

**Australian Rugby League
Commission Limited**

ABN 94 003 107 293

(formerly Australian Rugby Football
League Limited)

**Consolidated General Purpose Financial Report
for the year ended 31 October 2012**

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Directors' Report

The Directors present their report for the Australian Rugby League Commission Limited ("ARLC" or "the Company") and the group, being the Company and its controlled entities for the year ended 31 October 2012.

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 follows. Directors were in office for this entire period unless otherwise stated.

John Grant BE (Hons) (Chairman) (Appointed 10 February 2012)

Mr Grant is the Managing Director of Data#3 Limited and a Director of the Australian Information Industry Association.

Catherine Harris AO PSM BCom FAICD (Appointed 10 February 2012)

Ms Harris is the Chairwoman of Harris Farm Markets and a Director of the National Gallery, The Australian Ballet, The University of New South Wales Foundation and the Australian School of Business Advisory Board and a Governor of The University of Notre Dame. Ms Harris is the Chair of the People, workplace culture and remuneration Committee.

Dr Chris Sarra Dip Ed Bed MEd Ph.D EMPA AICD (Appointed 10 February 2012)

Dr Sarra is a Director of the Stronger Smarter Institute.

Gary Pemberton AC BSc ATSE (Appointed 10 February 2012)

Mr Pemberton is a former Chairman of Qantas, TAB Limited, Racing NSW and the Sydney Olympic Organising Committee.

Ian Elliot MAICD (Appointed 10 February 2012)

Mr Elliot is a director of Hills Holdings Limited and Salmat Limited. Mr Elliot is the Chair of the Broadcast Committee.

Jeremy Sutcliffe LLB (Hons) OAMP MAICD (Appointed 10 February 2012)

Mr Sutcliffe is Chairman of CSR Limited, a Director of Amcor Limited and former Managing Director & CEO of SimsMetal Management Limited.

Peter Gregg BEc (Appointed 10 February 2012)

Mr Gregg is an Executive Director and the Chief Financial Officer of Leighton Holdings Limited Mr Gregg is the Chair of the Audit and Risk Committee.

Wayne Pearce BSc Dip Ed OAM (Appointed 10 February 2012)

Mr Pearce is a former Kangaroos Captain and Coach of the New South Wales Origin side. Mr Pearce is the Chair of the Collective Bargaining Agreement Committee.

John Chalk (Resigned: 10 February 2012)

Mr Chalk is the Chairman of New South Wales Rugby League Limited, and a Director of JR & L Chalk Pty Ltd and Lamdon Pty Ltd.

Robert Millward (Resigned: 10 February 2012)

Mr Millward is a Director of Illawarra District Rugby League Football Club Limited, St George Illawarra Rugby League Football Club Pty Limited and New South Wales Rugby League Limited.

Peter Betros (Resigned: 10 February 2012)

Mr Betros is a Director of Queensland Rugby League Limited, Brisbane Markets Limited and Northern Territory Rugby League.

Geoff Carr (Resigned: 10 February 2012)

Mr Carr is a Director of New South Wales Rugby League Limited and a previous director of ARL Development.

Raymond Dib (Resigned: 10 February 2012)

Mr Dib is a Director of Bulldogs RLFC, New South Wales Rugby League Limited and Bulldogs Leagues Club Limited.

The Honourable Terence Mackenroth (Resigned: 10 February 2012)

Mr Mackenroth is a Director of Queensland Rugby League Limited, Devine Limited and Lenard's Holdings

John McDonald AM (Resigned: 10 February 2012)

Mr McDonald is a Director of Crushers Leagues Club Limited, Cracker Print & Paper Pty Limited, Royal Agricultural Society of Queensland, AG Show and Queensland Rugby League Limited.

Robert Moore (Resigned: 10 February 2012)

Mr Moore is a Director of Queensland Rugby League Limited

Terence Quinn (Resigned: 10 February 2012)

Mr Quinn is a Director of Country Rugby League of NSW Limited and New South Wales Rugby League Limited

David Trodden (Resigned: 10 February 2012)

Mr Trodden is a Director of Balmain Tigers Rugby League Football Club Limited, Balmain Leagues Club Limited, West Tigers RL Limited and New South Wales Rugby League Limited.

COMPANY SECRETARIES

Shane Mattiske (Interim CEO)

Mr Shane Mattiske has been the Company Secretary of the National Rugby League Limited since 5 June 2012. Prior to his appointment, Mr David Gallop was the Company Secretary since 25 March 1998.

PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the financial year was the fostering and propagation of the game of Rugby League Football throughout the States and Territories of Australia and internationally.

The short and long term objectives of the Australian Rugby League Commission are to foster, develop, extend and adequately fund the game from grass roots to elite level; conduct State Of Origin and Australian representative matches; organise, conduct and foster the NRL competition; liaise with the RLIF on the international game and to promote and encourage sport, recreation and the general welfare of young people in the community.

Performance is measured through participation numbers, television viewers and attendances.

REVIEW OF OPERATIONS

On 10 February 2012, the Company and National Rugby League Investments Pty Limited ("NRLI") agreed to dissolve the National Rugby League Partnership ("NRLP") and terminate the Partnership Agreement and allow the Company to be the single body responsible for the control of the playing and efficient administration of the Game.

As part of the restructure, the agreements that the NRLP were a party to (namely; television broadcast rights, sponsorship, and various other services agreements) were novated to the Company.

Also on the 10 February 2012, a New Members Agreement was entered into for the Company, with the NSWRL, QRL, each of the 16 licensee clubs in the NRL competition and the 8 initial Directors of the Company (as disclosed in note 18) all becoming members of the Company. In addition, NRLI resigned as a member of the NRL leaving the Company as the sole member.

Due to this significant change in the structure of the Company, the 2011 and 2010 financial information included in the financial report is not comparable. The 2012 consolidated results include the full year results of ARLC and Australian Rugby League Development ("ARLD") and from 10 February 2012, NRLL results are included. The comparative 2011 and 2010 information only include the ARL and ARLD results. For further information refer to Note 2(p) and 20 of the financial report.

FINANCIAL RESULTS

The Australian Rugby League Commission Limited made a consolidated operating profit for the year of \$4,675,845 (2011: \$7,886,244).

DIVIDENDS

No dividends have been paid, declared, or recommended by the company during the financial year.

SIGNIFICANT EVENTS AFTER THE YEAR END

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the organisation, to affect significantly the operations of the organisation and the state of affairs in future financial years with the exception of the following;

On 12 December 2012, Australian Rugby League Commission Limited signed a 5 year digital media and sponsorship agreement with Telstra Corporation Limited.

LIKELY DEVELOPMENTS AND FUTURE RESULTS

The Directors are not aware of any other particular changes in the operations of the Company which will materially affect the results in subsequent years.

ENVIRONMENTAL ISSUES

The Company operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory.

DIRECTORS INTERESTS AND BENEFITS

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit because of a contract made by the Company or a related body corporate with a Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial interest, with the exception of transactions disclosed in Note 18.

INDEMNIFICATION OF OFFICERS

Australian Rugby League Commission Limited paid an insurance premium of \$29,751 (2011: \$27,305) in respect of a contract insuring the Directors of the Company named earlier in this report and each full-time executive officer, against liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law, up to the policy limit.

MEMBERS' GUARANTEE

The company is a company limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 October 2012 the number of members was 26 (2011: 7).

BOARD MEETINGS

The number of Board Meetings held during the year and the number of meetings attended by each Director was as follows:

Directors	Board Meetings	
	Eligible to Attend	Attended
J.Chalk ¹	5	5
R. Millward AM ¹	5	5
P.Betros ¹	5	5
G.Carr ¹	5	5
R. Dib ¹	5	5
Hon. T. Mackenroth ¹	5	5
J.McDonald AM ¹	5	5
R.Moore ¹	5	5
T. Quinn ¹	5	5
D. Trodden ¹	5	5
J. Grant ² (Chairman)	11	11
C. Harris AO PSM ²	11	11
Dr C.Sarra ¹	11	11
G. Pemberton AC ²	11	11
I. Elliot ²	11	11
J. Sutcliffe ²	11	10
P.Gregg ²	11	8
W. Pearce OAM ²	11	9

¹ Resigned 10 February 2012

² Appointed 10 February 2012

REGISTERED OFFICE

The registered office of Australian Rugby League Commission Limited is located at:

Rugby League Central, Driver Avenue Moore Park NSW Australia.

CORPORATE STRUCTURE

Australian Rugby League Commission Limited is a public, not-for-profit company, limited by guarantee. The domicile of the company is Sydney, Australia.



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Auditor's Independence Declaration to the Directors of Australian Rugby League Commission Limited

In relation to our audit of the financial report of Australian Rugby League Commission Limited for the financial year ended 31 October 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

A handwritten signature in black ink, appearing to read 'C George'.

Ernst & Young

A handwritten signature in black ink, appearing to read 'C George'.

Christopher George
Partner
Sydney
18 December 2012

Liability limited by a scheme approved under
Professional Standards Legislation

Signed in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to read 'John Grant'.

John Grant
Chairman
Sydney
18 December 2012

A handwritten signature in black ink, appearing to read 'Peter Gregg'.

Peter Gregg
Director
Sydney
18 December 2012

Statement of Consolidated Comprehensive Income

Year ended 31 October 2012	Notes	2012 \$	Restated 2011 \$
Broadcast Revenue		101,563,667	-
Funding from National Rugby League Partnership (NRLP)		4,890,034	28,521,993
Other Income	3	79,215,172	7,105,973
		<u>185,668,873</u>	<u>35,627,966</u>
Operational Expenses		(69,079,584)	(30,595,127)
Marketing & Media Expenses		(14,730,317)	-
Administration Expenses		(22,133,755)	(5,931,324)
Community, Education & Welfare		(5,182,535)	-
Club Grants		(46,200,000)	-
Other Club Assistance		(5,005,529)	-
One off Club Grant		(8,000,000)	-
Depreciation & Amortisation	3	(1,845,763)	(584,867)
Interest Expense	3	(91,716)	-
Loan Amount Forgiven		2,500,000	5,000,000
Share of NRLP Profit/(Loss)		(11,223,829)	4,369,596
		<u>(180,993,028)</u>	<u>(27,741,722)</u>
PROFIT BEFORE INCOME TAX		4,675,845	7,886,244
INCOME TAX EXPENSE		-	-
NET PROFIT		<u>4,675,845</u>	<u>7,886,244</u>
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF ARLC LIMITED		<u><u>4,675,845</u></u>	<u><u>7,886,244</u></u>

The accompanying notes form an integral part of this Statement of Consolidated Comprehensive Income.

Statement of Consolidated Financial Position

As at 31 October 2012	Notes	2012 \$	Restated 2011 \$	Restated 2010 \$
CURRENT ASSETS				
Cash and Cash Equivalents	4	43,595,880	2,911,254	3,627,344
Trade Receivables	5	7,531,182	6,707,288	6,318,341
Prepayments and Other Receivables	6	22,813,275	760,858	1,006,400
Inventory		485,056	628,594	682,503
TOTAL CURRENT ASSETS		74,425,393	11,007,994	11,634,588
NON CURRENT ASSETS				
Intangibles	7	130,573	-	-
Property, Plant and Equipment	8	22,046,887	1,024,550	822,354
Other Receivables	9	14,137,442	220,000	100,000
Investment in Associates	10	-	17,777,520	13,407,924
TOTAL NON CURRENT ASSETS		36,314,902	19,022,070	14,330,278
TOTAL ASSETS		110,740,295	30,030,064	25,964,866
CURRENT LIABILITIES				
Trade Payables		9,020,930	5,047,623	5,702,199
Other Payables	11	52,487,994	1,541,392	588,562
Provisions	12	2,667,811	479,539	469,078
TOTAL CURRENT LIABILITIES		64,176,735	7,068,554	6,759,839
NON CURRENT LIABILITIES				
Payables	13	26,727,894	7,988,678	12,122,662
Provisions	14	485,790	298,801	294,578
TOTAL NON CURRENT LIABILITIES		27,213,684	8,287,479	12,417,240
TOTAL LIABILITIES		91,390,419	15,356,033	19,177,079
NET ASSETS		19,349,876	14,674,031	6,787,787
EQUITY				
Reserves		2,227,781	2,227,781	2,227,781
Retained profits brought forward		17,122,095	12,446,250	4,560,006
TOTAL EQUITY		19,349,876	14,674,031	6,787,787

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

Statement of Consolidated Changes in Equity

Year ended 31 October 2012

	Reserves	Retained Profits	Total
As at 1 November 2011	2,227,781	12,446,250	14,674,031
Profit for the year	-	4,675,845	4,675,845
Other comprehensive income for the year	-	-	-
As at 31 October 2012	<u>2,227,781</u>	<u>17,122,095</u>	<u>19,349,876</u>

	Reserves	Retained Profits	Total
As at 1 November 2010	2,227,781	4,560,006	6,787,787
Profit for the year	-	7,886,244	7,886,244
Other comprehensive income for the year	-	-	-
As at 31 October 2011	<u>2,227,781</u>	<u>12,446,250</u>	<u>14,674,031</u>

The accompanying notes form an integral part of this Statement of Consolidated Changes in Equity

Statement of Consolidated Cash Flows

Year ended 31 October 2012	Notes	2012 \$	Restated 2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Revenue from ordinary operations		238,360,035	39,047,358
Payments to suppliers and employees		(154,881,937)	(39,032,251)
Grants to NRL Clubs		(46,200,000)	-
Interest received		338,574	55,866
Interest paid		(91,716)	-
NET CASH FLOWS FROM OPERATING ACTIVITIES	4 (b)	<u>37,524,956</u>	<u>70,973</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash transferred on acquisitions		5,270,884	-
Payments for property plant and equipment		(2,058,770)	(787,063)
Payments for intangibles		(86,060)	-
Proceeds from sale of plant and equipment		145,199	-
Issue of loan		(111,583)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>3,159,670</u>	<u>(787,063)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		40,684,626	(716,090)
CASH AT THE BEGINNING OF THE PERIOD		<u>2,911,254</u>	<u>3,627,344</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4	<u><u>43,595,880</u></u>	<u><u>2,911,254</u></u>

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

Notes to the Financial Statements

Year ended 31 October 2012

1. CORPORATE INFORMATION

The financial statements of Australian Rugby League Commission Limited for the year ended 31 October 2012 was authorised for issue in accordance with a resolution made by the directors on 18 December 2012.

Australian Rugby League Commission Limited is a Company limited by guarantee incorporated in Australia, formerly the company was called Australia Rugby Football League Limited. On 10 February 2012, a corporate restructure was enacted to allow the Company to be the single body responsible for the control of the playing and efficient administration of the Game.

Also on 10 February 2012, a new Member's Agreement was entered into for the Company and the Company name was changed to Australian Rugby League Commission Limited.

The registered office and principal place of business is Rugby League Central, Driver Avenue, Moore Park NSW Australia.

The nature of the operations and principal activities of the company are described in the Directors' report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general purpose financial report which complies with the requirements of the Corporations Act (2001) and Australian Accounting Standards. The financial statements have also been prepared in accordance with the historical cost convention. All amounts are in Australian dollars.

As at 31 October 2012 a number of accounting standards have been issued with applicable commencement date subsequent to the year end. The expected impact of the accounting standards should not materially alter the accounting policies of the entity at the date of this report.

(b) Statement of Compliance

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Income Tax

The company is a not-for-profit organisation in accordance with section 50-45 of the Income Tax Assessment Act of 1997.

(d) Foreign Currency Translation

Functional and presentational currency

Both the functional and presentational currency of Australian Rugby League Commission Limited is Australian dollars (\$).

Translation of foreign currency transactions

Transactions in foreign currencies are converted to local currency at the rate of exchange ruling at the date of the transaction.

Foreign exchange monetary items that are outstanding at the reporting date are translated using the spot rate at the end of the financial year.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Cash and cash equivalents

Cash and short-term deposits in the Statement of Consolidated Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Consolidated Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(f) Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rates method, less an allowance for impairment.

An allowance for doubtful debts is made when there is objective evidence that the entity will not be able to collect the debts. Bad debts are written off when identified.

(g) Intangibles

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in the accounting estimate and is thus accounted for on a prospective basis.

Amortisation is calculated on a straight-line basis over the estimated useful life of the intangible assets as follows:

	2012	2011
Computer Software	33%	33%

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Property, Plant and Equipment

Property, Plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. Such cost includes the cost of replacing parts that are eligible for capitalisation when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalisation. All other repairs and maintenance are recognised in the Statement of Comprehensive Income as incurred.

Plant and equipment have been depreciated over their useful economic life in 2012 and 2011 as follows:

	Life (Years)	Method
Leasehold Improvements	10	Straight Line
Building Costs	10-40	Straight Line
Owned Plant and Equipment	3-10	Straight Line
Leased Vehicles	5	Straight Line

The assets residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

(i) Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income.

(ii) Derecognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Comprehensive Income in the year the asset is derecognised.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Leased Assets

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Company substantially all the risks and benefits incidental to the ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in the Statement of Comprehensive Income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognised in the Statement of Comprehensive Income as an integral part of the total lease expense.

(j) Impairment of assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the entity makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or have been decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying value amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Comprehensive Income unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the assets revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid and arise when the entity becomes obliged to make future payments in respect of the purchase of these goods and services.

(l) Other Taxes

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

- when 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, which 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 Consolidated 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.

(m) Provision for Employee Benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits due to be settled within twelve months of the reporting date are measured at their nominal amounts based on rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

(n) Revenue

The company is a not-for-profit organisation. Salary Cap and other fine revenue are brought to account when the amount of the fine has been approved by the Board and any appeals process is concluded. Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Grant, Broadcast & Sponsorship Revenue

Revenue is recognised once there is evidence that the conditions associated with the respective agreements have been fulfilled. Until such time, funds received are recognised as deferred income.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Match Receipts Revenue

Revenue is recognised when the goods and services are provided. Goods and services are considered to be provided at the conclusion of a match.

(o) Player's retirement assets and liabilities

Player's retirement assets and liabilities fall due on retirement. Given this is unknown at any point in time, the asset and liability are both disclosed as non-current. If a player's retirement is probable and is expected in the next 12 months, then the resulting asset and liability will be disclosed as current.

(p) Restatement of prior period accounting for subsidiary

To date, the Company has not consolidated or disclosed its interest in ARLD in its financial statements.

Since the incorporation of the ARLD, the Company has been in a position to appoint the majority of the ARLD directors. The constitution of the ARLD provides that a simple majority is required at Board meetings for decisions to be approved. This provided the Company with the ability to govern the financial and operating policies of the ARLD.

As a result, the Company has been required to restate its 2011 and 2010 financial statements to consolidate the results of the ARLD.

The following table shows the impact of the restatement on key financial measures.

31 October 2011

	ARLC – as previously reported		ARLD	Elimination entries	ARLC restated consolidated balance
Revenue	28,351,680	(a)	11,645,881	(4,369,595)	35,627,966
Net profit	7,309,090		577,155	-	7,886,245
Total assets	24,977,359	(b)	5,637,568	(584,863)	30,030,064
Total liabilities	12,794,288	(c)	3,146,607	(584,863)	15,356,032
Total equity	12,183,071	(d)	2,490,961	-	14,674,032

31 October 2010

	ARLC – as previously reported		ARLD	Elimination entries	ARLC restated consolidated balance
Total assets	22,664,019		3,569,871	(269,024)	25,964,866
Total liabilities	17,790,038		1,656,065	(269,024)	19,177,079
Total equity	4,873,981		1,913,806	-	6,787,787

Notes:

The nature of the significant balances that comprise the line items above, include;

- (a) Grants from the NRL (\$8.5 million).
- (b) Cash (\$2.1 million), trade receivables (\$1.6 million) and property, plant and equipment (\$1 million)
- (c) Trade payables (\$1.5 million)
- (d) Retained profits

The ratio of the nature of the significant balances for 31 October 2010 is consistent with 31 October 2011, with the exception of the total liabilities line item. The significant balances that comprised the liabilities account was lease liabilities (\$700,000).

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

	Notes	2012 \$	Restated 2011 \$
3. REVENUE AND EXPENSES			
Broadcast Revenue		101,563,667	-
Funding from National Rugby League Partnership (NRLP)		4,890,034	28,521,993
Other Income			
Game Receipts		39,919,406	-
Sponsorship		14,022,212	-
Government Incentives		8,036,452	2,068,938
Gain on derecognition of media rights deferred revenue		2,748,691	-
Other Income		14,488,411	5,037,035
Total Other Income		79,215,172	7,105,973
Total Income		185,668,873	35,627,966
Depreciation and amortisation			
Depreciation of plant and equipment			
-Building		547,830	-
-Plant & Equipment		470,709	55,073
-Leasehold Improvements		22,774	-
-Plant & equipment under lease		637,154	529,794
Amortisation of intangible assets		200,489	-
(Profit)/Loss on disposal of non-current assets		(7,574)	5,892
Finance costs			
Hire purchases charges		91,716	73,856
Employee Benefits Expenses			
Salary and wages (including referees and match officials)		22,196,373	8,255,399
Annual Leave		574,574	-
Long Service Leave		257,870	-

4. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and deposits at call. Cash 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:

	Notes	2012 \$	Restated 2011 \$	Restated 2010 \$
Cash on Hand		1,000	1,000	1,000
Cash at Bank		43,594,880	2,910,254	3,626,344
		43,595,880	2,911,254	3,627,344

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

4. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date, at 31 October 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, profit and equity would have been affected as follows:

Judgements of reasonably possible movements:

	Profit Higher/(Lower)		Equity Higher/(Lower)	
	2012	2011	2012	2011
+1% (100 basis points)	106,064	-	-	-
- 1% (100 basis points)	(106,064)	-	-	-

	Notes	2012	2011
		\$	\$
(b) Reconciliation of Net Cash Provided by Operating Activities to Net Profit after Income Tax			
Net Profit After Income Tax		4,675,845	7,886,244
Adjustments for non-cash flows income and expense items			
Depreciation & amortisation		1,845,763	584,867
Net (Profit)/Loss on sale of plant and equipment		145,199	-
Employee benefits		315,243	14,685
Share of NRLP (Profit)/Loss		11,223,829	(4,369,596)
Loan forgiven		(2,500,000)	(5,000,000)
Fair value of media rights deferred revenue		(2,748,691)	-
Changes in assets and liabilities			
(Increase)/decrease in Receivables		6,218,260	(95,622)
(Increase)/decrease in Prepayments		(1,367,884)	(167,783)
(Increase)/decrease in Inventory		143,538	53,909
Increase/(decrease) in Payables		19,573,854	1,164,269
Net cash from operating activities		37,524,956	70,973

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

	Notes	2012 \$	Restated 2011 \$	Restated 2010 \$
5. TRADE RECEIVABLES				
Trade Receivables		8,275,936	6,957,288	6,318,341
Provision for Doubtful Debts		(744,754)	(250,000)	-
Total Trade Receivables		<u>7,531,182</u>	<u>6,707,288</u>	<u>6,318,341</u>

6. PREPAYMENTS AND OTHER RECEIVABLES (CURRENT)

Prepayments and Other Receivables		1,958,838	240,954	73,171
Accrued Income		18,754,318	-	-
Loans to NRL Clubs		111,583	-	-
Representative Players Account		368,118	-	-
Players Retirement Account		397,608	-	-
National Rugby League Partnership				
Other unrelated persons (ii)		1,222,810	519,904	933,229
Total Prepayments and Other Receivables		<u>22,813,275</u>	<u>760,858</u>	<u>1,006,400</u>

A provision for doubtful debts is recognised when there is objective evidence that an individual receivable is impaired. Trade receivables balances have been reviewed and a provision recognised for specific balances which are considered impaired where collection is considered doubtful.

- (i) For terms and conditions relating to related party receivables refer to Note 18.
- (ii) Other receivables are non-interest bearing and are generally on 30-60 day terms.

7. INTANGIBLES (NON CURRENT)

Work in Progress Account

Opening balance		-	-	-
Additions		84,500	-	-
Closing balance		<u>84,500</u>	-	-

Software development costs:

Opening balance		-	-	-
Net book value of assets acquired		49,213	-	-
Additions		1,560	-	-
Amortisation		(4,700)	-	-
Closing balance		<u>46,073</u>	-	-

At 31 October

Net Book Value		<u>130,573</u>	-	-
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The intangible asset is a consolidated centralised database system available to all clubs and NRL staff to help manage and build information/profiles of fans and corporate customers. The CRM will allow business growth both at the club and NRL level through leveraging customer data.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

	Notes	2012 \$	Restated 2011 \$	Restated 2010 \$
8. PROPERTY, PLANT AND EQUIPMENT (NON CURRENT)				
<i>Buildings Under Construction</i>				
Opening balance		-	-	-
Net book value of assets acquired		19,949,414	-	-
Transfers		(19,949,414)	-	-
Closing balance		-	-	-
<i>Building Costs</i>				
Opening Balance		-	-	-
Transfers		19,949,414	-	-
Closing balance		19,949,414	-	-
Accumulated Depreciation		-	-	-
Depreciation for the year		(547,830)	-	-
Closing balance		(547,830)	-	-
Net book value		19,401,584	-	-
<i>Plant and Equipment</i>				
Opening balance		460,995	453,766	411,640
Net book value of assets acquired		420,258	-	-
Additions		1,435,221	29,943	42,126
Disposals		(785,913)	(22,714)	-
Closing balance		1,530,561	460,995	453,766
Accumulated Depreciation		-	-	-
Opening balance		(342,899)	(305,877)	(261,065)
Depreciation for the year		(470,709)	(55,073)	(44,812)
Disposal		727,999	18,051	-
Closing balance		(85,609)	(342,899)	(305,877)
Net book value		1,444,952	118,096	147,889
<i>Leasehold Improvements</i>				
Opening balance		-	-	-
Net book value of assets acquired		22,777	-	-
Disposals		-	-	-
Closing balance		22,777	-	-
Accumulated Depreciation		-	-	-
Opening balance		-	-	-
Depreciation for the year		(22,777)	-	-
Disposals		-	-	-
Closing balance		(22,777)	-	-
Net book value		-	-	-

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

Notes	2012 \$	Restated 2011 \$	Restated 2010 \$
8. PLANT AND EQUIPMENT (NON CURRENT) (CONTINUED)			
<i>Plant and equipment under lease:</i>			
Opening balance	1,989,328	1,946,050	1,924,228
Net book value of assets acquired	327,773	-	-
Additions	623,549	749,579	21,822
Disposal	(534,741)	(706,301)	-
Closing balance	<u>2,405,909</u>	<u>1,989,328</u>	<u>1,946,050</u>
Accumulated Depreciation			
Opening balance	(1,082,874)	(1,271,585)	(717,822)
Depreciation for the year	(637,154)	(529,794)	(553,763)
Disposal	514,470	718,505	-
Closing balance	<u>(1,205,558)</u>	<u>(1,082,874)</u>	<u>(1,271,585)</u>
Net book value	<u>1,200,351</u>	<u>906,454</u>	<u>674,465</u>
Total Plant and Equipment net book value	<u>22,046,887</u>	<u>1,024,550</u>	<u>822,354</u>
9. OTHER RECEIVABLES (NON CURRENT)			
Representative Players Account	6,009,468	-	-
Players Retirement Account	6,507,974	-	-
Loans	220,000	220,000	100,000
Other	1,400,000	-	-
Total Non-Current Receivables	<u>14,137,442</u>	<u>220,000</u>	<u>100,000</u>
10. INVESTMENT IN ASSOCIATES			
Equity in National Rugby League Partnership			
Cash and Cash Equivalents (Current)	-	7,754,388	8,489,991
Trade and Other Receivables (Current)	-	24,667,033	16,699,183
Trade Payables (Current)	-	(14,643,901)	(11,781,250)
Total Investment in Associate	<u>-</u>	<u>17,777,520</u>	<u>13,407,924</u>

During 2011 and 2010 the Australian Rugby Football League Limited (now the ARLC) exercised a significant influence over the National Rugby League Partnership and therefore accounted for it as an associate.

On 10 February 2012, the Company and National Rugby League Investments Pty Limited ("NRLI") agreed to dissolve the National Rugby League Partnership and terminate the Partnership Agreement and allow the Company to be the single body responsible for the control of the playing and efficient administration of the Game. Therefore the investment in associate at year end is nil.

The opening balance of the investment in the NRLP was \$17.8m, during the year the Company equity accounted its share of the NRLP losses, up until 10 February 2012 of \$11.2m. On this date, the Company acquired the remaining 50% of the NRLP. Refer to Note 20 for detail.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

	Notes	2012 \$	Restated 2011 \$	Restated 2010 \$
11. OTHER PAYABLES (CURRENT)				
Accruals		13,169,047	60,801	49,601
Payment under deed of dissolution	20	5,000,000	-	-
Taxes payable		1,454,668	81,080	236,647
Finance Leases (i)	16 (b)	572,015	429,338	328,451
Other Payables		1,526,538	970,172	(26,137)
Representative Players Retirement Liability		368,118	-	-
Players Retirement Liability		397,608	-	-
Deferred revenue		30,000,000	-	-
Total Current Payables		<u>52,487,994</u>	<u>1,541,391</u>	<u>588,562</u>

(i) Interest payable is normally settled monthly throughout the financial year.

12. PROVISIONS (CURRENT)

Employee Benefits	15	<u>2,667,811</u>	<u>479,539</u>	<u>469,078</u>
Total Current Provisions		<u>2,667,811</u>	<u>479,539</u>	<u>469,078</u>

13. PAYABLES (NON CURRENT)

Loans Payable		-	7,500,000	11,737,089
Payment under deed of dissolution	20	13,551,519	-	-
Finance Leases (i)	16(b)	658,933	488,678	385,573
Representative Players Retirement Liability		6,009,468	-	-
Players Retirement Liability		6,507,974	-	-
Total Non Current Payables		<u>26,727,894</u>	<u>7,988,678</u>	<u>12,122,662</u>

(i) Interest payable is normally settled monthly throughout the financial year.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

	Notes	2012 \$	Restated 2011 \$	Restated 2010 \$
14. PROVISIONS (NON CURRENT)				
Employee Benefits	15	485,790	298,801	294,578
Total Non Current Provisions		485,790	298,801	294,578

15. EMPLOYEE BENEFITS

Aggregate employee entitlements includes on-costs

Current	12	2,667,811	479,539	469,078
Non-Current	14	485,790	298,801	294,578
		3,153,601	778,340	763,656

The accounting treatment for employee benefits is detailed in the accounting policy Note 2 (m).

	Notes	2012 \$	Restated 2011 \$
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16. EXPENDITURE COMMITMENTS

(a) Operating lease expenditure contracted for is payable as follows:

Not later than one year	327,828	-
Later than one year but not later than five years	1,311,312	-
Later than five years	14,752,360	-
	16,391,500	-

Operating leases are entered into as means of acquiring access to office property and storage facilities. Rental payments are on fixed terms. No renewal or purchase options exist in relation to operating leases and no operating leases contain restrictions on financing or other leasing activities.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

	Notes	2012 \$	Restated 2011 \$
16. EXPENDITURE COMMITMENTS (CONTINUED)			
(b) Finance lease expenditure contracted for is payable as follows:			
Not later than one year		630,012	471,565
Later than one year but not later than five years		711,837	542,432
Later than five years		-	-
		1,341,849	1,013,997
Future finance charges			
Not later than one year		(57,997)	(42,227)
Later than one year but not later than five years		(52,904)	(53,754)
Later than five years		-	-
		(110,901)	(95,981)
Net finance lease liability		1,230,948	918,016
Reconciled to:			
Current liability		572,015	429,338
Non-current liability		658,933	488,678
		1,230,948	918,016

The Company has entered into finance leases to acquire motor vehicles. All lease payments are fixed for the entire lease period. The Company has committed to the purchase of the motor vehicles at the end of the lease period.

(c) Grants to NRL Clubs are contracted as follows:

Not later than one year	112,000,000	-
Later than one year but not later than five years	246,400,000	-
Later than five years	61,600,000	-
	420,000,000	-

The grant committed to Clubs for 2014 and beyond is as per the Club Agreements.

(d) Development costs for computer software (CRM):

Not later than one year	138,957	-
Later than one year but not later than five years	166,408	-
Later than five years	-	-
	305,365	-

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

	Notes	2012 \$	Restated 2011 \$
17. REMUNERATION OF AUDITORS			
Amounts received, or due and receivable, by Ernst & Young for:			
- Audit and review of the financial statements		70,000	-
- Other services – other assurance, fringe benefits tax, goods & services tax advice		32,660	-
		102,660	-
Amounts received, or due and receivable by other auditors		16,250	51,481
		118,910	51,481

18. RELATED PARTY DISCLOSURES

(a) Details of Key Management Personnel

(i) Board of Directors/Independent Commissioners

The following persons held the position of director of the Australian Rugby League Commission and its controlled entities during the past financial year, unless otherwise stated.

John Grant (Chairman) (Appointed: 10 February 2012)
 Catherine Harris AO PSM (Appointed: 10 February 2012)
 Dr Chris Sarra (Appointed: 10 February 2012)
 Gary Pemberton AC (Appointed: 10 February 2012)
 Ian Elliot (Appointed: 10 February 2012)
 Jeremy Sutcliffe (Appointed: 10 February 2012)
 Peter Gregg (Appointed: 10 February 2012)
 Wayne Pearce OAM (Appointed: 10 February 2012)
 John Richard Chalk (Resigned: 10 February 2012)
 Robert Millward (Resigned: 10 February 2012)
 Peter Betros (Resigned: 10 February 2012)
 Geoff Carr (Resigned: 10 February 2012)
 Raymond Dib (Resigned: 10 February 2012).
 The Honourable Terence Mackenroth (Resigned: 10 February 2012)
 John McDonald AM (Resigned: 10 February 2012)
 Robert Moore (Resigned: 10 February 2012)
 Terence Quinn (Resigned: 10 February 2012)
 David Trodden (Resigned: 10 February 2012)

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

18. RELATED PARTY DISCLOSURES (CONTINUED)

(ii) Executives

David Gallop (Resigned: 5 June 2012)

Shane Mattiske (Appointed: Interim CEO 5 June 2012)

Andrew Hill

Ian Schubert

John Brady

Nathan McGuirk

Peter Legg

Patricia Crews

Paul Kind

(b) Compensation of Key Management Personnel

Key management personnel are those who have the authority and responsibility for planning, directing and controlling the activities of Australian Rugby League Commission Limited, directly or indirectly, including all directors (executive and otherwise). The remuneration of key management personnel for the full year is as follows:

	2012 \$	Restated 2011 \$
Remuneration	5,245,340	130,000
	<u>5,245,340</u>	<u>130,000</u>

Key Management personnel compensation comprises short term benefits (salary), post employment payments (superannuation) and termination benefits. No other forms of compensation have been paid in the current or prior years by the Company to Key Management Personnel.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

18. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Key Management Personnel

Key Management Personnel of the Company and Key Management Personnel of its related parties, or their related entities, conduct transactions with entities within the Company that occur within a normal employee 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 Key Management Personnel or related entity at arms length in similar circumstances.

- These transactions include the following: John Chalk, Director of the Australian Rugby Football League Limited. The Australian Rugby Football League Limited was a 50% owner of the National Rugby League Partnership until 10 February 2012. The National Rugby League Partnership provided funds to the National Rugby League Limited of \$34,574,271 (2011: \$109,158,768).
- Robert Millward, Director of St George Illawarra Rugby League Football Club Limited and the Australian Rugby Football League Limited. Grant payments and prize money of \$3,850,000 (2011: \$3,650,000) were made during the year to St George Illawarra Rugby League Football Club Pty Limited. These payments were made under the same terms and conditions as grant payments made to the other National Rugby League clubs. The Australian Rugby Football League Limited was a 50% owner of the National Rugby League Partnership until 10 February 2012. The National Rugby League Partnership provided funds to the National Rugby League Limited of \$34,574,271 (2011: \$109,158,768).
- John Chalk, Robert Millward, Geoff Carr, Terence Quinn, David Trodden and Raymond Dib (All resigned 10 February 2012) are Directors of New South Wales Rugby League Limited. Grant payments of \$5,166,035 (2011: \$-) were made during the full year to New South Wales Rugby League Limited.
- Terence Mackenroth, John McDonald and Robert Moore (All resigned: 10 February 2012) are Directors of Queensland Rugby League Limited. Grant payments of \$5,664,713 (\$ nil) were made during the full year to Queensland Rugby League Limited.
- Raymond Dib (Resigned: 10 February 2012) is a Director of Bulldogs Rugby League Limited and Bulldogs Leagues Club Limited. Grant payments of \$3,850,000 (\$ nil) were made during the full year to Bulldogs Rugby Football Club.

(d) Transactions with Other Related Parties

Expense Payments

Up to 10 February 2012, the Australian Rugby Football League Limited exerted significant influence over the National Rugby League Limited through the National Rugby League Partnership and also exerted significant influence over the Rugby League International Federation Limited. The National Rugby League Limited provided for the payment of expenses \$42,410 (2011: \$39,645), on behalf of the Rugby League International Federation Limited, these amounts were then recharged to Rugby League International Federation Limited.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

18. RELATED PARTY DISCLOSURES (CONTINUED)

(e) Terms and conditions

Sales to and purchases from related parties are made in arms' length transactions both at normal market prices and on normal commercial terms. For the year ended 31 October 2012, the company has not made any allowance for doubtful debts relating to amounts owed by related parties (2011: \$nil).

19. MEMBERS' GUARANTEE

The company is a company limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company. At 31 October 2012 the number of members was 26 (2011: 7).

20. BUSINESS COMBINATION

On 10 February 2012, the Company and National Rugby League Investments Pty Limited ("NRLI") agreed to dissolve the National Rugby League Partnership and terminate the Partnership Agreement and allow the Company to be the single body responsible for the control of the playing and efficient administration of the national rugby league competition.

At this date the Company acquired the remaining 50% of the assets and liabilities of the NRLP in consideration for a fixed deferred payment spread over 5 years of \$26,500,000 (this equates to a present value of \$24,505,000). In addition the Company also provided News Limited with a 5 year extension of its first right of negotiation and last right of refusal on any broadcast rights relating to Australia and New Zealand¹. NRLI also agreed to waive the repayment of a \$5 million loan it provided to the Company in 1999 and the \$15.7 million deferred licence fee payable by the NRLP to NRLI

Also on the 10 February the NRLI resigned as a member of the NRLLL leaving the Company as the sole member.

The accounting for the NRLP/NRLL business combination is provisional as at 31 October 2012. The valuation of the contracts that were novated from the NRLP to the ARLC and the valuation of the 5 year extension broadcast negotiation rights provided to News Limited is in progress.

(a) Purchase consideration

	\$
Deferred consideration	24,505,000
Less: loan forgiven	(5,000,000)
Fair value of media rights given	2,748,691
Total purchase consideration	<u>22,253,691</u>
Add: fair value of equity accounted investment	6,553,691
Less: fair value of net identifiable	(b) <u>(28,807,382)</u>
Gain on acquisition / goodwill	<u><u>-</u></u>

¹ News Limited subsequently relinquished this right has part of the media rights negotiations that occurred during the financial year. As at balance date, News Limited no longer held any future rights relating to the negotiation of media rights.

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

20. BUSINESS COMBINATION (CONTINUED)

(b) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	\$
Cash	5,270,884
Receivables	39,388,028
Prepayments and other receivables	33,762,681
Property, plant and equipment	20,769,465
Trade payables	(16,849,376)
Other payables	(51,350,420)
Provisions	(2,183,881)
Fair value of net identifiable assets acquired	<u>28,807,381</u>

Disclosure of the revenue and net profit since the acquisition date and the revenues and net profit had the acquisition occurred at the beginning of the reporting period, is impractical because the acquired businesses were, in part funding the operations of the Company and since the acquisition the businesses have been integrated and operate as one combined business

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

21. FINANCIAL INSTRUMENTS DISCLOSURE

(a) Net fair value of financial assets and liabilities

The carrying amount of financial assets and liabilities approximates their fair value.

(b) Interest rate risk exposures

The following table summarises interest rate risk for the company, together with effective interest rates as at balance date.

2012	Floating interest rate	Fixed interest rate maturing in			Non-interest bearing	Total	Average interest rate	
		1 year or less	Over 1 to 5 years	More than 5 years			Floating	Fixed
Financial assets								
Cash	43,594,880	-	-	-	1,000	43,595,880	3.50%	N/A
Receivables (Current)	-	-	-	-	30,344,457	30,344,457	N/A	N/A
Receivables (Non current)	-	-	-	-	14,137,442	14,137,442	N/A	N/A
	43,594,880	-	-	-	44,482,899	88,077,779		

Financial Liabilities

Payables (Current)	-	-	-	-	61,508,924	61,508,924	N/A	N/A
Payables (Non Current)	-	-	-	-	26,727,894	26,727,894	N/A	N/A
	-	-	-	-	88,236,818	88,236,818		

2011	Floating interest rate	Fixed interest rate maturing in			Non-interest bearing	Total	Average interest rate	
		1 year or less	Over 1 to 5 years	More than 5 years			Floating	Fixed
Financial assets								
Cash	2,910,254	-	-	-	1,000	2,911,254	4.65%	N/A
Receivables (Current)	-	-	-	-	7,468,146	7,468,146	N/A	N/A
Receivables (Non current)	-	-	-	-	1,244,550	1,244,550	N/A	N/A
	2,910,254	-	-	-	8,713,696	11,623,950	-	-

Financial Liabilities

Payables (Current)	-	-	-	-	6,589,015	6,589,015	N/A	N/A
Payables (Non current)	-	-	-	-	7,988,678	7,988,678	N/A	N/A
	-	-	-	-	14,577,693	14,577,693	-	-

Notes to the Financial Statements (Continued)

Year ended 31 October 2012

21. FINANCIAL INSTRUMENTS DISCLOSURE (CONTINUED)

(c) Bank Guarantee

There are no bank guarantees held as at 31 October 2012 (2011: \$153,912). Bank guarantee held in 2011 related to the premises at 215 Bent Street, Moore Park.

22. ARLC ENTITY DISCLOSURES

	Notes	2012 \$	2011 \$
a) Financial Position			
Current Assets		71,310,115	6,942,258
Non-Current Assets		1,620,000	18,035,101
TOTAL ASSETS		72,930,115	24,977,359
Current liabilities		41,931,222	5,294,288
Non-Current liabilities		13,677,812	7,500,000
TOTAL LIABILITIES		55,609,034	12,794,288
NET ASSETS		17,321,081	12,183,071
EQUITY			
Reserves		2,227,781	2,227,781
Retained earnings		15,093,300	9,955,290
TOTAL EQUITY		17,321,081	12,183,071
b) Financial Performance			
Net Profit		5,138,011	7,309,090
Total Comprehensive Income		5,138,011	7,309,090

The 2012 results are for ARLC, the 2011 results are for ARL. Refer Note 20.

23. EVENTS SUBSEQUENT TO BALANCE DATE

There has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the organisation, to affect significantly the operations of the organisation and the state of affairs in future financial years with the exception of the following;

On 12 December 2012, Australian Rugby League Commission Limited signed a 5 year digital media and sponsorship agreement with Telstra Corporation Limited.

Directors' Declaration

In accordance with a resolution of the directors of Australian Rugby League Commission Limited, I state that:

1. In the opinion of the Directors:
 - (a) the financial statements and notes of Australian Rugby League Commission Limited for the financial year ended 31 October 2012 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of its financial position as at 31 October 2012 and performance
 - (ii) complying with Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*
 - (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2 (b)
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



John Grant
Chairman
Sydney
18 December 2012



Peter Greig
Director
Sydney
18 December 2012

Independent auditor's report to the members of Australian Rugby League Commission Limited

Report on the financial report

We have audited the accompanying financial report of Australian Rugby League Commission Limited, which comprises the consolidated statement of financial position as at 31 October 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 judgment, 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 controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. 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.

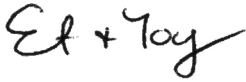
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion:

- a. the financial report of Australian Rugby League Commission Limited is in accordance with the Corporations Act 2001, including:
 - i giving a true and fair view of the consolidated entity's financial position as at 31 October 2012 and of its performance for the year ended on that date; and
 - ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.



Ernst & Young



Christopher George
Partner
Sydney, Australia
18 December 2012