

brisbane broncos limited
and its controlled entities
annual financial statements and reports

2002



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Company directory

Directors

Donald Ian Nissen
Chairman

Brian Patrick Cullen
Managing Director

Donald Stanley Jackson
Keith Douglas Brodie
Peter William Jourdain
Dennis Michael Watt

Company Secretary

Louise Anna Lanigan

Registered Office

Broncos Leagues Club
Fulcher Road
Red Hill, Qld 4059

Auditors

Ernst & Young
1 Eagle Street
Brisbane, Qld 4000

Solicitors

Creagh Weightman
Level 19, 200 Mary Street
Brisbane, Qld 4000

Share Registry

Computershare Investor
Services Pty Ltd
Level 27, Central Plaza One
345 Queen Street
Brisbane, Qld 4000

Stock Exchange

The company is listed on the
Australian Stock Exchange.
The Home Exchange is
Brisbane.



Year in review

2002 RESULTS

The Brisbane Broncos Limited Group achieved a profit result for the 2002 financial year of \$375,990 after income tax.

When comparing this result to the 2001 net profit of \$2,999,177, it should be noted that the 2001 result includes the profit from the disposal of land at Red Hill in June 2001. The net 2001 profit of the consolidated entity before the effect of the land transaction was \$157,925.

CHANGE IN MANAGING DIRECTOR

On 7 November 2002, Mr Shane Edwards resigned as Managing Director of the Group after 14 years of service. Mr Edwards was appointed as Marketing Manager in 1989 and promoted to Managing Director in April 1995. The Board of Directors would like to acknowledge and sincerely thank Mr Edwards for his loyalty and invaluable contribution to the Brisbane Broncos during his employment and wish him well in all of his future endeavours.

On 6 January 2003, Brisbane Broncos Limited appointed Mr Bruno Cullen as Managing Director. Prior to his appointment, Mr Cullen was employed by Queensland Country Credit Union for 26 years – 12 of those as Chief Executive Officer. Mr Cullen has extensive experience in the finance industry, and his management expertise and rugby league knowledge equip him well for the role.



TAKEOVER

In March 2002, the takeover proceedings that began in November 2001 were finalised. As at the date of this report News Limited and its controlled entities owned a total of 68.87% of Brisbane Broncos Limited.

BRISBANE BRONCOS RUGBY LEAGUE FOOTBALL TEAM

On the field the Brisbane Broncos had a very good season, finishing one point behind the minor premiers, ultimately being eliminated in a close preliminary final.

The average home crowd for season 2002 increased to 20,101 from 19,952 in season 2001 which is encouraging and indicates the continued strength of Rugby League support in south east Queensland. It should be noted that crowd numbers were affected by scheduling clashes with other major events (both sporting and non-sporting), as well as inclement weather for major games such as Parramatta and Canterbury.

The Broncos retained the top position for home crowd attendances ahead of all other National Rugby League clubs and continued their dominance as the most watched rugby league team on Australian television in 2002.

BOARD OF DIRECTORS

Mr Jack Lunn retired as a director on 11 July 2002. The Board of Directors thank Mr Lunn for his contribution to the Broncos during his time as director.

Three new directors were appointed to the Board, namely Mr Keith Brodie (18 April 2002), Mr Peter Jourdain (11 February 2003) and Mr Dennis Watt (11 February 2003). For further information regarding the new directors' details and experience, please refer to the Directors' Report.

As stated above, Mr Shane Edwards resigned as Managing Director on 7 November 2002. Mr Bruno Cullen was appointed as Managing Director on 6 January 2003.

2003 AND BEYOND

2003 will be a challenging but exciting year for the Brisbane Broncos. The highlight of the year is the long awaited expected move to Suncorp Stadium — the home of Rugby League in Queensland. The first game is scheduled to be played on Sunday 1 June against the Newcastle Knights. The 2003 draw has the Brisbane Broncos scheduled to play 4 games at ANZ Stadium and 8 games at Suncorp Stadium.

A change of this magnitude is difficult for any organisation however the Board are confident that the planned relocation to Suncorp Stadium will lay the foundations for a positive future for both the Brisbane Broncos and Rugby League in Queensland.

Donald Ian Nissen
Chairman

Brian Patrick Cullen
Managing Director

The Broncos' corporate partners

Background

The calibre of companies who have entered into partnerships with the Broncos is a clear reflection of 3 key factors:

- the strength of the Broncos brand
- the team's popularity in the valuable Queensland market
- the commitment of the Broncos Commercial Operations Team to making sure its corporate partners generate a commercial return from their investment

The Broncos corporate family play a vital role in enabling the Broncos to deliver an outstanding sporting team that unites and excites the Queensland community. The following is a summary of our major and media partners and a brief insight into their relationship with the Broncos.

In addition to the companies featured below, the Broncos currently have 21 valued corporate supporters who make a significant contribution. Naturally, the fact that we are unfortunately unable to highlight them all in no way diminishes the Broncos appreciation of their vital support.

Major partners

Ergon Energy – the Broncos jersey has proudly displayed the logo of Ergon Energy the team's principal sponsor since July 2001. Like all great partnerships the Broncos and Ergon view each other as a key factor of their business success.

XXXX – in 2002 Queensland's favourite beer renewed its association with the Broncos for a further 5 years. This will enable two Queensland icons to further entrench their position.

Jupiters Gaming (Keno) – the sleeve sponsor of the Broncos, Jupiter Gaming leverage this important sponsorship to extend the brand awareness and participation of 'Keno' in the Queensland and New South Wales market place.

Nike – sharing strong and common brand values as market leaders, in 1996 the Broncos established a partnership with Nike as our exclusive apparel, accessory and equipment sponsor. Our close working relationship has allowed for many new and exciting Nike product innovations on the football field and beyond.

Coca-Cola – another market leader and a longstanding partner of the Broncos, Coca-Cola are the official non-alcoholic drink supplier of the Broncos and importantly, a major sponsor of Broncos junior development programs.

Broncos Leagues Club – sharing our intellectual property and many associated resources, the success of both the Broncos Leagues Club and the Broncos Football Club is of great importance. As such, our partnership is a strong and effective one.

Holden – the first 'all-Australian' car manufacturer and a trusted Australian brand, Holden are the exclusive motor vehicle company of the Broncos. Sharing like markets and having established a partnership since 1996, the Broncos and Holden work together to promote common synergies and to increase brand association.

Media partners

Channel Nine – the number one television network in Queensland and number one in Australia, Channel Nine are the exclusive free to air television sponsor of the Broncos. Together the Broncos and Channel Nine Queensland continue to benefit significantly from the localised partnership established since 1991.

B105 – Brisbane's number one rating radio station, B105 share a number of common brand synergies with the Broncos. As our exclusive radio station partner since 1991, B105 have established an outstanding association with the team and the Broncos brand alike.

The Courier Mail - our nation's second highest selling broadsheet, the Broncos proudly boast the Courier Mail as its preferred paper.

Principal Sponsor



People Powering People





Directors' Report

Your directors submit their report for the financial year ended 31 December 2002.

DIRECTORS

The names and details of the company's directors in office during the financial year and until the date of this report are as set out below. Directors were in office for the entire period unless otherwise stated.

Names, qualifications, experience and special responsibilities

Donald Ian Nissen
Non-Executive Chairman

Mr Nissen is Chairman of Energex Limited and Allgas Energy Limited. He is also a Director of Energex Retail Pty Ltd, Ariadne Australia Limited, Workcover Queensland, and McArthur Coal Limited. He has had approximately 40 years experience in the banking and finance industry.

Brian Patrick Cullen
Managing Director

Mr Cullen was appointed as Managing Director on 6 January 2003. Prior to his Broncos appointment, Mr Cullen was employed by Queensland Country Credit Union for 26 years – 12 of those as Chief Executive Officer. He is also a director of Queensland Country Credit Union Limited, Queensland Country Health Limited, Credit Link Services Limited and Brisbane Broncos Leagues Club.

Donald Stanley Jackson

Mr Jackson was appointed as a director on 20 November 2001. Mr Jackson was employed by Castlemaine Perkins in the liquor industry spanning a period of almost 25 years. He is a member of the board of the Brisbane Broncos Leagues Club and Brisbane Markets Limited and Chairman and Managing Director of DBCT Holdings Pty Ltd.

Keith Douglas Brodie

Mr Brodie was appointed as a director on 18 April 2002. Mr Brodie is a Chartered Accountant and the Company Secretary of The News Corporation Limited. He is a director of the North Queensland Cowboys and the Melbourne Storm Rugby League Clubs.

Peter William Jourdain

Mr Jourdain was appointed as a director on 11 February 2003. Mr Jourdain is a Chartered Accountant and is the Business Development Manager for the News Limited group of companies. He is a director of the North Queensland Cowboys and the Melbourne Storm Rugby League Clubs, and is also on the board of the New South Wales Rugby League.

Dennis Michael Watt

Mr Watt was appointed as a director on 11 February 2003. Mr Watt has had a career in print media, and for the past three years he has been general manager of Quest Community Newspapers which publishes 17 Brisbane community newspapers from Bribie Island to Beenleigh. He was previously Chief of Staff and Assistant Editor with The Courier Mail.

Frederick John (Jack) Lunn

Mr Lunn retired as director of the Company on 11 July 2002.

Shane Gregory Edwards

Mr Edwards resigned as Managing Director on 7 November 2002.



Directors' Report (continued)

Interests in the shares and options of the company and related bodies corporate

As at the date of this report, the interests of the directors in the shares and options of Brisbane Broncos Limited were:

<i>Directors</i>	<i>Ordinary shares</i>	<i>Options</i>
Donald Ian Nissen	50,000	-
Brian Patrick Cullen	-	-
Keith Douglas Brodie	35,000	-
Peter William Jourdain	-	-
Dennis Michael Watt	-	-
Donald Stanley Jackson	28,500	-

EARNINGS PER SHARE

	Cents
Basic Earnings Per Share	0.4
Diluted Earnings Per Share	0.4

DIVIDENDS

No dividends have been paid, declared or recommended since the end of the preceding financial year.

CORPORATE STRUCTURE AND INFORMATION

Brisbane Broncos Limited is a company limited by shares that is incorporated and domiciled in Australia. Brisbane Broncos Limited has prepared a consolidated financial report incorporating the entities that it controlled during the financial year. The address of the registered office is Fulcher Road, Red Hill, Queensland.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

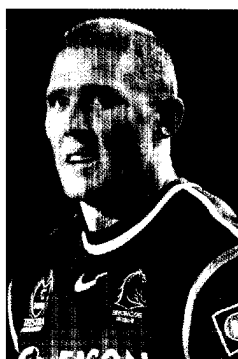
The principal activity of the consolidated entity during the 2002 financial year was the management and operation of the Brisbane Broncos rugby league football team. There have been no significant changes in the nature of those activities during the year.

REVIEW AND RESULTS OF OPERATIONS

Results

The profit of the consolidated entity for the 2002 financial year was \$375,990 after income tax (2001: \$2,999,177).

It should be noted that the 2001 result includes the profit from the disposal of land at Red Hill in June 2001. The net profit resulting from the sale of the land was \$2,841,252. The net 2001 profit of the consolidated entity before the effect of the land transaction was \$157,925.





Directors' Report (continued)

Review of Operations

The profit of the consolidated entity for the 2002 financial year was \$375,990 after income tax, a modest increase of \$218,065 over the previous year, excluding the profit on the sale of land of \$2,841,252.

Total operating revenue of \$14.3 million was approximately \$0.61 million less than last year (excluding gross proceeds from the sale of land in June 2001 of \$5.4 million in 2001). This reduction was due mainly to the accounting treatment of the Super League settlement grant of \$9.2 million paid to the Broncos in 1997. This grant has been accounted for as unearned income when paid and recognised in the financial statements as revenue on a diminishing value basis over a period of 5 years. 2001 was the final year of recognition of the grant in which \$581,432 was recorded as revenue.

Total operating expenses of \$13.9 million was approximately \$0.78 million less than last year (excluding the carrying value of the land sold in June 2001 of \$2.6 million). The savings in operating expenses have been achieved as a result of a variety of factors. Firstly, there were significant savings in player salaries for the 2002 season. 2002 was also the first year in which the Group's results did not include expenses from the Queensland Entertainment Services business. In 2001 an increase of \$100,000 was required for the doubtful debts provision in relation to the debt owing by Ansett Australia. Generally, management is continually reviewing costs in an attempt to reduce expenditure and improve the Group's result.

Cash reserves on call have reduced by \$0.60 million during the year primarily as a result of the delay in corporate and season membership sales. The selling process traditionally commences in November following the completion of a season which usually results in significant cash inflows prior to 31 December. Due to the delays associated with the redevelopment of Suncorp Stadium, it was impossible to determine pricing and costing structures until early 2003. Accordingly, the 2003 selling process did not commence until February 2003 and as a result no cash was collected prior to the end of the financial year.

A significant amount of management time has been devoted to negotiating a hiring agreement to play home games at Suncorp Stadium. Unfortunately, this process could not commence until the appointment of the stadium manager. At the date of this report negotiations continue. The move to Suncorp Stadium conceptually has the potential to be of significant benefit to the Company and rugby league in Queensland and management is intent on negotiating an outcome which will allow that potential to be fully realised.

There are several contracts with existing suppliers at ANZ Stadium which will be terminated on the successful completion of the negotiations for the new hiring agreement with Suncorp Stadium. It is not anticipated at this stage that there will be any material liabilities arising from the early termination of those contracts.

The Company settled disputed salary cap issues with the National Rugby League relating to the 2001 and 2002 seasons for a total of \$141,690. The Company disagreed with the interpretation of certain payments to players, but was unsuccessful in convincing the NRL Board on the issues. Subject to any vagaries of interpretation, no breaches of the salary cap are expected in the future.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs since 31 December 2002.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors have excluded from this report any further information on the likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years, as the directors believe that it would be likely to result in unreasonable prejudice to one or more entities in the consolidated entity.

SHARE OPTIONS

At 31 December 2002, there were no share options granted to directors or relevant officers as part of their remuneration. There are no share options issued by the company.

Directors' Report (continued)

INDEMNIFICATION AND INSURANCE OF OFFICERS AND DIRECTORS

Insurance and indemnity arrangements established in the previous year concerning officers of the consolidated entity were renewed during 2002.

Each of the directors of the company named earlier in this report and each full-time executive officer, director and secretary of all group entities are indemnified via insurance cover against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities. The monetary limit is \$5 million for each and every claim and in the aggregate during the policy period.

Brisbane Broncos Limited paid an insurance premium in respect of a contract insuring each of the directors of the company named earlier in this report and each full-time executive officer, director and secretary of the group entities, against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law, up to the monetary limit specified above.

DIRECTORS' AND OFFICERS' REMUNERATION

The Board as a whole considers all matters relevant to the nomination of directors and the remuneration of executive and non-executive directors and senior management. Remuneration is determined as part of an annual performance review, having regard to market factors and performance. Executive directors and officers remuneration packages generally comprise salary and superannuation.

The non-executive directors are responsible for evaluating the performance of the chief executive, who in turn evaluates the performance of all other senior executives.

Details of remuneration provided to directors and the most highly remunerated officers involved in the management of the affairs of the group are as follows:

	Base Salary	Bonus	Fee	Benefits (Motor Vehicle)	Super	Termination Payments	Total
Directors							
Donald Ian Nissen	-	-	20,000	-	1,692	-	21,692
Shane Gregory Edwards (Res 07-11-02)*	158,333	25,000	-	20,000	10,000	110,000	323,333
Brian Patrick Cullen (Appt 06-01-03)*	-	-	-	-	-	-	-
Donald Stanley Jackson	-	-	10,000	-	850	-	10,850
Frederick John Lunn (Rtrd 11-07-02)*	-	-	5,000	-	-	-	5,000
Keith Douglas Brodie (Appt 18-04-02)*	-	-	7,000	-	-	-	7,000
Peter William Jourdain (Appt 11-02-03)*	-	-	-	-	-	-	-
Dennis Michael Watt (Appt 11-02-03)*	-	-	-	-	-	-	-
Officers							
Michael Edwin Graham	73,154	-	-	8,750	5,959	-	87,863
— GM Marketing (Ceased 07-08-02)*							
Craig Andrew Richards	34,403	-	-	3,750	3,096	-	41,249
— GM Commercial Operations (Commenced 01-10-02)*							
Louise Anna Lanigan	86,000	-	-	15,000	7,345	-	108,345
— GM Finance & Administration							

*The amount presented reflects the remuneration for the period these individuals were directors during the financial year.



Directors' Report (continued)

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

<i>Board or Committee</i>	<i>Number of Meetings</i>
Full board	12
Audit	2

The attendance of the directors at meetings of the Board and of its Committees were:

	<i>Full Board</i>	<i>Audit Committee</i>
Donald Ian Nissen	12 (12)	2 (2)
Shane Gregory Edwards (Resigned 7 November 2002)	11 (12)	2 (2)
Brian Patrick Cullen (Appointed 6 January 2003)	0 (0)	0 (0)
Donald Stanley Jackson	7 (12)	2 (2)
Keith Douglas Brodie (Appointed 18 April 2002)	5 (6)	1 (1)
Peter William Jourdain (Appointed 11 February 2003)	0 (0)	0 (0)
Dennis Michael Watt (Appointed 11 February 2003)	0 (0)	0 (0)
Frederick John (Jack) Lunn (Retired 11 July 2002)	5 (8)	1 (1)

Where a Director did not attend all meetings of the Board or relevant committee (or was not a Director for the entire year), the number of meetings for which the Director was eligible to attend is shown in brackets.

Given its size, it has been resolved that the entire Board will sit as the Audit Committee. The Audit Committee met twice during the year. The details of the functions and memberships of the committees of the Board are presented in the Statement of Corporate Governance Practices.

This report is made in accordance with a resolution of Directors.

Brian Cullen
Managing Director

Brisbane, Queensland
13 March 2003

Statement of Corporate Governance Practices

The Board of directors of Brisbane Broncos Limited have adopted the following set of principles for the corporate governance of the Company. These principles establish the framework of how the Board carries out its duties and obligations on behalf of the shareholders.

The Board of Directors

The Board of Directors is responsible for setting the strategic direction and establishing the policies of Brisbane Broncos Limited. It is responsible for overseeing the financial position and for monitoring the business and affairs on behalf of the shareholders, by whom the Directors are elected and to whom they are accountable. It also addresses issues relating to internal controls and approaches to risk management.

In the event that a potential conflict of interest may arise, involved Directors withdraw from all deliberations concerning the matter and are not permitted to exercise any influence over other Board members or receive relevant Board papers. With the approval of the Chairman, any Director or Committee of the Board can seek external professional advice as considered necessary, at the company's expense. The Audit Committee is responsible for monitoring the independence and suitability of all professional advisers.

Composition of the Board

The Directors' Report contains details of the Directors' skill, experience and education. The Board currently comprises six directors, five of whom are non-executive.

Details of the Directors' shareholdings in the company are disclosed in the Directors' Report and the financial statements.

Committees of the Board

Given the size of the Board, only one committee has been established, being an Audit Committee to deal with audit issues. The entire Board comprises the Audit Committee. The responsibilities of the Audit Committee are as follows:

Committee

Audit Committee

Responsibilities

Ensure compliance with statutory responsibilities relating to accounting policy and disclosure by review of half yearly and annual financial statements.

Liaise with, assess the quality and review the scope of work and reports of the external auditor.

Advise the Board on the appointment of the external auditor and the scope and results of their work.

Assess the adequacy of accounting, financial and operating controls.

Assess the effectiveness of the management of business risk and the reliability of management reporting.

The Board as a whole considers all matters relevant to the nomination of Directors and the remuneration of executive and non-executive Directors and senior management.

Disclosures About Directors

Details of the Directors' remuneration and retirement benefits are disclosed in Note 18 and in the Directors' Report. Details of the indemnity given to directors are disclosed in the Directors' Report. Details of Directors' shareholdings are disclosed in Note 23.

Ethical standards and performance

The Board acknowledges the need for and continued maintenance of the highest standards of corporate governance practice and ethical conduct by all Directors and employees of Brisbane Broncos Limited.



Statement of Financial Performance for the year ended 31 December 2002

	Note	Consolidated		Parent	
		2002 \$	2001 \$	2002 \$	2001 \$
Revenues from ordinary activities					
Sales revenue	2	13,575,327	13,962,637	-	-
Other revenue	2	684,028	6,302,082	583,638	6,015,249
		<u>14,259,355</u>	<u>20,264,719</u>	<u>583,638</u>	<u>6,015,249</u>
Expenses from ordinary activities					
Expenses from ordinary activities	3	(13,883,254)	(17,223,228)	(1,304,016)	(3,512,040)
Borrowing costs expense	3	(111)	(42,314)	-	(41,928)
		<u>(13,883,365)</u>	<u>(17,265,542)</u>	<u>(1,304,016)</u>	<u>(3,553,968)</u>
Profit/(Loss) from ordinary activities before income tax expense					
	16	375,990	2,999,177	(720,378)	2,461,281
Income tax expense related to ordinary activities	5	-	-	-	-
Net profit/(loss) attributable to members of Brisbane Broncos Limited					
		<u>375,990</u>	<u>2,999,177</u>	<u>(720,378)</u>	<u>2,461,281</u>
Total changes in equity other than those resulting from transactions with owners as owners					
		<u>375,990</u>	<u>2,999,177</u>	<u>(720,378)</u>	<u>2,461,281</u>
Dividends provided for or paid		-	-	-	-
Basic earnings per share		0.4 cents	3.1 cents	-	-
Diluted earnings per share		0.4 cents	3.1 cents	-	-

The accompanying notes form an integral part of this Statement of Financial Performance.

Statement of Financial Position At 31 December 2002

	Note	Consolidated		Parent	
		2002 \$	2001 \$	2002 \$	2001 \$
CURRENT ASSETS					
Cash assets	17	281,365	56,802	250,730	39,548
Receivables	6	544,198	1,691,522	38,158	70,156
Inventories	7	12,605	6,748	-	-
Other	8	501,124	532,108	38,824	995
Total current assets		1,339,292	2,287,180	327,712	110,699
NON-CURRENT ASSETS					
Receivables	9	3,600,000	3,600,000	6,510,726	7,619,724
Other financial assets	10	-	-	5	5
Property, plant and equipment	11	106,199	104,522	257	477
Intangible assets	12	12,482,580	12,482,580	-	-
Total non-current assets		16,188,779	16,187,102	6,510,988	7,620,206
TOTAL ASSETS		17,528,071	18,474,282	6,838,700	7,730,905
CURRENT LIABILITIES					
Payables		1,325,121	1,017,750	159,411	261,683
Provisions	13	248,271	274,932	185,798	205,044
Other – unearned revenue		414,444	1,950,002	-	-
Total current liabilities		1,987,836	3,242,684	345,209	466,727
NON-CURRENT LIABILITIES					
Provisions	14	27,468	94,821	3,257	53,566
Total non-current liabilities		27,468	94,821	3,257	53,566
TOTAL LIABILITIES		2,015,304	3,337,505	348,466	520,293
NET ASSETS		15,512,767	15,136,777	6,490,234	7,210,612
EQUITY					
Contributed equity	15	28,991,500	28,991,500	28,991,500	28,991,500
Accumulated losses	16	(13,478,733)	(13,854,723)	(22,501,266)	(21,780,888)
TOTAL EQUITY		15,512,767	15,136,777	6,490,234	7,210,612

The accompanying notes form an integral part of this Statement of Financial Position.



Statement of Cash Flows for the year ended 31 December 2002

	Note	Consolidated		Parent	
		2002 \$	2001 \$	2002 \$	2001 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		12,403,841	14,481,800	-	241,144
Payments to suppliers & employees		(13,612,591)	(15,056,529)	(1,443,452)	(966,907)
		(1,208,750)	(574,729)	(1,443,452)	(725,763)
Rent received		39,000	241,212	39,000	-
Other revenue received		159,686	-	63,469	148,655
Interest received		486,205	230,770	443,167	225,425
Interest and other costs of finance paid		(11,999)	(73,868)	-	(41,928)
Net operating cash flows	17	(535,858)	(176,615)	(897,816)	(393,611)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(64,579)	(17,680)	-	-
Proceeds from sale of property, plant and equipment		-	181,603	-	-
Proceeds from sale of land		-	1,800,000	-	1,800,000
Net investing cash flows		(64,579)	1,963,923	-	1,800,000
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	500,000	-	500,000
Funds paid to controlled entities		-	-	-	(570,064)
Funds received from controlled entities		-	-	1,108,998	-
Repayment of lease liabilities		-	(288,023)	-	-
Repayment of borrowings		-	(1,300,000)	-	(1,300,000)
Net financing cash flows		-	(1,088,023)	1,108,998	(1,370,064)
Net increase/(decrease) in cash held		(600,437)	699,285	211,182	36,325
Cash at the beginning of the financial year		881,802	182,517	39,548	3,223
Cash at the end of the financial year	17	281,365	881,802	250,730	39,548

The accompanying notes form an integral part of this Statement of Cash Flows.

Notes to the financial statements

Note 1. Statement of significant accounting policies

Basis of Accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial statements are prepared on a basis consistent with the previous year and in accordance with the historical cost convention.

Principles of Consolidation

The consolidated financial statements include the financial statements of the parent entity, Brisbane Broncos Limited, and its controlled entities, referred to collectively throughout these financial statements as the "consolidated entity".

All inter-company balances and transactions have been eliminated in full.

Cash and Cash Equivalents

Cash on hand and in banks and short term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash included cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at principal amount. Interest is charged as an expense as it accrues.

Taxes

Income Tax

Tax effect accounting is applied using the liability method whereby income tax is recognised as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent that timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

GST

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

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

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.



Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Inventories

Inventories are valued at the lower of cost and net realisable value.

Recoverable Amounts of Non-Current Assets

All non-current assets are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amount. This is assessed by the Directors on the basis of expected net cash inflows arising from the assets' continued use and/or disposal. Expected net cash inflows have not been discounted to their present value in determining recoverable amounts.

Leases

Assets acquired under finance leases are capitalised and amortised over the life of the relevant lease, or where ownership is likely to be obtained on expiration of the lease, over the expected useful lives of the assets. Lease payments are allocated between interest expense and reduction in the lease liability.

Operating leases are not capitalised and rental payments are charged against operating profit in the period in which they are incurred.

Property, Plant and Equipment

All classes of property, plant and equipment are measured at cost. Property, plant and equipment is depreciated or amortised over their useful economic lives as follows:

	Life	Method
Owned plant and equipment	4 — 8 years	Straight-line

Intangible assets - Sporting franchise

Sporting franchise is recorded at cost less provision for diminution. Cost includes all net outgoings (including reorganisation costs) incurred up until such time as the consolidated entity can exercise practical and effective control over the operations of the relevant entity. Where the future cash flows from franchises are dependent upon revenue streams that are uncertain, a provision for diminution in value of the franchise is made.

No amortisation is provided against the sporting franchise, as in the opinion of the Directors, the life of the Brisbane Broncos is indefinite.

Employee entitlements

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave and long service leave.

Employee entitlements expected to be settled within one year together with entitlements arising from wages and salaries and annual leave which will be settled after one year, have been measured at their nominal amount. Other employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those entitlements.

Financial instruments included in equity

Ordinary share capital bears no special terms or conditions affecting income or capital entitlements of the shareholders.

Notes to the financial statements (continued)

Note 1. Statement of significant accounting policies (continued)

Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts.

An estimate of doubtful debts is made when collection of the full amount is no longer probable.

Other investments, including equity interests in non-subsiary, non-associated corporations are included in investments at the lower of cost or recoverable amount.

Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

Provisions

Provisions are recognised when the consolidated entity has a legal, equitable, or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of obligation.

Contributed Equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

Any transaction costs arising from the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

Revenues

Revenues are measured at the fair value of the consideration or contributions received or receivable. This includes sponsorship revenue received by way of goods and services.

The revenue from the Brisbane Broncos sporting franchise is recognised as income in the relevant sporting year on the following bases:

- sponsorship revenue from the naming rights sponsor is recognised on a monthly basis wholly within the financial year to which it relates;
- other sponsorship revenue and revenue from corporate and season membership sales are recognised in the financial year to which they relate on a home game basis, and
- revenues received in advance of a playing season and amounts received as compensation for future costs or loss of revenue are deferred as unearned revenue in the Statement of Financial Position and brought to account over the respective sporting seasons.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.



Notes to the financial statements (continued)

	Consolidated		Parent	
	2002 \$	2001 \$	2002 \$	2001 \$
Note 2. Operating revenue				
Sales revenue — services	13,575,327	13,962,637	-	-
Other revenue				
Rent received/receivable	39,000	241,212	39,000	241,212
Interest received/receivable — from other persons	486,205	230,770	481,169	225,425
Gross proceeds from sale of land	-	5,400,000	-	5,400,000
Other	158,823	430,100	63,469	148,612
Total other revenue	684,028	6,302,082	583,638	6,015,249
Total operating revenue	14,259,355	20,264,719	583,638	6,015,249

Note 3. Operating profit/(loss)

Expenses from ordinary activities, classified according to their function, are as follows:

Administration expenses	2,142,740	1,826,524	1,304,016	953,292
Operations expenses (i)	2,493,551	1,415,816	-	-
Marketing expenses	2,589,104	2,773,549	-	-
Grant paid to:				
Brisbane Broncos Rugby League Club Ltd (i)	6,657,859	8,648,591	-	-
Carrying value of non current assets sold:				
Sale of land	-	2,558,748	-	2,558,748
	13,883,254	17,223,228	1,304,016	3,512,040

Operating profit/(loss) before income tax is arrived at after charging the following specific categories of expenses:

Charging as expense:

Operating lease — playing venue	300,000	360,000	-	-
Operating leases — other	184,168	317,002	60,261	212,002
Provision for doubtful debts	-	100,000	-	-
Depreciation of property, plant and equipment	62,902	69,970	220	8,091
Provision for employee entitlements	55,346	83,069	30,655	27,887

Borrowing Costs

Interest paid/payable — other persons	111	386	-	-
Interest paid/payable — other related party	-	41,928	-	41,928

(i) A portion of operating expenses previously paid through the grant to Brisbane Broncos Rugby League Club Ltd are now incurred directly by the consolidated entity.

Notes to the financial statements (continued)

	Consolidated		Parent	
	2002	2001	2002	2001
	\$	\$	\$	\$

Note 4. Significant items

Operating profit/(loss) before income tax is arrived at after the following significant items:

	2002	2001	2002	2001
Profit on sale of land	-	2,841,252	-	2,841,252
	-	2,841,252	-	2,841,252
Income tax effect	-	-	-	-

Note 5. Income tax

The difference between income tax provided in the financial statements and the prima facie income tax is reconciled as follows:

Net profit/(loss) before income tax	375,990	2,999,177	(720,378)	2,461,281
Prima facie tax at 30%	112,797	899,753	(216,113)	738,384
Tax effect of permanent differences:				
Recoupment of prior year losses	(287,412)	(933,840)	-	(744,245)
Other non-deductible items	17,559	34,087	6,979	5,861
Income tax attributable to operating profit/(loss)	(157,056)	-	(209,134)	-
Future tax benefit not brought to account	157,056	-	209,134	-
Income tax expense	-	-	-	-

As at 31 December 2002, the unrecouped income tax losses of the company were \$5,151,614 (2001: \$4,556,145) and the consolidated entity were \$6,229,415 (2001: 6,529,212).

The benefit of unconfirmed, unrecouped income tax losses will only be obtained if:

- I. the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
- II. the consolidated entity continues to comply with the conditions for deductibility imposed by tax legislation; and
- III. no changes in tax legislation adversely affect the consolidated entity in realising the benefit from the deductions for the losses.



Notes to the financial statements (continued)

	Consolidated		Parent	
	2002 \$	2001 \$	2002 \$	2001 \$
Note 6. Receivables (Current)				
Trade debtors	436,308	1,040,035	38,158	156
Provision for doubtful debts	(13,846)	(243,513)	-	-
	422,462	796,522	38,158	156
Other debtors	121,736	895,000	-	70,000
	544,198	1,691,522	38,158	70,156

Note 7. Inventories (Current)

Merchandise — at cost	12,605	6,748	-	-
	12,605	6,748	-	-

Note 8. Other assets (Current)

Prepaid hiring fee	-	300,000	-	-
Other prepayments	43,050	47,210	32,467	510
GST recoverable	176,885	-	-	-
Other current assets	281,189	184,898	6,357	485
	501,124	532,108	38,824	995

Note 9. Receivables (Non-current)

Receivable on sale of land	3,600,000	3,600,000	3,600,000	3,600,000
Amounts receivable from controlled entities	-	-	16,810,726	17,919,724
Provision for non-recovery	-	-	(13,900,000)	(13,900,000)
	3,600,000	3,600,000	6,510,726	7,619,724

The receivable on the sale of the land is secured by way of second mortgage over the land. The receivable is interest-bearing and is due no later than 31 December 2008.

Notes to the financial statements (continued)

	Consolidated		Parent	
	2002	2001	2002	2001
	\$	\$	\$	\$
Note 10. Other financial assets (Non-current)				
Listed				
Shares in other corporations — at cost	10,000	10,000	10,000	10,000
Provision for diminution	(10,000)	(10,000)	(10,000)	(10,000)
	-	-	-	-
Unlisted				
Shares in controlled entities — at cost	-	-	130,005	130,005
Provision for diminution	-	-	(130,000)	(130,000)
	-	-	5	5
	-	-	5	5
The aggregate market value of listed shares is:	-	-	-	-

Further information regarding shares in controlled entities is shown in Note 20.

Note 11. Property, plant and equipment

CURRENT

Plant and equipment

Cost

Opening balance	-	234,800	-	-
Disposals	-	(234,800)	-	-
Closing balance	-	-	-	-

Accumulated Depreciation

Opening balance	-	66,255	-	-
Disposals	-	(66,255)	-	-
Closing balance	-	-	-	-

Provision for Diminution in Value

Opening balance	-	168,545	-	-
Disposals	-	(168,545)	-	-
Closing balance	-	-	-	-

Net book value

	-	-	-	-
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Notes to the financial statements (continued)

	Consolidated		Parent	
	2002 \$	2001 \$	2002 \$	2001 \$
Note 11. Property, plant and equipment (cont)				
Leased Assets				
<i>Cost</i>				
Opening balance	-	395,100	-	-
Disposals	-	(395,100)	-	-
Closing balance	-	-	-	-
<i>Accumulated Depreciation</i>				
Opening Balance	-	123,137	-	-
Disposals	-	(123,137)	-	-
Closing balance	-	-	-	-
<i>Provision for Diminution in Value</i>				
Opening balance	-	131,963	-	-
Disposals	-	(131,963)	-	-
Closing balance	-	-	-	-
Net book value	-	-	-	-
Total property, plant and equipment (Current)	-	-	-	-
NON CURRENT				
Leased Assets				
<i>Cost</i>				
Opening balance	-	1,361,483	-	-
Disposals	-	(1,361,483)	-	-
Closing balance	-	-	-	-
<i>Accumulated Amortisation</i>				
Opening Balance	-	432,820	-	-
Disposals	-	(432,820)	-	-
Closing balance	-	-	-	-
Net book value	-	-	-	-
Plant and equipment				
<i>Cost</i>				
Opening balance	673,333	1,045,001	100,214	100,214
Additions	64,579	17,680	-	-
Disposals	-	(389,348)	-	-
Closing balance	737,912	673,333	100,214	100,214

Notes to the financial statements (continued)

	Consolidated		Parent	
	2002 \$	2001 \$	2002 \$	2001 \$
Note 11. Property, plant and equipment (cont)				
<i>Accumulated Depreciation</i>				
Opening balance	568,811	701,333	99,737	91,645
Depreciation for year	62,902	69,970	220	8,092
Disposals	-	(202,492)	-	-
Closing balance	631,713	568,811	99,957	99,737
Net book value	106,199	104,522	257	477
Total property, plant and equipment (Non-current)	106,199	104,522	257	477
TOTAL PROPERTY, PLANT AND EQUIPMENT	106,199	104,522	257	477
Note 12. Intangible assets				
Sporting franchise – at cost	13,382,857	13,382,857	-	-
Provision for diminution	(900,277)	(900,277)	-	-
	12,482,580	12,482,580	-	-
Note 13. Provisions (Current)				
Employee entitlements	67,934	120,409	21,042	51,545
Other	180,337	154,523	164,756	153,499
	248,271	274,932	185,798	205,044
Note 14. Provisions (Non-current)				
Employee entitlements	27,468	94,821	3,257	53,566
Note 15. Contributed Equity				
98,040,631 (2001: 98,040,631) ordinary shares	28,991,500	28,991,500	28,991,500	28,991,500
	28,991,500	28,991,500	28,991,500	28,991,500
Options				
At 31 December 2002 there were no outstanding options to purchase shares in the company.				
Note 16. Accumulated losses and dividends				
Accumulated losses at the beginning of the financial year	(13,854,723)	(16,853,900)	(21,780,888)	(24,242,169)
Net profit/(loss)	375,990	2,999,177	(720,378)	2,461,281
Accumulated losses at the end of the financial year	(13,478,733)	(13,854,723)	(22,501,266)	(21,780,888)
Retained profits and reserves that could be distributed as dividends and franked out of existing franking credits	515,344	393,277	-	-



Notes to the financial statements (continued)

Note 17. Notes to the statement of cash flows

i) Reconciliation of cash

For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	Consolidated		Parent	
	2002	2001	2002	2001
	\$	\$	\$	\$
Cash	281,365	56,802	250,730	39,548
Cash equivalent — other debtors	-	825,000	-	-
	281,365	881,802	250,730	39,548

Amounts receivable from an unrelated entity held in the consolidated entity is considered to be cash as it is a highly liquid investment readily convertible to cash on hand at the option of the consolidated entity. It is considered there is no significant risk of changes in value of the receivable in 2001.

ii) Reconciliation of net profit/(loss) to net operating Cash Flows

Net profit/(loss)	375,990	2,999,177	(720,378)	2,461,281
Adjustments for non-cash income and expense items				
Depreciation and amortisation	62,902	69,970	220	8,091
Net profit on sale of land	-	(2,841,252)	-	(2,841,252)
Net loss on disposal of non-current assets	-	(19,269)	-	-
Transfers to/from provisions:				
Doubtful debts	(229,667)	(89,617)	-	-
Employee entitlements	(52,475)	9,690	(30,655)	(7,928)
Changes in Assets and Liabilities				
(Increase)/decrease in assets:				
Receivables	594,596	164,234	31,998	(25)
Inventories	(5,857)	12,159	-	-
Other assets	172,933	443,248	(37,829)	165
(Decrease)/increase in liabilities:				
Creditors and accruals	122,811	(519,999)	(102,272)	(11,665)
Unearned revenue	(1,535,558)	(151,379)	-	-
Provisions	(41,533)	(253,577)	(38,900)	(2,278)
Net operating cash flows	(535,858)	(176,615)	(897,816)	(393,611)

Notes to the financial statements (continued)

Note 18. Staff costs

a) Income of directors

The number of directors of the parent entity who were paid, or were due to be paid, income (including brokerage, commissions, bonuses, retirement payments and salaries), directly or indirectly from the company or any related party, as shown in the following bands, were:

	Parent	
	2002	2001
\$ 0 - \$ 9,999	2	2
\$ 10,000 - \$ 19,999	1	1
\$ 20,000 - \$ 29,999	1	1
\$220,000 - \$229,999	-	1
\$320,000 - \$329,999	1	-

The aggregate amount of income of the directors referred to in the above bands was: 367,875 259,000

The total of all income paid or payable, directly or indirectly, from the respective entities of which they are a director, or from any related party, to all the directors of each entity in the consolidated entity was \$367,875 (2001: \$259,000). This amount includes the value of insurance premiums and indemnity payments made for the benefit of directors.

b) Income of executives

The numbers of executives whose total income for the year falls within the following bands, were:

	Consolidated		Parent	
	2002	2001	2002	2001
\$40,000 - \$49,999	1	-	-	-
\$80,000 - \$89,999	1	-	-	-
\$100,000 - \$109,999	1	1	1	1
\$200,000 - \$209,999	-	1	-	1

The aggregate amount of income of the executives referred to in the above bands was: \$237,457 \$320,665 \$108,345 \$320,665

Income of executives comprises amounts paid or payable to executive officers domiciled in Australia, directly or indirectly, by the consolidated entity or any related party in connection with the management of the affairs of the entity or consolidated entity, whether as executive officers or otherwise.

Note 19. Remuneration of auditors

	Consolidated		Parent	
	2002	2001	2002	2001
	\$	\$	\$	\$

Amounts received, or due and receivable, by Ernst & Young for:

- an audit or review of the financial report of the entity and any other entity in the consolidated entity	42,000	45,700	42,000	45,700
- other services in relation to the entity and any other entity in the consolidated group	54,400	16,050	54,400	16,050
	<u>96,400</u>	<u>61,750</u>	<u>96,400</u>	<u>61,750</u>



Notes to the financial statements (continued)

Note 20. Controlled entities

The consolidated financial statements at 31 December 2002 include the following controlled entities. The financial years of all controlled entities are the same as that of the parent entity.

Name of Controlled Entity	% of shares held	
	2002	2001
Brisbane Broncos Corporations Trust	100	100
Brisbane Broncos Corporation Pty Ltd (Trustee)	100	100
Brisbane Broncos Management Corporation Pty Ltd	(a) 100	100
Queensland Entertainment Services Pty Ltd	(a) 100	100
Laurelgrove Pty Ltd	(a) 100	100
Pacific Sports International Pty Ltd	(a) 100	100
Brisbane Bandits Pty Ltd	100	100
Brisbane Bullets Trust	100	100
Pacific Sports Holdings Pty Ltd (Trustee)	(a) 100	100
Brisbane Professional Sports Investment Pty Ltd	100	100
Brisbane Broncos (Licencee) Pty Ltd	(a) 100	100
Broncos Insurance Agencies Pty Ltd	100	100
AH BR Pty Ltd	100	100

All controlled entities were incorporated in Australia, have only issued ordinary share capital, and are controlled either directly or through its subsidiaries by the parent entity.

- (a) These companies have entered into a deed of cross guarantee with Brisbane Broncos Limited which provides that all parties to the deed will guarantee to each creditor payment in full of any debt of each company participating in the deed on winding up of that company. Closed group disclosures are not presented as no company within the economic entity is required to avail itself of the relief from preparation of financial statements granted by ASIC Class Order 98/1418.

Note 21. Segment information

The economic entity operates in only one industry being the sports management and entertainment industry. The sole business interest of the consolidated entity during the financial year was the management and operation of the Brisbane Broncos Football Club, together with the Sale of Services. All business operations are conducted in Australia only.

Notes to the financial statements (continued)

Note 22. Earnings per share

	Consolidated	
	2002 cents	2001 cents
Basic earnings per share	0.4	3.1
Diluted earnings per share	0.4	3.1
(a) Number of Ordinary Shares		
Weighted average number of ordinary shares outstanding during the year used in the calculation of basic earnings per share.	98,040,631	98,040,631

(b) Information Concerning Earnings Per Share

There were no options outstanding at 31 December 2002.

Note 23. Related party disclosures

a) Directors

The directors of Brisbane Broncos Limited during the financial year were:

Donald Ian Nissen
 Shane Gregory Edwards (Resigned 7 November 2002)
 Brian Patrick Cullen (Appointed 6 January 2003)
 Donald Stanley Jackson
 Keith Douglas Brodie (Appointed 18 April 2002)
 Peter William Jourdain (Appointed 11 February 2003)
 Dennis Michael Watt (Appointed 11 February 2003)
 Frederick John (Jack) Lunn (Retired 11 July 2002)

Information on income of Directors is disclosed in Note 18.

b) Directors' shareholdings

	Shares issued by the parent entity	
	2002	2001
Shares and share options acquired from the entity during the year:		
Ordinary shares	-	-
Options over ordinary shares	-	-
Shares and share options held at end of the year:		
Ordinary shares	113,500	207,500
Options over ordinary shares	-	-

c) Other Director transactions

Directors of the consolidated entity and Directors of its related parties, or their Director-related entities, conduct transactions with entities within the consolidated entity that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the Director or Director-related entity at arm's length in similar circumstances.



Notes to the financial statements (continued)

Note 23. Related party disclosures (continued)

d) Transactions with related parties in the wholly owned consolidated entity

The parent entity entered into the following transactions during the year with related parties in the wholly-owned consolidated entity:

- loans were advanced and repayments received on short term inter-company accounts.

All transactions were on normal commercial terms and conditions.

e) Other related party transactions with the consolidated entity

News Limited owned 68.87% of the consolidated entity as at 31 December 2002.

News Limited previously provided the Company with a funding facility of \$5,000,000 which was not drawn upon during the 2002 financial year. This facility expired on 31 December 2002 and has not been renewed. News Limited have advised they will assess any request for funding on a case by case basis.

News Limited and its related entities provided the consolidated entity with \$100,000 (2001: \$190,000) in sponsorship income during the financial year. Advertising and other services were also provided during the financial year by News Limited and its related entities to the value of the sponsorship.

All transactions were on normal commercial terms and conditions.

The licence held by the consolidated entity is provided by the National Rugby League which is 50% owned by News Limited. During the year, the consolidated entity received \$2,536,000 (2001: \$2,541,000) in gross grants from the National Rugby League Limited. In addition, the consolidated entity accrued an amount of \$141,690 at year end in relation to salary cap fines which are payable to the National Rugby League Limited.

	Consolidated		Parent	
	2002	2001	2002	2001
	\$	\$	\$	\$

Note 24. Commitments for expenditure

Operating leases

Commitments in relation to operating leases are payable as follows:

Not later than one year	143,279	174,958	143,279	21,005
Later than one year but not later than five years	142,100	177,900	142,100	177,900
Later than five years	-	25,000	-	25,000
	285,379	377,858	285,379	223,905

Operating leases are entered into for motor vehicles and office equipment. Rental payments are fixed over the term of the lease. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing facilities.

Potential financial implications arising from the relocation from ANZ Stadium to Suncorp Stadium

There are several contracts in place relating to the use of ANZ Stadium. On transfer to Suncorp Stadium, these contracts will be terminated. The directors do not expect any material costs to arise that have not been reflected in the financial statements.

Notes to the financial statements (continued)

Note 24. Commitments for expenditure (cont)

Brisbane Broncos Rugby League Club Limited (BBRLC)

The consolidated entity has contracted with BBRLC for it to provide and manage a football team for entry into the National Rugby League (NRL) competition. Under this agreement, the consolidated entity has agreed to meet the costs of its operations, including reasonable amounts incurred in the development and promotion of rugby league.

The amount paid to BBRLC during the year was \$6,657,859 (2001: \$8,648,591).

	Consolidated		Parent	
	2002	2001	2002	2001
	\$	\$	\$	\$

Note 25. Finance facilities

Total facilities

Bank overdraft	200,000	200,000	-	-
Loans from related party	-	5,000,000	-	5,000,000
	200,000	5,200,000	-	5,000,000

Used at balance date

Bank overdraft	-	-	-	-
Loans from related party	-	-	-	-
	-	-	-	-

Unused at balance date

Bank overdraft	200,000	200,000	-	-
Loans from related party	-	5,000,000	-	5,000,000
	200,000	5,200,000	-	5,000,000

The bank overdraft facility may be drawn at any time and is payable at call and carries a floating interest rate. It is secured by a registered mortgage debenture over the assets and undertakings of the consolidated entity.

Note 26. Superannuation commitments

The consolidated entity contributes to various superannuation plans in order to satisfy award entitlements of employees and to comply with the Superannuation Guarantee Legislation. The consolidated entity is legally obliged to contribute to these plans which comprise accumulation funds. Contributions are at set percentages of employees' salaries and wages. The consolidated entity has no responsibility for the administration or performance of the superannuation plans. No superannuation plans have been established by the consolidated entity.



Notes to the financial statements (continued)

Note 27. Financial instruments

The consolidated entity is exposed to interest rate risk through financial assets and liabilities. The following table summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

2002	Floating interest rate (a)	Fixed interest rate maturing in 2002				Total	Average interest rate	
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing		Floating	Fixed
		\$000	\$000	\$000	\$000		\$000	\$000
Financial assets								
Cash and cash equivalents	281	-	-	-	-	281	3.35%	-
Trade debtors	-	-	-	-	436	436	-	-
Non-trade debtors & loans	-	-	-	3,600	-	3,600	-	12.5%
	281	-	-	3,600	436	4,317		
Financial liabilities								
Trade creditors	-	-	-	-	1,325	1,325	-	-
	-	-	-	-	1,325	1,325		

2001	Floating interest rate (a)	Fixed interest rate maturing in 2001				Total	Average interest rate	
		1 year or less	Over 1 to 5 years	More than 5 years	Non-interest bearing		Floating	Fixed
		\$000	\$000	\$000	\$000		\$000	\$000
Financial assets								
Cash	57	-	-	-	825	882	2.91%	-
Trade debtors	-	-	-	-	867	867	-	-
Non-trade debtors & loans	-	-	-	3,600	-	3,600	-	12.5%
	57	-	-	3,600	1,692	5,349		
Financial liabilities								
Trade creditors	-	-	-	-	1,018	1,018	-	-
	-	-	-	-	1,018	1,018		

(a) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

(b) The carrying amounts of financial assets and liabilities approximate their fair values.

Notes to the financial statements (continued)

Note 28. Number of employees

	Consolidated		Parent	
	2002	2001	2002	2001
The average number of full-time equivalents employed during the financial year were:	20	18	4	4



Directors' Declaration

In accordance with a resolution of the directors of Brisbane Broncos Limited, I state that:

1. In the opinion of the directors:
 - (a) the financial statements and notes of the company and of the consolidated entity are in accordance with the Corporations Act 2001, including:
 - I. giving a true view of the company's and consolidated entity's financial position as at 31 December 2002 and of their financial performance for the year ended on that date; and
 - II. complying with Accounting Standards and Corporations Regulations 2001; and
 - (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.

On behalf of the Board

Brian Cullen
Managing Director

Brisbane, Queensland
March 13, 2003



■ 1 Eagle Street
Brisbane QLD 4000
Australia

■ Tel 61 7 3011 3333
Fax 61 7 3011 3100
DX 165 Brisbane

PO Box 7878
Waterfront Place
Brisbane QLD 4001

INDEPENDENT AUDIT REPORT

To the members of Brisbane Broncos Limited

Scope

We have audited the financial report of Brisbane Broncos Limited for the financial year ended 31 December 2002, as set out on pages 10 to 30, including the Directors' Declaration. The financial report includes the financial statements of Brisbane Broncos Limited, and the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards, other mandatory professional reporting requirements in Australia, and statutory requirements so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Brisbane Broncos Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Russell Banham
Partner
Brisbane

Date: 13 March 2003



Shareholder Information

Substantial Shareholders as at 13 March 2003

The following is extracted from the Company's Register of Substantial Shareholders.

Name	Number of ordinary shares	Number of options over shares
Nationwide News Pty Ltd	67,521,089	-
Ognis Pty Ltd	9,598,685	-

Class of shares and voting rights

As at 13 March 2003 there were 707 holders of ordinary shares of the company. The voting rights attaching to the ordinary shares is one vote per share.

Distribution of shareholders as at 13 March 2003

Size of holding	Ordinary Shareholders	Ordinary share option-holders
1 — 1000	43	-
1001 — 5000	289	-
5001 — 10000	141	-
10001 — 100000	207	-
100001 — OVER	27	-
	707	-
Number of shareholders with less than a marketable parcel	335	-

Shareholder Information (continued)

Twenty largest shareholders as at 13 March 2003

Name	Number of ordinary shares
The News Limited Corporation Group	67,521,089
Ognis Pty Ltd	9,598,685
N & K Holdings Pty Ltd	4,213,784
Lake Morpeth Pty Ltd	2,020,000
Mr William Bryon Findley & Mrs Carolyn Ruth Findley	1,400,000
SSOR Pty Ltd	920,585
Australian Assets Corporation Limited	623,875
Lister Leisure Investments Pty Ltd	315,833
Pilbeam Investments Pty Ltd	315,833
Moonton Pty Ltd	301,750
W F M Motors Pty Ltd	300,000
Fortis Clearing Nominees Pty Ltd	238,863
Elizan Pty Ltd	215,250
Admirandus Pty Ltd	212,732
Jindabyne Pty Ltd	197,225
Brian Paradine	172,600
Mrs Neridah Marie Jacobsen	150,000
Mr Roger Brian Clarke & Mrs Barbara Joan Clarke	125,000
Meingrove Pty Ltd (G Bird Super Acc)	120,000
Mr Neale John Campbell	111,110
	89,074,214
Total held by twenty largest shareholders as a percentage of this class:	90.85%



Instructions on How to Complete the Proxy Form

1. Insert here the name of the person you wish to appoint as proxy, shareholders cannot appoint themselves. The Chairperson of the meeting will act as your proxy if you do not appoint someone. You can vote your shares even if you plan to attend the meeting.
2. A shareholder is entitled to appoint up to two persons (whether shareholders or not) to attend the meeting and vote. If you wish to appoint two proxies, please enter the second proxy's name and complete the section indicating the percentage of your voting rights each proxy is to represent. Note the aggregate % total must equal 100%.
3. If you wish to direct your proxy how to vote on any item, place a mark in the appropriate box. If a mark is placed in a box, your total shareholding will be voted in that manner. You may wish, split your voting direction by inserting the number of shares you wish to vote in the appropriate boxes. The vote will be invalid if a mark is made in more than one box for a particular item or if the total shareholding shown in the 'FOR', 'AGAINST' or 'ABSTAIN' boxes is more than your total registered shareholding at the time when entitlements for voting purposes are determined. The 'snapshot' time for determining entitlements for voting purposes will be no later than 48 hours before the commencement of the Annual General Meeting.
4. If a joint holding either shareholder may sign. If this form is being signed by a person who is not the registered holder then the relevant authority (eg power of attorney) must either have previously been exhibited to the Company or must be attached to this form.

If only one signatory needs to sign on behalf of a Company and that signatory is not the Sole Director and Sole Company Secretary then a certified copy of the Company's Constitution must be attached to this form.

NOTICE OF ANNUAL GENERAL MEETING

Registered Office: Broncos Leagues Club, Fulcher Road, Red Hill QLD 4059.

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of Shareholders of BRISBANE BRONCOS LIMITED will be held at the following time and place:

Time: 9am
Date: Monday 19 May 2003
Place: D'Arcy Mitchell Room
Broncos Leagues Club
Fulcher Road
RED HILL QLD 4059

ORDINARY BUSINESS

To receive the Financial Statements, Directors' Report, and the Statement by Directors' and Auditors' Report for the year ended 31 December 2002.

To consider and, if thought fit, pass, as ordinary resolutions of the Company, the following resolutions:

Pursuant to Article 12.6.1 of the Company's Articles of Association, the directors of the Company appointed Mr Dennis Watt and Mr Peter Jourdain as directors on 11 February 2003. In accordance with Article 12.6.2, Mr Dennis Watt and Mr Peter Jourdain, being eligible, each offers himself for election at the meeting.

RESOLUTION 1

That Mr Dennis Watt, having consented to act as a director of the Company, be and is hereby elected as a director of the Company, with immediate effect.

RESOLUTION 2

That Mr Peter Jourdain, having consented to act as a director of the Company, be and is hereby elected as a director of the Company, with immediate effect.

Pursuant to Article 12.4.1 of the Company's Articles of Association, Mr Donald Nissen must retire from office. In accordance with Article 12.4.3, Mr Donald Nissen, being eligible, offers himself for re-election at the meeting.

RESOLUTION 3

That Mr Donald Nissen, having consented to act as a director of the Company, be and is hereby re-elected as a director of the Company, with immediate effect.

By order of the Board of BRISBANE BRONCOS LIMITED



Ms Louise Lanigan
Company Secretary

14 April 2003



Proxy Form

Brisbane Broncos Limited

A.C.N. 009 570 030

1.

I/WE

Name(s) of Individual or Corporate holder(s)

OF

(Address of Holder as shown on the register of members)

a member of BRISBANE BRONCOS LIMITED Limited hereby appoint

(Name of proxy in block letters)

or failing that person, or if no person is named, the chairperson of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 10 am on Monday 19 May 2003 and at any meeting held subsequent and pursuant to an adjournment of that meeting.

If you wish to appoint two proxies then please photocopy this form and use one form for each proxy indicating the percentage of voting rights each proxy represents below. Alternatively you can ring the Company's Registered Office on (07) 3858 9111 and ask for a second proxy form to be mailed to you.

The proxy is appointed to exercise _____ % of my/our voting rights. (To be completed only if two proxies are being appointed). The proxy is directed to vote in the following manner:

2. Business

Ordinary Business

- Resolution 1 Appointment of Director - Dennis Watt
- Resolution 2 Appointment of Director - Peter Jourdain
- Resolution 3 Appointment of Director - Donald Nissen

For	Against	Abstain

(A mark should be placed in the appropriate box if the Member wishes to direct the proxy to vote in a specified way in relation to the above resolutions; if the Member wishes to apportion their votes, a specified number of shares should be written in the appropriate boxes - eg 1,000 "For" and 500 (Against).

3. Individuals to Sign

4. Companies to Sign

Executed in accordance with the Company's Constitution

 Director

 Director/Secretary (Delete the title that is not applicable)
 OR

 Sole Director and Sole Company Secretary

Proxies must be received at our Registered Office no later than 48 hours before the commencement of the Annual General Meeting. Proxies can be delivered to 1st Floor, Broncos Leagues Club, Fulcher Road, Red Hill Qld 4059, mailed to c/- Broncos Leagues Club, Fulcher Road, Red Hill Qld, 4059 or faxed to (07) 3858 9112.

