out below:

			PLANT EQUIPMENT		
	LAND	BUILDINGS	OWNED	LEASED	TOTAL
	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2011	5,620	8,075	4,810	402	18,907
Additions	–	–	3,021	–	3,021
Disposals	–	–	(37)	(81)	(118)
Transfers	–	–	91	(91)	–
Depreciation/Amortisation	–	(380)	(1,686)	(187)	(2,253)
Balance at 30 June 2012	5,620	7,695	6,199	43	19,557
Additions	–	–	2,769	–	2,769
Disposals	–	–	(7)	(8)	(15)
Depreciation/Amortisation	–	(380)	(1,950)	(35)	(2,365)
Balance at 30 June 2013	5,620	7,315	7,011	–	19,946

Assets Pledged as Security - Refer to note 12.

	2013	2012
	$'000	$'000
8. Investment properties		
Investment properties – at fair value	2,207	1,500
Movement in investment properties:		
Opening balance	1,500	–
Additions at cost	740	1,585
Net loss from fair value adjustments	(33)	(85)
Closing balance	2,207	1,500

In the 2013 financial year the Club purchased an additional residential property. The 3 investment properties owned by the Club adjoin the Club on the southern side and are being leased to Brisbane Broncos Football Club or other third parties. At 30 June 2012 the directors assessed the fair value of these properties at $2.2 million based on curbside valuations by a real estate showing a range of market values.

Assets Pledged as Security – Refer to note 12.

9. Intangible Assets		
Software - at cost	70	98
Accumulated amortisation	(50)	(75)
	20	23
Reconciliations		
Balance at 1 July	23	12
Additions	7	20
Amortisation	(10)	(9)
Balance at 30 June	20	23
10. Deferred Tax Assets		
Deferred tax assets	31	29
Deferred income tax relates to the following:		
Leased plant and equipment	1	(2)
Investment properties	1	3
Lease liabilities	–	1
Employee benefits	23	19
Accrued expenses	6	8
Net deferred tax assets	31	29

	2013 $'000	2012 $'000
11. Trade and Other Payables		
Trade creditors and accruals	1,455	1,656
Other payables (construction)	–	440
Amounts payable to related parties	197	157
	1,652	2,253

Refer to note 18 for information on amounts payable to related parties.

12. Borrowings		
Current		
Secured		
Bank overdraft	120	318
Bank loans / bills	1,200	6,400
Hire purchase liabilities	1,671	1,104
	2,991	7,822
Unsecured		
Other loans	66	55
	3,057	7,877
Non-Current		
Secured		
Bank loans / bills	7,307	2,000
Hire purchase liabilities	1,555	594
	8,862	2,594

Assets Pledged as Security

All the assets of the Club are pledged as security

Refer to note 20 for information on financial facilities.

13. Provisions		
Current		
Employee benefits	533	513
	533	513
Non-Current		
Employee benefits	60	38
	60	38

	2013 $'000	2012 $'000
14. Other Liabilities		
Current		
Unearned revenue	97	123
Non-Current		
Unearned revenue	30	35
15. Retained Profits		
Retained profits at the beginning of the financial year	8,622	8,286
Profit for the year	177	336
Retained profits at the end of the financial year	8,799	8,622

16. Company Limited by Guarantee

The Club is a public company limited by guarantee under the Corporations Act 2001. The amount which is capable of being called up in the event of winding up of the Club is not to exceed $100 per member by virtue of the Club's memorandum of association.

17. Commitments for Expenditure		
Finance leases		
Within one year	–	36
Later than one year but not later than five years	–	–
Minimum lease payments	–	36

Finance leases comprise leases of items of plant and equipment, mainly poker machines, under commercial finance lease terms and conditions. Leased liabilities are secured by the underlying assets.

Hire purchases		
Commitments in relation to hire purchases are payable as follows:		
Within one year	1,671	990
Later than one year but not later than five years	1,777	672
Minimum payments	3,448	1,662
Future finance charges	(222)	(111)
	3,226	1,551

Hire purchases comprise of items of plant and equipment, mainly poker machines, under commercial hire purchase terms and conditions. Hire purchase liabilities are secured by the underlying assets.

	2013 $'000	2012 $'000
18. Related Party Transactions		
(a) Key Management Personnel Compensation		
Key management personnel compensation	546,480	503,784

(b) Related Parties

(i) Brisbane Broncos Limited

The Club has a number of transactions with Brisbane Broncos Limited. One of the objectives of the Club, under its constitution, is to support the game of rugby league specifically through Brisbane Broncos Rugby League Club Ltd ("Broncos Football Club") a controlled entity of Brisbane Broncos Limited.

In relation to the bi-annual election of the Club's directors the Broncos Rugby League Club Ltd may nominate, for election, two nominees for each of the positions of President, Vice President, and Honorary Treasurer. It also may nominate eight nominees for the six of the other positions as Director.

The directors utilised the facilities of the club during the year within a normal employee/customer relationship on terms and conditions no more favourable than those which is reasonable to expect would have been adopted if dealing with them at arm's length in the same circumstances.

Transactions between the Club and Broncos Football Club were as follows:

Revenue received/receivable		
- Rent of premises and recovery of outgoings	296,518	235,688
- Catering	146,043	144,287
- Other	–	15,503
Expenses paid/payable		
- Sponsorship	450,000	450,000
- Other	105,342	46,249
Plant and equipment		
- Payments for office fitout in the area occupied by the Club	–	22,318

(ii) Other related parties

The Club pays legal fees to McCullough Robertson of which Jim Peterson (a director of the Club) is a partner. Fees paid/payable to McCullough Robertson in the 2013 financial year was $254,642 (2012: $25,709) of which $211,971 (2012: $11,656) was recovered through insurance in relation to th matter summarised in note 22.

	2013 $'000	2012 $'000
19. Notes to Cash Flow Statement		
Reconciliation of Net Profit to Net Cash from Operating Activities		
Profit for the year	177	336
Amortisation and depreciation	2,375	2,262
(Profit) / Loss on sale of property, plant and equipment	(18)	81
Loss on fair value adjustment	33	85
Changes in operating assets and liabilities:		
(Increase)/decrease in:		
Trade and other receivables	–	(48)
Inventories	17	(33)
Prepayments and other assets	20	(5)
Current tax assets	45	(68)
Deffered tax assets	(2)	65
Increase/(decrease) in:		
Trade payables and accruals	(161)	20
Unearned revenue	(31)	(21)
Provisions	42	(225)
Current Tax liabilities	–	(45)
Net cash provided by operating activities	2,497	2,404

Reconciliation of Cash and Cash Equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow is reconciled to the statement of financial position as follows:

Cash and cash equivalent assets	427	405
Bank overdraft	(120)	(318)
	307	87

Non-Cash Activities

During the 2013 year the Club acquired plant and equipment with an aggregate fair value of $2,694,000 by means of hire purchases (2012: $1,250,000).

	BANK LOANS		BANK OVERDRAFT	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
20. Finance Facilities				
The Club has access to the following finance facilities with the bank:				
Amount drawn	8,507	8,400	120	317
Amount unused	450	–	130	183
Total facility	8,957	8,400	250	500

The bank overdraft may be drawn at any time, may be terminated by the bank without notice and is subject to annual review. Interest is variable and is based on prevailing market rates.

The bank loans / bills are repayable as follows:

BALANCE		EXPIRY DATE	REPAYMENT TERMS
2013	2012		
$'000	$'000		
6,507	–	Sept 2017	Multi option facility - $300,000 repayable quarterly (minimum p.a. $600,000)
2,000	2,000	Feb 2015	Refer to multi option facility repayments above
	3,350	Nov 2012	
–	1,500	Nov 2012	
–	1,200	Nov 2012	
–	350	Nov 2012	
8,507	8,400		

In respect of the bank overdraft, fully drawn advance, bank loans / bills and lease liabilities (refer note 12) the bank has a mortgage over all assets and undertakings of the Club including the Club's premises and investment properties.

See also Note 22 for additional borrowings post balance date.

	2013	2012
	$'000	$'000
Equipment Finance Facilities		
In addition to the above the Club has equipment finance facilities with a number of financiers as follows:		
Total equipment finance facilities	2,200	1,600
Amounts drawn (included in lease and hire purchase liabilities)	(1,562)	(899)
Amounts undrawn	638	701

The Club is able to draw on these facilities for the acquisition of plant and equipment.

21. Working Capital

The Club operates with working capital where current liabilities exceed current assets as revenue in mostly received in cash when recognised and creditors are payable under agreed credit terms. Any surplus cash is used to repay borrowings. A large portion of current liabilities are not payable immediately but over the following twelve months out of future cash flows e.g. finance lease/hire purchase liabilities, employee benefits and debt reduction. The directors expect the Club's operations to generate net cash inflows sufficient to meet the Club's ongoing liabilities.

22. Contingent Liabilities

The Club entered into a call option agreement with Principal Properties Pty Ltd in November 2009 for a portion of the Club's land located at the southern car parking area. The grantee (Principal Properties) must, if it exercised the option, satisfy a number of conditions including ensuring that the Club has the continuous access to and use of at least the same number of car parking spaces as existed on the land as at November 2009. To be able to exercise that call option, the grantee (1) had to have lodged a development application (which qualified under the call option) with the Brisbane City Council prior to 30 September 2011, (2) had to have made a payment by 3 November 2012, if it was to exercise the option after that date, and (3) had to have obtained a reconfiguration approval for the land prior to 30 September 2013. None of this has occurred. The option lapsed, under its terms, at 5pm on 30 September 2013. Principal Properties is seeking, under a claim lodged in the Queensland Supreme Court in July 2012, an extension of various dates under a call option (including the date for lodgement of the development application with the Brisbane City Council and, as a consequence, the call option expiry date) and (as an alternative) damages for a loss of profits. The Club has lodged its defence to that claim and intends to vigorously defend the action.

23. Events subsequent to reporting date

There has been no matter or circumstance, which has arisen since 30 June 2013 that has significantly affected or may significantly affect:

(a) the operations, in financial years subsequent to 30 June 2013, of the company, or
(b) the results of those operations, or
(c) the state of affairs, in financial years subsequent to 30 June 2013, of the company.

A proud premier sponsor of the Brisbane Broncos

we are family

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