FOOTBALL FEDERATION AUSTRALIA LIMITED

ACN 106 478 068

GENERAL PURPOSE (RDR) FINANCIAL REPORT
For the year ended 30 June 2012

Contents to financial report

Directors' report

Your directors submit their report on the consolidated entity (referred to hereafter as the Group) consisting of Football Federation Australia Limited and the entities it controlled at the end of, or during, the year ended 30 June 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.

Mr F Lowy AC	Chairman
Mr B Schwartz AM	Deputy Chairman
Ms M Dodd	Director
Mr J Healy	Director
Mr J Reilly	Director
Mr R Walker AC CBE	Director (Resigned 5 September 2012)
Mr P Wolanski AM	Director

Qualifications, experience and special responsibilities

Mr F Lowy AC Chairman

Mr Lowy was appointed to the board on 26 September 2003. Mr Lowy is Chairman and co-founder of the Westfield Group. He is the founder and Chairman of the Lowy Institute for International Policy.

Mr B Schwartz AM Deputy Chairman

Mr Schwartz was appointed to the board on 26 September 2003 and is Chairman of the Finance and Audit Committee and the Joint A-League Strategic Committee (which replaced the A-League Committee). Mr Schwartz is the Chairman of Insurance Australia Group Limited, a non-executive director of Brambles Limited and the Deputy Chair of the Westfield Group. In 2005 he was appointed as CEO of Investec Bank (Australia) Limited. He retired from that role in 2009. Prior to this he was a Partner of Ernst & Young Australia, becoming its Chief Executive in 1998.

Ms M Dodd Director

Ms Dodd was appointed to the board on 3 June 2007 and is also on the Football Development Committee and formerly the A-League Committee. Ms Dodd is a partner of Gilbert + Tobin Lawyers and is a member of the firm's Competition and Regulation group. Ms Dodd was previously Vice President of CRA International. She is a former Vice-Captain and played for the Matildas from 1986-1995. She also serves as a Vice-President of the Asian Football Confederation, chair of its Women's Committee and deputy chair of its Legal Committee.

Mr J Healy Director

Mr Healy was appointed to the board on 29 July 2010 and is also on the Finance and Audit Committee and the Joint A-League Strategic Committee. Mr Healy has an extensive career in international banking having worked for major institutions in London, New Zealand and Australia. He is a member of the Group Executive Committee at NAB, responsible for its largest division, Business Banking.

Directors' report (continued)

DIRECTORS (continued)

Qualifications, experience and special responsibilities (continued)

Mr J Reilly Director

Mr Reilly was appointed to the board on 20 June 2007 and is also on the Finance and Audit Committee, Football Development Committee and formerly the A-League Committee. Mr Reilly has operated in the Australian financial sector for over 35 years at the highest level in both the private and public sectors. He was previously the Managing Director of Group Holdings Ltd and Chairman of Council of Authorised Money Market Dealers. He served in the public sector as Deputy Secretary of the Victorian Treasury and as a Director of Victorian Funds Management Corporation Ltd, State Trustees Ltd and the Urban and Regional Land Corporation Mr Reilly is a former Socceroos goalkeeper and played during the World Cup campaign of 1974. He was inducted into the Australian Soccer Association Hall of Fame in 2004.

Mr R Walker AC CBE Director

Mr Walker was appointed to the board on 26 September 2003. Mr Walker has been a prominent businessman in Australia for more than 40 years and was Lord Mayor of Melbourne from 1974 to 1976. Mr Walker was co-founder, director and major shareholder of Hudson Conway Limited and co-founder of Crown Casino Limited and was Chairman of Fairfax Media Limited from 2005 to 2009. Mr Walker is Chairman of Evolve Development Pty Ltd and a Director of WAM Active Limited. Mr Walker's current honorary roles include Chairman of the Australian Grand Prix Corporation and Chairman of 2011 Victorian Floods Disaster Relief Fund. He is also a Member of the International Formula One Commission. Mr Walker was Chairman of the Melbourne 2006 Commonwealth Games Organising Committee, and a Member of the Sydney 2000 Olympic Bid Committee and Melbourne 1996 Olympic Bid Committee. Mr Walker resigned as a Director effective 5 September 2012.

Mr P Wolanski AM Director

Mr Wolanski was appointed to the board on 26 September 2003 and is on the Joint A-League Strategic Committee and formerly the A-League Committee and is Chair of the Football Development Committee. Mr Wolanski is Managing Director of Denwol Group Pty Ltd, a property development and investment company. Mr Wolanski is a member of the Governing Committee of the Temora Aviation Museum Limited.

Company Secretary

Ms Joanne Setright

Ms Setright joined Football Federation Australia on 2 July 2007. Ms Setright previously held senior management positions at ANZ Stadium including Deputy Chief Executive Officer, Chief Operating Officer and General Counsel, and prior to this was a lawyer at Gilbert + Tobin, the Federal Airports Corporation and Blake Dawson Waldron solicitors.

DIVIDENDS

In accordance with the Company's constitution no dividend or distributions have been either paid to members, or recommended or declared for payment to members during the financial year.

PRINCIPAL ACTIVITIES

The principal activities of the Company in the course of the financial year were the promotion, development and control of the game of association football in Australia. No significant changes in the nature of these activities occurred during the year.

Directors' report (continued)

OPERATING AND FINANCIAL REVIEW

Operating Results for the Year

The net surplus after tax of the Group for the year ended 30 June 2012 was $1,454,000 (2011: net deficit of $891,000).

The Company has completed another successful year which is illustrated by the following key achievements and milestones:

- The Socceroos finished top of their group in Round 3 of the AFC World Cup Qualification phase for the 2014 FIFA World Cup in Brazil and progressed to the Round 4 phase. The team also played a number of other internationals during the year including a historic victory against Germany in Germany.
- The Matildas advanced to the quarter finals of the FIFA Women's World Cup in Germany with Caitlin Foord winning FIFA's young player award. The Matildas maintained a top 10 FIFA ranking with a current ranking of 9th.
- A comprehensive strategic review of the Hyundai A-League led to a highly successful season with an increase in average crowd attendances of 24%, average broadcast audience of 46% and club memberships of 19% from the 10/11 season.
- An independent review by the Hon Warwick Smith commissioned by the Commonwealth Government endorsed the strategic plan of the Company concluding that "while challenges remain, principally financial, the game is strong and a foundation exists for a bright future". The report made a series of recommendations that were adopted by the Company to support the development and promotion of football and enhance its future sustainability. These included forging greater connections and integration between community football and the A-League through cooperation agreements and the identification and implementation of $5m costs savings in the annual operating cost base of the Company.
- The establishment of a new club, the Western Sydney Wanderers that will enter teams representing Western Sydney in the Hyundai A-League, Westfield Women's League and National Youth League in the 2012/13 season.
- Continued implementation of the National Football Development Plan including the operation of a skill acquisition program to identify and promote talented players from the age of 12 through an integrated national talented player pathway.
- The national roll-out of the online registration system, MyFootballClub, was completed with the system now covering all states and territories, providing a platform for enhanced communication, integration and delivery of programs and services to registered participants throughout Australia.
- In cooperation and consultation with key stakeholders, particularly the State and Territories Member Federations and their clubs, the Company completed a National Competitions Review. The adoption of the review by all Member Federations will lead to significant reform and enhancement of the competition structure underpinning the Hyundai A-League across all states and will further advance integration of the game at all levels.
- The sale of Brisbane Roar to a major international group that are leaders in the Asian business sector.
- The establishment of a wholly owned subsidiary of the Company to operate as the Local Organising Committee for the delivery of the AFC Asian Cup LOC 2015 with a dedicated management structure and independent board.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the current year the Group set up a new company to assume responsibility for the operation of the new A-League club, Western Sydney Wanderers FC. The Company is working towards being fully operational for the start of the A-League season in October 2012. In addition, the Group sold its shareholding in Brisbane Roar Football Club Pty Ltd and relinquished control on 30 September 2011.

Directors' report (continued)

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

FUTURE DEVELOPMENTS

The Company is committed to ensuring comprehensive preparation for all national teams, the successful administration of the Hyundai A-League and the harmonisation of the control and administration of the game of association football at all levels throughout Australia.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group is not subject to any particular or significant environmental regulation under laws of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid a premium in respect of a contract insuring the directors of the company, the company secretary and all executive officers of the company against a liability incurred as such a director, secretary or executive officer to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave under s.237 of the Corporations Act 2001 to bring, or intervene in, proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the financial year.

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:

	Board of Directors		*Finance and Audit Committee*		*A-League Committee*		*Football Development Committee*		*Joint A-League Strategic Committee*	
	Eligible	*Attended*	*Eligible*	*Attended*	*Eligible*	*Attended*	*Eligible*	*Attended*	*Eligible*	*Attended*
Number of meetings										
Mr F Lowy AC	10	10	-	-	-	-	-	-	-	-
Mr B Schwartz AM	10	10	6	6	5	5	-	-	2	2
Ms M Dodd	10	10	-	-	5	5	4	4	-	-
Mr J Healy	10	9	6	6	-	-	-	-	2	2
Mr J Reilly	10	10	6	6	5	5	4	4	-	-
Mr R Walker AC CBE	10	7	-	-	-	-	-	-	-	-
Mr P Wolanski AM	10	10	-	-	5	4	4	4	2	2

DIRECTOR'S BENEFITS

Directors are prohibited from receiving payment from the Company for services as a director.

No other director of the Company has, since the end of the previous financial year, received or become entitled to receive a benefit other than a benefit shown in the financial report.

Further details of relevant transactions are set out in Note 17 to the financial statements.

Directors' report (continued)

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable and where noted ($'000)) under the option available to the Company under ASIC CO 98/0100. The Company is an entity to which the Class Order applies.

AUDITOR INDEPENDENCE

The directors received an independence declaration from the auditor, Ernst & Young. A copy has been included on page 7 of the report.

Signed in accordance with a resolution of the directors.

Mr F Lowy AC
Chairman

Sydney, 9 October 2012

Mr B Schwartz AM
Deputy Chairman

Sydney, 9 October 2012

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Auditor's Independence Declaration to the Directors of Football Federation Australia Limited

In relation to our audit of the financial report of Football Federation Australia Limited for the financial year ended 30 June 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.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
9 October 2012

Statement of financial position

As at 30 June 2012

	Note	CONSOLIDATED 2012 $'000	2011 $'000
ASSETS			
Current assets			
Cash and cash equivalents	6	**25,077**	10,939
Trade and other receivables	7	**5,650**	13,419
Inventories		**214**	139
Prepayments		**623**	1,862
		31,564	26,359
Assets classified as held for sale	5	-	744
Total current assets		**31,564**	27,103
Non-current assets			
Receivables	8	-	330
Other financial assets	11	-	500
Property, plant and equipment	9	**1,002**	1,480
Intangible assets and goodwill	10	**285**	511
Total non-current assets		**1,287**	2,821
TOTAL ASSETS		**32,851**	29,924
LIABILITIES			
Current liabilities			
Trade and other payables	12	**15,756**	15,962
Provisions	13	**1,042**	1,109
Unearned revenue		**16,410**	10,072
		33,208	27,143
Liabilities classified as held for sale	5	-	722
Total current liabilities		**33,208**	27,865
Non-current liabilities			
Provisions	13	**240**	110
Interest-bearing loan	14	-	4,000
Total non-current liabilities		**240**	4,110
TOTAL LIABILITIES		**33,448**	31,975
NET LIABILITIES		**(597)**	(2,051)
MEMBERS' DEFICIT			
Accumulated deficit		**(597)**	(2,051)
TOTAL DEFICIT		**(597)**	(2,051)

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

Statement of comprehensive income

For the year ended 30 June 2012

	Note	CONSOLIDATED 2012 $'000	2011 $'000
Continuing operations			
Operating revenue		**76,943**	79,735
Profit on disposal of assets		**7,048**	-
World Cup Bid Grant funding		**-**	12,734
Interest income		**598**	271
Revenue		**84,589**	92,740
Employee and team benefit expenses		**(25,079)**	(21,419)
Grants and distributions expenses		**(17,419)**	(15,413)
Travel expenses		**(10,311)**	(9,874)
Marketing and media expenses		**(7,867)**	(7,593)
Event hosting expenses		**(4,808)**	(4,277)
Administration expenses		**(2,871)**	(2,442)
Broadcasting expenses		**(4,734)**	(2,538)
Other team expenses		**(1,148)**	(1,332)
Professional and consultants fees		**(1,844)**	(1,733)
Sponsorship & licensing expenses		**(2,404)**	(4,643)
Communication technology expenses		**(1,454)**	(1,866)
Insurance expenses		**(2,684)**	(2,126)
World Cup Bid expenses		**-**	(12,734)
Other expenses		**(512)**	(855)
Finance costs	4	**-**	(208)
Total Expenses		**(83,135)**	(88,845)
Surplus before income tax		**1,454**	3,687
Income tax expense		**-**	-
Surplus after income tax		**1,454**	3,687
Discontinued operations			
Loss from discontinued and held for sale operations		**-**	(4,578)
(Defictit)/surplus for the year		**1,454**	(891)
Other comprehensive income			
Other comprehensive income		**-**	-
Total comprehensive (Deficit)/surplus for the year		**1,454**	(891)

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

Statement of changes in equity

For the year ended 30 June 2012

CONSOLIDATED	*Accumulated deficit $'000*	*Total attributable to members of the entity $'000*
At 1 July 2010	(1,160)	(1,160)
Deficit for the year	(891)	(891)
Other comprehensive income	-	-
Total comprehensive loss for the year	(891)	(891)
At 30 June 2011	(2,051)	(2,051)
Surplus for the year	**1,454**	**1,454**
Other comprehensive income	-	-
Total comprehensive income for the year	**1,454**	**1,454**
At 30 June 2012	**(597)**	**(597)**

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

Statement of cash flows

For the year ended 30 June 2012

	Note	CONSOLIDATED 2012 $'000	2011 $'000
Operating activities			
Receipts from customers, Government and sponsors		**88,703**	104,955
Payments to suppliers and employees		**(74,919)**	(100,152)
Interest received		**598**	271
Interest paid		**-**	(208)
Net cash flows from operating activities		**14,382**	4,866
Financing activities			
Net cash flows used in financing activities		**-**	-
Investing activities			
Purchase of property, plant and equipment		**(95)**	(138)
Purchase of intangible assets		**(149)**	(160)
Net cash flows used in investing activities		**(244)**	(298)
Net increase in cash and cash equivalents		**14,138**	4,568
Cash and cash equivalents at beginning of year		**10,939**	6,371
Cash and cash equivalents at end of year	6	**25,077**	10,939

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

Notes to the financial statements

For the year ended 30 June 2012

1 CORPORATE INFORMATION

The financial report of Football Federation Australia Limited (the "Company") and its consolidated entities (the "Group") for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 9 October 2012.

Football Federation Australia Limited (the "parent") is a company limited by guarantee incorporated and domiciled in Australia. Every member of the Company undertakes in accordance with the Constitution of the Company, to contribute such amount (not exceeding $20) as may be required in the event of winding up of the Company during the time that they are member or within one year afterwards. At 30 June 2012 the number of members was 10, being the nine State and Teritory Federations and a representative of the Hyundai A-League Clubs (2011: 10).

The registered office of the Company and the principal place of business is: Level 22, 1 Oxford Street, Darlinghurst, NSW 2010.

The nature of the operations and principal activities of the Group are described in the directors' report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except for revaluation of certain non-current assets and financial instruments.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

(b) Statement of compliance

The Group has early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements for the financial year beginning on 1 July 2011.

The Group is a not-for-profit entity which is not publicly accountable. Therefore the consolidated financial statements of the Group are tier two general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The adoption of AASB 1053 and AASB 2010-2 allowed the Group to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

The financial report complies with Australian Accounting Standards. Australian Accounting Standards contain requirements specific to not-for-profit entities, including Standards AASB 116 Property, Plant and Equipment, AASB 136 Impairment of Assets and AASB 1004 Contributions.

Notes to the financial statements (continued)

For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Group has a net current asset deficiency of $1,644,000 as at 30 June 2012 (2011: $762,000) and a members' deficit of $597,000 (2011: deficit of $2,051,000). The net cash inflows from operating activities during the year were $14,382,000 (2011: $4,866,000).

The accounts have been prepared on a going concern basis based on the operating cash flow projection for the 2013 financial year, which along with adequate cash balances support the Group's ability to pay its debts as and when they fall due.

(d) Basis of consolidation

For the year ended 30 June 2012, the consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, including Brisbane Roar Football Club Pty Ltd ("BRFC") up to date of disposal, Local Organising Committee AFC Asian Cup 2015 Pty Ltd (LOC), Western Sydney Wanderers Pty Ltd, ACN 146 403 803 Pty Ltd (Gold Coast United) and North Queensland Fury Footbal Club Pty Ltd.

For the year ended 30 June 2011, the consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company, including BRFC, North Queensland Fury Football Club Pty Ltd and Local Organising Committee AFC Asian Cup 2015 Pty Ltd (LOC). During the year ended 30 June 2011 North Queensland Fury Football Club's operations were discontinued as it ceased to operate at the end of 2010/2011 season.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of the subsidiaries included in the consolidated statement of comprehensive income are from the effective date of acquisition. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the separate financial statements of the Company, intra-group transactions are generally accounted for by reference to the existing book value of the items.

(e) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquired business and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquired business. For each business combination, the acquirer measures the non-controlling interest in the acquired business either at the fair value or at the proportionate share of the acquired business's identifiable net assets. Acquisition-related costs are expensed as incurred.

Notes to the financial statements (continued)

For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(g) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised initially at fair value less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable.

(h) Inventories

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

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

(i) Investments and other financial assets

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

(j) Property, plant and equipment

Furniture, fittings and office equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses. All other repairs and maintenance are recognised in profit or loss as incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings and any impairment losses recognised.

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

Furniture, fittings and office equipment - 20% - 33%
Leasehold Property - 2%
Leasehold Improvements - 20%
Motor Vehicles - 20%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of comprehensive income.

Notes to the financial statements (continued)
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(l) Impairment of assets

Impairment of financial assets

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial assets the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment deficit directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the surplus or deficit.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment deficit decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment deficit is recognised through surplus or deficit to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increases in fair value after an impairment deficit is recognised directly in equity.

Impairment of other tangible and intangible assets

At each reporting date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment deficit. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment deficit (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Notes to the financial statements (continued)
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

Recoverable amount 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 pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impaiment deficit is recognised in surplus and deficit immediately.

Where an impairment deficit subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of the recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment deficit been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment deficit is recognised in surplus and deficit immediately.

(m) Intangibles

Trademarks

Trademarks are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of 10 years. The estimated useful life and amortisation method is reviewed at the end of each annual reporting period.

Capitalised information technology costs

Capitalised information technology costs are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight-line basis over the estimated useful life of 3 years.

(n) Trade and other payables

Trade and other payables are carried at cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Interest-bearing loans

All loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Loans are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

Notes to the financial statements (continued)

For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

(q) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

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

(ii) Long service leave

The liability for long service leave is recognised and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(r) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

(i) Grants

Revenue from grants is recognised in the Income Statement when it is controlled. When there are conditions attached to the grant revenue relating to the use of those grants for specific purposes, it is recognised in the Balance Sheet as unearned revenue until such conditions are met or services provided.

(ii) Sponsorship

Revenue from sponsorship contracts is recognised on an accruals basis over the period in which the benefits are earned under the contract. Sponsorship income received in advance is deferred and recognised as a liability.

(iii) Registration, license, affiliation and other fees

Revenue from registration, license, affiliation and other fees is recognised on an accruals basis.

(iv) National registration fees

National registration fees are received for the ensuing calendar year. Fees received in advance are deferred and recognised as a liability.

(v) Broadcasting and other rights

Revenue from broadcasting and other rights is recognised on an accruals basis over the period in which the benefits are earned under the contract.

Notes to the financial statements (continued)
For the year ended 30 June 2012

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition (continued)

(vi) Gate receipts
Revenue from gate receipts is recognised on an accruals basis in the period in which the games which produce the gate receipts occur.

(vii) Hosting of events
Revenue from governments for the hosting of events is recognised on an accruals basis in the period in which the events occur.

(viii) Finance income
Finance income is recognised on a time proportionate basis that takes into account the effective yield on the financial asset.

(ix) Merchandising and other income
Merchandising and other income are recognised on an accruals basis

(s) Income tax

No provision has been made for income tax as the Company is exempt in accordance with the terms of s50-45 of the Income Tax Assessment Act 1997. The two subsidiaries, Brisbane Roar Football Club Pty Ltd and North Queensland Fury Football Club Pty Ltd, are liable for income tax, however, no material tax liabilities have arisen during the year.

(t) 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
- 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 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 is classified as part of 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)

For the year ended 30 June 2012

3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described above. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Notes to the financial statements (continued)

For the year ended 30 June 2012

4 EXPENSES

	CONSOLIDATED	
	2012	*2011*
	$'000	*$'000*
Expenses included under Statement of Comprehensive Income		
Depreciation	**573**	663
Amortisation	**375**	440
Loss on disposal of property, plant and equipment	**-**	3
Net foreign currency (gain)/loss	**(34)**	244
Defined contribution superannuation expense	**1,230**	1,267

5 NEW COMPANIES & DISCONTINUED OPERATIONS

(a) Details of new companies

Western Sydney Wanderers Pty Ltd
The Company set up a new company to assume responsibility for the operations of the new A-League Club based in Western Sydney. The Company is now working towards the club being fully operational for the start of the A-League season in October 2012.

ACN 146 403 803 Pty Ltd (Gold Coast United)
In 2012 the Company set up a new entity to assume operations (including player contracts) formerly conducted by Gold Coast United FC.

(b) Details of operations disposed and held for sale

North Queensland Fury Football Club
During the year ended 30 June 2011 North Queensland Fury Football Club's operations were discontinued as it ceased to operate at the end of 2010/2011 season.

Adelaide United Football Club
On 5 November 2010 the Company entered into a sale agreement to dispose of Adelaide United Football Club. The disposal was completed on 8 November 2010, on which date control of the business passed to the acquirers.

Brisbane Roar Football Club
In April 2011 the Company assumed responsibility for Brisbane Roar Football Club's A-League operations, forming a new subsidiary, Brisbane Roar Football Club Pty Ltd. The Company sold 70% of the shares of Brisbane Roar Football Club on 30 September 2011 and relinquished control as at that date. On 1 February 2012, the Company sold the remaining 30%.

Notes to the financial statements (continued)

For the year ended 30 June 2012

5 NEW COMPANIES & DISCONTINUED OPERATIONS (continued)

(c) Assets and liabilities - held for sale operations

	2012 $'000	2011 $'000
Assets		
Property, plant and equipment	-	54
Inventories	-	26
Prepayments	-	103
Trade and other receivables	-	561
Assets classified as held for sale	-	744
Liabilities		
Trade payables	-	487
Other	-	235
Liabilities directly associated with assets classified as held for sale	-	(722)
Net assets attributable to discontinued operations	-	22

6 CASH AND CASH EQUIVALENTS

	CONSOLIDATED 2012 $'000	2011 $'000
Cash at bank and in hand	**25,077**	10,939
	25,077	10,939

$680,000 (2011: $649,000) of the cash and cash equivalents balance is not available for use by the entity, this relates to cash held for lease and credit card guarantees.

Cash at bank at year ended 30 June 2012 included grants received in advance for Western Sydney Wanderers, AFC Asian Cup 2015 and other government grants totalling $11.10m. Cash is required to be used for specific purposes under the relevant funding agreements.

Notes to the financial statements (continued)

For the year ended 30 June 2012

7 TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED 2012 $'000	2011 $'000
Trade receivables	**6,368**	13,961
Less: Allowance for impairment loss	**(1,624)**	(542)
	4,744	13,419
Loan receivables	**7,990**	6,633
Less: Allowance for impairment loss	**(7,084)**	(6,633)
	906	-
Carrying amount of trade and other receivables	**5,650**	13,419

Movements in the provision for impairment loss were as follows:

	2012 $'000	2011 $'000
Trade receivables		
At 1 July	**542**	683
Charge for the year	**1,082**	-
Amounts written off	**-**	(141)
At 30 June	**1,624**	542
Loan receivables		
At 1 July	**6,633**	2,726
Charge for the year	**600**	3,907
Amounts written off	**(149)**	-
At 30 June	**7,084**	6,633

8 RECEIVABLES (NON-CURRENT)

	CONSOLIDATED 2012 $'000	2011 $'000
Loans receivable	**330**	330
Allowance for impairment	**(330)**	-
Carrying amount of non-current receivables	**-**	330

Notes to the financial statements (continued)
For the year ended 30 June 2012

9 PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED 2012 $'000	2011 $'000
Leasehold property		
At cost	**350**	350
Accumulated depreciation	**(61)**	(54)
Net carrying amount	**289**	296
Furniture, fittings and office equipment		
At cost	**2,466**	2,381
Accumulated depreciation	**(2,036)**	(1,631)
Net carrying amount	**430**	750
Motor vehicles		
At cost	**31**	31
Accumulated depreciation	**(31)**	(31)
Net carrying amount	**-**	-
Leasehold improvements		
At cost	**808**	798
Accumulated depreciation	**(525)**	(364)
Net carrying amount	**283**	434
Total property, plant and equipment		
At cost	**3,655**	3,560
Accumulated depreciation and impairment	**(2,653)**	(2,080)
Net carrying amount	**1,002**	1,480

Notes to the financial statements (continued)

For the year ended 30 June 2012

9 PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of carrying amounts at the beginning and end of the year

	CONSOLIDATED 2012 $'000
Leasehold property	
Balance at the beginning of the year	
At cost	350
Accumulated depreciation	(54)
Net carrying amount	296
Depreciation charge for the year	(7)
Balance at the end of the year - Net carrying amount	289
Furniture, fittings and office equipment	
Balance at the beginning of the year	
At cost	2,381
Accumulated depreciation	(1,631)
Net carrying amount	750
Additions	85
Depreciation charge for the year	(405)
Balance at the end of the year - Net carrying amount	430
Motor vehicles	
Balance at the beginning of the year	
At cost	31
Accumulated depreciation	(31)
Net carrying amount	-
Balance at the end of the year - Net carrying amount	-
Leasehold improvements	
Balance at the beginning of the year	
At cost	798
Accumulated depreciation	(364)
Net carrying amount	434
Additions	10
Depreciation charge for the year	(161)
Balance at the end of the year - Net carrying amount	283

Notes to the financial statements (continued)

For the year ended 30 June 2012

9 PROPERTY, PLANT AND EQUIPMENT (continued)

Reconciliation of carrying amounts at the beginning and end of the year (continued)

	CONSOLIDATED 2012 $'000
Total Property, plant and equipment	
Balance at the beginning of the year	
At cost	3,560
Total at cost	3,560
Accumulated depreciation	(2,080)
Net carrying amount	1,480
Additions	95
Depreciation charge for the year	(573)
Balance at the end of the year - Net carrying amount	1,002

10 INTANGIBLE ASSETS

	CONSOLIDATED 2012 $'000	2011 $'000
Trademarks		
Cost (gross carrying amount)	106	46
Accumulated amortisation	(31)	(25)
Net carrying amount	75	21
Capitalised information technology cost		
Cost (gross carrying amount)	2,201	2,112
Accumulated amortisation	(1,991)	(1,622)
Net carrying amount	210	490
Total Intangibles		
Cost (gross carrying amount)	2,307	2,158
Accumulated amortisation	(2,022)	(1,647)
Net carrying amount	285	511

Reconciliation of carrying amount at beginning and end of the period

	CONSOLIDATED 2012 $'000
Trademarks	
Balance at the beginning of the year	
Cost (gross carrying amount)	46
Accumulated amortisation	(25)
Carrying amount - opening	21
Additions	60
Amortisation	(6)
Carrying amount - closing	75

Notes to the financial statements (continued)

For the year ended 30 June 2012

10 INTANGIBLE ASSETS (continued)

Reconciliation of carrying amount at beginning and end of the period (continued)

	CONSOLIDATED 2012 $'000
Capitalised information technology cost	
Balance at the beginning of the year	
Cost (gross carrying amount)	2,112
Accumulated amortisation	(1,622)
Carrying amount - opening	490
Additions	89
Amortisation	(369)
Carrying amount - closing	210
Total Intangibles	
Balance at the beginning of the year	
Cost (gross carrying amount)	2,158
Accumulated amortisation	(1,647)
Carrying amount - opening	511
Additions	149
Amortisation	(375)
Carrying amount - closing	285

11 OTHER FINANCIAL ASSETS (NON-CURRENT)

	CONSOLIDATED 2012 $'000	2011 $'000
Investment in unlisted shares (at cost)		
Central Coast FC Mariners Pty Ltd	500	500
Allowance for impairment	(500)	-
	-	500

12 TRADE AND OTHER PAYABLES (CURRENT)

	CONSOLIDATED 2012 $'000	2011 $'000
Trade payables	2,661	4,704
Other creditors and accruals	9,037	6,684
Royalties distribution	-	480
GST payable	1,278	1,563
Other payables	2,780	2,531
Carrying amount of trade and other payables	15,756	15,962

Notes to the financial statements (continued)

For the year ended 30 June 2012

13 PROVISIONS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Current		
Employee benefits	**1,042**	1,109
	1,042	1,109
Non-current		
Employee benefits	**240**	110
	240	110

14 INTEREST-BEARING LOANS

	CONSOLIDATED	
	2012	2011
	$'000	$'000
Non-current		
Loans from Australian Sports Commission	-	4,000
	-	4,000

On 21 May 2012 the Australian government agreed to waive the outstanding loan between the Company and the Australian Sports Commission.

As at 30 June 2011 the loan was carried at amortised cost. Interest repayments on this loan were due at the end of each financial year up to the final capital repayment date of 31 December 2014. The interest charged on this loan was half of the government 10 year bond rate plus 3%.

The Company had an undrawn banking overdraft facility of $0.5 million as at 30 June 2012 (2011: $1 million).

Notes to the financial statements (continued)

For the year ended 30 June 2012

15 COMMITMENTS

(a) Leasing commitments

Operating lease commitments – Group as lessee

The Group has entered into office rental facilities with a lease term of 4 years with an option to extend. All operating lease contracts contain market review clauses in the event that the Company exercises its option to review. The Company does not have an option to purchase the leased asset at the expiry of the lease period.

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	CONSOLIDATED	
	2012	*2011*
	$'000	*$'000*
Within one year	**483**	622
After one year but not more than five years	**-**	429
Total minimum lease payments	**483**	1,051

(b) Other commitments for expenditure

	CONSOLIDATED	
	2012	*2011*
	$'000	*$'000*
Within one year	**1,269**	2,538
After one year but not more than five years	**-**	1,269
	1,269	3,807

16 CONTINGENCIES

The Group did not have any contingent liabilities as at 30 June 2012 (2011: none).

Notes to the financial statements (continued)

For the year ended 30 June 2012

17 RELATED PARTY AND KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Compensation of key management personnel

	CONSOLIDATED	
	2012	*2011*
	$'000	*$'000*
Total compensation	**4,867**	3,633

Total compensation for the current year includes payments for the subsidiary entities Local Organising Committee AFC Asian Cup 2015 Pty Ltd and Western Sydney Wanderers Pty Ltd, plus termination payments to key management personnel.

(b) Other transactions and balances with key management personnel and their related parties

Transaction with Westfield Limited

During the year the Company received sponsorship revenue of $1,250,000 (2011: $1,250,000) from Westfield Limited, of which F Lowy AC is the Chairman and B Schwartz AM is the Deputy Chairman.

Transaction with Sydney Football Club (FC) Pty Ltd

F Lowy AC, through a family related entity, and P Wolanski AM have a minority shareholding in Sydney Foodball Club (FC) Pty Ltd, a Hyundai A-League football club.

During the year the Company entered into transactions with Sydney Football Club (FC) Pty Ltd, which is the holder of Hyundai A-League competition, on normal commercial terms and conditions.

Transaction with Gilbert + Tobin Lawyers

M Dodd is a partner of Gilbert + Tobin Lawyers where Gilbert + Tobin Lawyers provided service to the Company during the year unrelated to M Dodd's directorship to the value of $nil (2011: $44,210).

Transaction with NAB

J Healy is a member of the Group Executive Committee at NAB. During the year the Company received sponsorship revenue of $847,000 (2011: $1,143,750) from NAB. The Company also utilises NAB as its main business bank and has an overdraft facility of $0.5 million with the bank which is secured by a fixed and floating charge over the Company's general assets.

18 EVENTS AFTER BALANCE DATE

There have been no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

Notes to the financial statements (continued)
For the year ended 30 June 2012

19 PARENT ENTITY INFORMATION

	2012 **$'000**	*2011* *$'000*
Information relating to Football Federation Australia Limited:		
Current assets	**17,864**	23,058
Total assets	**20,562**	25,879
Current liabilities	**20,843**	23,842
Total liabilities	**21,020**	27,952
Members accumulated deficit	**(458)**	(2,073)
Total surplus/(deficit) for the year	**1,615**	(2,258)

The parent has not entered into any guarantees in relation to the debts of its subsidiaries.

The parent company does not have any contingent liabilties.

The contractual commitments of the parent company are as per note 15.

Directors' declaration

In accordance with a resolution of the directors of Football Federation Australia Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial positions as at 30 June 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*;

(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

Mr F Lowy AC
Chairman

Sydney, 9 October 2012

Mr B Schwartz AM
Deputy Chairman

Sydney, 9 October 2012

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Independent auditor's report to the members of Football Federation Australia Limited

Report on the financial report

We have audited the accompanying financial report of Football Federation Australia Limited, which comprises the consolidated statement of financial position as at 30 June 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 - Reduced Disclosure Requirements 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.

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 financial report.

Opinion

In our opinion the financial report of Football Federation Australia Limited is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the financial position of the consolidated entity at 30 June 2012 and of its performance for the year ended on that date; and

(b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Ernst & Young

Ernst & Young

Douglas Bain
Partner
Sydney
9 October 2012