



CARLTON FOOTBALL CLUB
153RD ANNUAL FINANCIAL REPORT

2017 PRESIDENT EXECUTIVE SUMMARY

2017 has been a year of significant growth and achievement across the entire Club.

For the financial year ending 31 October 2017, the Club generated an operating profit of \$2.4 million before depreciation and amortization, with a final statutory profit of \$678,580. This represents a \$1.4 million improvement in financial performance.

The improvement in financial performance has been through strong cost control and the successful negotiation to remove the structural inequities previously imposed on the Club, including the removal of AFL equalisation tax and gate levies.

This ensured the Club received a fair and equitable share of AFL distributions for the 2017 year and beyond.

As a result of addressing the above mentioned, the Club was able to invest an additional \$600,000 into the football programs and will continue to invest in the areas of high performance, development, coaching and football technology in 2018 to further accelerate the growth of our playing lists. Furthermore, the Club committed and commenced the resurface of Ikon Park as part of the ongoing investment to provide elite training facilities for our teams.

The Club negotiated a substantially improved Etihad Stadium deal, effective from 2018, which should generate an additional \$1.0 million for the Club (subject to attendances).

A tremendous amount of work continues to focus on increasing membership, corporate partnerships, hospitality and commercial revenues.

Whilst disappointed with the financial demise of Career One (our then co major sponsor), we were pleased to confirm the extension of Hyundai and Virgin Australia for a further five years as Co Major Partners. We thank all our corporate partners for their continued support and belief in the vision for the future of our Club.

Membership exceeded 50,000 for the third time in history. This gives us great confidence that our members are invested in and believe in the Club strategy.

Thank you to all our members who signed up and made the commitment to support the Club in 2017.

On field, 873,761 fans attended Carlton matches (compared to 784,445 in the 2016 season) to watch with excitement the progress of the emerging young talent, together with the rejuvenation of a number of individual players, which is a reflection on both our players, the coaching panel and their programs.

We had 5 Rising Star Nominations, 2 players nominated in the All Australian Squad, and 21 players renew their contracts during the course of the year.

In working to grow and be more inclusive, the launch of the inaugural AFLW competition was a turning point in the history of both the game and our Club. We are incredibly proud of the achievements of our team and coaching staff in the first year of the AFLW competition.

It was a privilege to play in, and win, the inaugural AFLW game against Collingwood, in front of a lock-out crowd at Ikon Park and with a TV audience in excess of a million viewers.

Our inclusion in the AFLW reflects our growth in proudly diversifying the Carlton Football Club.

The Club continues to immerse itself in authentic community programs, and in 2017 we continued to work on developing our leadership on gender equality; and the inclusion of more women.

Carlton Respects, our signature program, is an initiative in the prevention of family violence. Together with the clubs 'Sound Mind/Sound Body' program and 'Our leaders with Blues' program we reached a combined total of 2420 students in the northern corridor of Melbourne.

We are particularly proud of our Community Education Programs.

We officially welcomed Chris Judd to the Board of the Club, following Adrian Gleeson's retirement as a Director at the end of the season. We remain united and dedicated to the continual growth of the Carlton Football Club.

Our people, whose efforts and dedication must be acknowledged, are our biggest asset, and this cannot be recorded on any financial statement. I'd like to take this opportunity to congratulate and thank our executive and management teams, staff, coaches, players and volunteers on your efforts this year.

We have the right people in place across all areas of the football Club who have a club-wide belief in our purpose and in our pursuit of success.

There are exciting times ahead at the Carlton Football Club and I encourage you to join us on the journey.



Mark LoGiudice,
President, Carlton FC
Member ID: 1201017



CARLTON FOOTBALL CLUB LIMITED
A.C.N. 005 449 909
(Company Limited by Guarantee)

153rd ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2017

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

The Directors present their report on the results of the Carlton Football Club Ltd ("the Football Club") for the year ended 31 October 2017, and the state of affairs at that date.

1. Directors

The Directors in office during the year were:

M LoGiudice, M Clarke, C Judd (commenced 16 October 2017), I Fried, A Gleeson (retired 16 October 2017), K Jenkins, C Mathieson, J Pratt AC and L Sayers

All Directors, unless otherwise indicated, were in office from the beginning of the year until the date of this report. Particulars of Directors in office are disclosed in Note 24 of these accounts.

2. Company Secretary

The Company Secretary at the date of this report is Mr Sam Power.

3. Principal Activities

The principal activities of the Football Club during the year were to promote and play Australian Rules Football in the Australian Football League ("AFL"), in which Carlton holds one of the eighteen licenses.

4. Operating Results and Review of Operations

The Football Club Net Operating Profit before Depreciation and Amortisation for the year ended 31 October 2017 was a profit of \$2,438,122. This compares to a Net Operating Profit before Depreciation and Amortisation of \$1,095,266 for the prior comparative year. This resulted in a \$678,580 Net Profit for the 2017 financial year compared to a Net Loss of \$765,119 for the prior comparative year. The following were key contributors to the improvement in financial performance:

- 50,326 members in 2017 compared to 50,202 in 2016. The Club would like to acknowledge and thank the continued financial contribution of its members. Whilst an increase in total members, the net membership revenues of \$8,527,889 were down from \$8,618,194 in 2016. The retraction in membership revenues was due to a reduction in reserve seat memberships, resulting in the yield per member declining.
- The Club invested an additional \$2,242,908 in football related expenditure in 2017. The increase in investment included an increase in total player payments as a result of the new AFL Players Collective Bargaining Agreement, fully funded by the AFL. In addition, the Club invested an additional \$600,000 in football high performance, coaching and technology costs to expedite the growth of the Club playing lists.
- Under the new AFL investment model implemented in 2017, the Club negotiated a materially improved annual AFL funding distribution. This included the removal of the AFL equalisation tax and AFL gate levy Carlton Football Club has been required to adhere to in prior years.
- A \$960,941 decrease in Partnerships, Hospitality and Commercial revenues was impacted by the Club Co Major Partner Career One going into administration. The Club continue to pursue Career One for monies owing. Pleasingly, the Club partially mitigated the loss of Career One through partnering with Virgin Australia and Carlton United Breweries.

In addition, during the year the Club announced a five-year extension of Hyundai as a Co Major partner, and pleasingly Virgin Australia have agreed to partner the Club as the other Co Major partner for the next five years.

- A \$409,575 increase in Club Hospitality venues net contribution was due to cost savings across the four venues and growth in gaming revenues.

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONT.)

- Whilst it was a challenging year on field coupled with a commercially challenging fixture, 873,761 fans attended Carlton matches in 2017 compared to 784,445 in the 2016 season. This resulted in gate receipts of \$3,023,882, up \$1,114,462 compared to the prior year.

The Club continues to maintain a term overdraft facility with Westpac Banking Corporation to fund the working capital requirements of the Club. As at 31 October 2017 the Club had \$5,000,000 in outstanding borrowings. Subsequent to the financial year end, this facility expiry was extended to 31 December 2019.

The Football Club's community investment continues to grow, with the London Benchmarking Group (LBG) independently auditing the Club's community investment at \$1,280,681 (2016: \$1,007,002). The Club continues to invest in the Blues Foundation, delivering community, educational, multicultural and environmental programs to over 20,000 young people per annum.

Dividends

No dividends were paid or declared during the financial year. The Football Club is precluded from paying dividends by its Constitution.

Short and long-term objectives of the organization:

Our objective as a Club is to be the most inclusive and united sporting organisation. We aim to achieve our mission via the following drivers of success:

- Committing to a strong and united culture;
- Setting the benchmark in talent and development of our people;
- Putting our members and supporters at the centre of everything we do;
- Elite List Management and Football Programs;
- Building attendance and the game-day experience;
- Immersing the club in meaningful and authentic community programs;
- Further developing quality facilities for playing personnel, administration and our supporters;
- Engaging in open and honest communication with our supporters and stakeholders;
- Ensuring excellent customer service and delivery of strong revenue streams; and
- Protecting and projecting Carlton – respecting the past, but being focused on the future.

5. Significant Changes in the State of Affairs

During the financial year, there was no significant change in the state of affairs of the Club other than that referred to in the financial statements or notes thereto.

6. Subsequent Events

In the period between the end of the financial year and the date of this report, no matter or circumstance has arisen that has significantly or may significantly affect the operations of the Football Club, the results of those operations or the state of affairs of subsequent financial years.

7. Future Developments

Disclosure of information regarding likely developments in the operations of the Club in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Club. Accordingly, this information has not been disclosed in this Report.

8. Environmental Regulation

The Directors believe that the operations of the economic entity are not subject to any particular or significant environmental regulation.

Environmentally Sustainable Design (ESD) initiatives have been incorporated into the facilities at Ikon Park.

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONT.)

9. Auditor Independence and Non-Audit Services

The directors have received an Independence Declaration from the auditor of the Football Club as set out on page 5 and it forms part of the director's report for the year ended 31 October 2017.

Ernst & Young did not receive and are not due to receive any fees for the provision of non-audit services.

10. Indemnification and Insurance of Directors and Officers

During the financial year the Football Club paid premiums to ensure each of the Football Club's Directors and Officers against liabilities for costs that may arise out of their conduct while acting in the capacity of Director or Officer of the Football Club.

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors and Officers Liability insurance contract, as such disclosure is prohibited under the terms of the contract.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed in accordance with a resolution of the Directors at Carlton this 8 December 2017.



Mark LoGiudice
President



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Auditor's Independence Declaration to the Directors of Carlton Football Club Limited

As lead auditor for the audit of Carlton Football Club for the financial year ended 31 October 2017, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Carlton Football Club Limited and the entities it controlled during the financial year.

A handwritten signature in cursive script, appearing to read 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, appearing to read 'K Bodenham'.

Kylie Bodenham
Partner
8 December 2017

CARLTON FOOTBALL CLUB LIMITED

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2017

	Notes	2017	2016
		\$	\$
Revenue	5	58,618,876	54,390,069
Membership related expenses		(3,269,212)	(3,455,481)
Administration expenses		(3,932,024)	(3,594,932)
Operating expenses	6(b)	(49,894,932)	(47,784,404)
Borrowing costs	6(a)	(195,611)	(234,178)
Depreciation and lease amortisation	6(a)	(1,616,622)	(1,710,834)
Amortisation of intangible	6(a)	(153,697)	(153,697)
Profit / (Loss) on disposal of non-current assets		15,433	(3,478)
Other income		1,106,369	1,781,816
Net Profit/(Loss)		678,580	(765,119)
Other Comprehensive Income/(Loss)		(10,777)	(4,146)
Total Comprehensive Income/(Loss) for the period		667,803	(769,265)

The above Statement of Profit and Loss and Comprehensive Income should be read in conjunction with the accompanying notes.

CARLTON FOOTBALL CLUB LIMITED

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

AS AT 31 OCTOBER 2017

	Notes	2017 \$	2016 \$
CURRENT ASSETS			
Cash and cash equivalents	4	1,993,347	1,935,330
Trade and other receivables	7	3,489,499	2,585,061
Inventories	8	362,698	334,968
Other assets	9	405,450	418,242
TOTAL CURRENT ASSETS		6,250,994	5,273,598
NON CURRENT ASSETS			
Property, plant and equipment	10	18,674,313	17,976,731
Intangible assets	11	736,468	890,165
Other Financial Assets	12	544,445	550,579
TOTAL NON CURRENT ASSETS		19,955,226	19,417,475
TOTAL ASSETS		26,206,220	24,691,073
CURRENT LIABILITIES			
Trade and other payables	13	7,826,152	6,767,489
Income received in advance	14	2,126,219	2,013,234
Interest bearing liabilities	15	5,722,807	757,668
Provisions	16	798,777	784,916
TOTAL CURRENT LIABILITIES		16,473,955	10,323,307
NON CURRENT LIABILITIES			
Trade and other payables	13	64,829	147,813
Interest bearing liabilities	15	644,522	5,962,270
Provisions	16	214,716	117,288
TOTAL NON CURRENT LIABILITIES		924,067	6,227,371
TOTAL LIABILITIES		17,398,022	16,550,678
NET ASSETS		8,808,198	8,140,395
Retained profits		8,808,198	8,140,395
TOTAL EQUITY		8,808,198	8,140,395

The above Statement of Consolidated Financial Position should be read in conjunction with the accompanying notes.

CARLTON FOOTBALL CLUB LIMITED

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2017

	Notes	2017	2016
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		63,713,305	58,735,082
Payments to suppliers and employees		(62,621,960)	(59,617,171)
Other Income		1,101,727	1,777,316
Dividend Income		4,642	4,500
Interest received		3,416	5,299
Borrowing costs paid		(192,319)	(230,043)
NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES		2,008,811	674,983
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(714,166)	(514,037)
Investment in Other Financial Assets		(4,642)	(4,500)
Payment for gaming entitlements		(276,388)	(272,751)
NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES		(995,196)	(791,288)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	-
Repayment of interest bearing liabilities		(673,080)	(616,998)
Repayment of finance lease principal		(282,518)	(64,758)
NET CASH PROVIDED BY /(USED IN) FINANCING ACTIVITIES		(955,598)	(681,756)
Net increase/(decrease) in cash and cash equivalents held		58,017	(798,061)
Cash and cash equivalents at the beginning of the year		1,935,330	2,733,391
Cash and cash equivalents at the end of the year	4	1,993,347	1,935,330

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

CARLTON FOOTBALL CLUB LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 OCTOBER 2017

	Retained Earnings	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$
BALANCE AS AT 1 NOVEMBER 2015	8,909,660		8,909,660
Profit for the year	(765,119)	-	(765,119)
Other Comprehensive Income	-	(4,146)	(4,146)
BALANCE AS AT 31 OCTOBER 2016	8,144,541	(4,146)	8,140,395
Profit for the year	678,580	-	678,580
Other Comprehensive Income	-	(10,777)	(10,777)
BALANCE AS AT 31 OCTOBER 2017	8,823,121	(14,923)	8,808,198

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 1 CLUB INFORMATION

The Football Club was formed in 1864 and incorporated in Melbourne, Australia, on 20 June 1978.

The registered office of the Football Club is located at Ikon Park, Royal Parade, Carlton North, 3054.

The principal activities of the Football Club during the year were to promote and play Australian Rules Football in the Australian Football League ("AFL"), in which Carlton holds one of the eighteen licences. The financial report of the Football Club for the year ended 31 October 2017 was authorised for issue in accordance with a resolution of the directors on 8 December 2017. Carlton Football Club is a Company Limited by Guarantee and is a not-for-profit entity.

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared in accordance with the historical cost convention.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(b) Statement of Compliance

The Group has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure*.

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

Other Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Football Club for the annual reporting period ended 31 October 2017.

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial performance or position of the Company. No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

(c) Going Concern

As at 31 October 2017 the Carlton Football Club Limited has a current asset deficiency of \$10,222,961 (2016: \$5,049,709).

Notwithstanding the current asset deficiency of the Football Club, the accounts have been prepared on the basis that the Carlton Football Club Limited is a going concern. The appropriateness of adopting this basis is dependent on the Football Club being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other revenue sources in addition to receiving AFL distributions, to meet its debts as and when they become due and payable and to continue to fund its ongoing operations.

The directors also note the following factors:

- The Football Club's banker ("Westpac") and the Australian Football League ("AFL") have continued to provide financial support through to the date of this report. The facility from Westpac is in the form of a commercial bill facility (balance at 31 October 2017 of \$5,000,000) with a fixed term that expires on 31 December 2019. The AFL provides a guarantee for the full amount of the Westpac facility which also expires on 31 December 2019.
- The AFL commitment to provide additional financial support should it be required.
- The materially improved operating performance resulting in a net profit in 2017 and projected positive cash flow operations going forward.

Should the Football Club not continue as a going concern it may be required to realise assets other than in the ordinary course of operations and at amounts other than those recorded in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(d) Significant accounting judgments, estimates and assumptions

(i) Impairment of Intangible Assets

The Football Club assesses impairment of intangible assets at each reporting date by evaluating conditions specific to the Football Club and to the particular asset that may lead to impairment. In reviewing potential impairment of intangible assets reference is made to factors including forecast future cash flows and discount rates. To the extent that intangible assets are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Sales revenue is detailed in note 5 and comprises revenue earned from partnership, hospitality and commercial, AFL dividends & distributions, membership & reserved seating, gaming, gate receipts, merchandise and fundraising. Revenues are recognised at the fair value of the consideration received, net of the amount of goods and services tax (GST). The following specific recognition criteria must also be met before revenue is recognised:

Partnership Income

In accordance with a payment schedule upon receipt of a signed sponsorship agreement. Sponsorship involving contra arrangements are recognised as revenue equivalent to the fair value of services provided by the sponsor.

Sale of Goods

Control of the goods has passed to the buyer.

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

Gaming revenue

Gaming revenue is recognised net of gaming wins and losses.

ASF Grants

ASF Grants are recognised upon receipt of cash.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2017****NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****(f) Plant and Equipment**Cost

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is provided on all plant and equipment over their estimated useful lives.

Major depreciation periods are:	2017	2016
• Equipment	3-10 years	3-10 years
• Furniture and fittings	7 years	7 years
• Leasehold improvements & buildings	26 years	26 years

Leases

Leases are classified at their inception as either operating or finance leases based in the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased term to the Football Club are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Lease payments are apportioned between finance charges and reduction of the lease liability so that a constant rate of interest is recognised on the remaining balance of the liability.

(g) Inventories

Inventories are valued in the accounts at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

(h) Trade and Other Receivables

Trade Receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for impairment is made when there is objective evidence that the Football Club will not be able to collect the debts. Bad debts are written-off when identified.

Receivables from related parties are initially recognised at fair value and carried at amortised cost. Interest is taken up as income on an accrual basis.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(i) Trade and Other Payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Football Club prior to the end of the financial year that are unpaid and arise when the Football Club becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are initially recognised at fair value and carried at amortised cost. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(j) Intangibles

Gaming Entitlements

The Football Club acquired 260 gaming machine entitlements (GME) at auction in May 2010 and a further 30 GMEs via the gaming machine transfer market in July 2012. These GME's came into effect on 16 August 2012, at which time the present value of the GME purchase price was recorded as an intangible asset and a liability recorded for payment for the entitlements which are to be made over the remaining year. The useful life of this intangible asset expires in line with the expiry of the gaming entitlements in August 2022. The asset is being amortised on a straight-line basis over 10 years.

(k) Impairment

Plant & Equipment and Intangible assets

The carrying values of plant and equipment and intangible assets 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.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Football Club would, if deprived of the asset, replace the asset, value in use is determined as the depreciated replacement cost of the asset.

An impairment exists when the carrying value of an asset or cash-generating units 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 income statement in the cost of sales line item.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2017****NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****Financial Assets**

The entity assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred on a financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

The discount rate used for financial assets carried at amortised cost is the financial asset's original effective interest rate (i.e. The effective interest rate computed at initial recognition).

(l) Income Tax

As a club established for the encouragement of a game or sport, Carlton Football Club Limited is exempt from income tax in accordance with section 50-45 of the Income Tax Assessment Act 1997.

(m) 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 employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows 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 high quality corporate bonds which have terms to maturity approximating the terms of the related liability are used.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). The amounts reported for receivables and payables are inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included as a current asset or liability in the Balance Sheet.

Cash flows from operating activities are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows applicable to investing and financing activities that are recoverable from, or payable to, the ATO are classified in operating cash flows.

(o) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Cash on hand and in banks are stated at nominal value.

(p) Comparative Figures

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

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(q) Members' Liability on Winding Up

The Football Club is a company limited by guarantee and domiciled in Australia. Accordingly the liability of the members of the Football Club is limited. As stated in clause 4 of the Football Club's Memorandum of Association, each member of the Football Club undertakes to contribute to the assets of the Football Club in the event of it being wound up while they are a member or within one year afterwards for payment of the debts and liabilities of the Football Club contracted before they cease to be a member and of the costs, charges and expenses of winding up the Football Club and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding fifty dollars (\$50).

(r) Interest Bearing Loans and Borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised. Borrowing costs are recognised as an expense when incurred.

(s) Derecognition of Assets

A financial asset is derecognised when the rights to receive cash flows from the asset have been extinguished or expired.

(t) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 October 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

(u) 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 acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2017****NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)****(u) Business combinations (cont)**

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date.

NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Football Club's principal financial instruments comprise receivables, payables, bank commercial bill facility, AFL loan, other loans, unsecured debentures, and cash.

The main purpose of these financial instruments is to raise finance for the Football Club's operations. It is, and has been throughout the period under review, the Football Club's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Football Club's financial instruments are interest rate risk, credit risk and liquidity risk. The Football Club uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of prevailing market interest rates, analysing and monitoring of customers for credit risk, and assessing liquidity risk by producing future rolling cash flow forecasts, which are performed on a monthly basis.

Primary responsibility for identification and control of financial risks rests with the Finance sub-committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit terms and future cash flow forecast projections.

Fair Values

The fair values of the Football Club's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

Risk Exposures and Responses***Interest Rate Risk***

The Football Club's exposure to market interest rates relates primarily to the Football Club's debt facility obligations. The facility is provided by Westpac. The level of debt is disclosed in Note 15. The Football Club regularly analyses its interest rate exposure, cash and debt levels. The Football Club has a Commercial Bill Facility of \$5,000,000.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

Foreign Currency Risk

The Football Club holds securities in Fronde Systems Group Ltd trading on the unlisted New Zealand exchange denominated in New Zealand Dollars. Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Capital Management

In managing capital, the Football Club aims to maintain a stable capital base, capable of withstanding cash flow fluctuations, but flexible enough to accommodate the Football Club's plans for growth. The Football Club aims to maintain an optimal capital structure to reduce the cost of capital and maximise benefits to members.

The capital structure of the group consists of debt, which includes interest-bearing loans as disclosed in Note 15, cash and cash equivalents.

The Football Club is not subject to any externally imposed capital requirements.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 4 CASH AND CASH EQUIVALENTS

	2017 \$	2016 \$
Reconciliation of cash		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows comprise the following items:		
Cash on hand	586,518	592,541
Cash at bank	<u>1,406,829</u>	<u>1,342,789</u>
Cash and cash equivalents	<u>1,993,347</u>	<u>1,935,330</u>
Non-cash financing activities		
Acquisition of assets by means of finance lease	<u>349,043</u>	<u>350,370</u>

NOTE 5 REVENUES

	2017 \$	2016 \$
Partnerships, Hospitality and Commercial	12,662,263	13,623,204
AFL income	13,669,151	10,238,834
Membership and reserved seating	8,527,889	8,618,194
Club Hospitality venue revenue	18,825,869	17,949,201
Gate receipts	3,023,882	1,909,420
Merchandise	1,300,900	1,093,580
Fundraising	39,709	111,619
Interest income	3,416	5,299
Other football operations income	565,796	840,718
Total revenues	<u>58,618,876</u>	<u>54,390,069</u>

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 6 EXPENSES AND LOSSES/(GAINS)

(a)	Expenses	2017	2016
		\$	\$
	Cost of merchandise sold	737,558	707,046
	Merchandise Inventory write off	(816)	110,926
	Depreciation of non-current assets		
	-Plant and equipment	1,604,079	1,592,352
	-Leased assets	12,542	118,482
		1,616,622	1,710,834
	Amortisation of non-current assets		
	-Intangible assets	153,697	153,697
	Total depreciation and amortisation expenses	1,770,319	1,864,531
	Lease payments – operating lease	96,781	88,121
	Borrowing costs expensed		
	Interest expense		
	-Finance lease	3,291	4,136
	-Gaming entitlement	10,310	22,814
	-Commercial Bill, AFL Facility, other loans	182,010	207,228
	Total borrowing costs expensed	195,611	234,178
(b)	Football department costs	23,841,372	21,598,464
	Club Hospitality venue costs	15,655,985	15,188,892
	Marketing and other department costs	10,397,575	10,997,048
		49,894,932	47,784,404
(c)	Personnel Expenses *		
	Wages and salaries	24,796,760	22,246,276
	Contributions to superannuation	1,707,834	1,464,758
	Movement in employee entitlements	134,946	119,347
		26,639,540	23,830,381

* Personnel expenses in note 6(c) are included in Operating expenses in note 6(b)

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 7 TRADE AND OTHER RECEIVABLES

Current	2017 \$	2016 \$
Trade receivables	1,918,409	1,077,467
Provision for doubtful debts	-	(26,095)
Trade receivables	1,918,409	1,051,372
Other receivables	1,508,782	1,523,710
Related party loans	62,308	9,979
Total trade receivables	3,489,499	2,585,061

Trade receivables and allowance for impairment

Trade receivables are non-interest bearing and are generally on 30 – 60 day terms.

An allowance for impairment (impairment loss) is recognised when there is objective evidence that a trade receivable is impaired.

	31-Oct-17 \$	31-Oct-16 \$
Allowance for impairment losses opening balance	(26,095)	(19,790)
Amounts provided for	-	(26,095)
Amounts written off	24,170	19,790
Allowance for impairment losses closing balance (amounts released during year for NIL balance)	-	(26,095)

The Football Club maintains direct contact with debtors and is satisfied that payment of the amounts past due but not impaired will be received.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 8 INVENTORIES

	2017	2016
	\$	\$
Merchandise stock		
At lower of cost and net realisable value	220,548	233,463
Other inventory	142,150	101,502
	362,698	334,965

NOTE 9 OTHER ASSETS

	2017	2016
	\$	\$
Current		
Prepayments	405,450	418,242
	405,450	418,242

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	2017 \$	2016 \$
Plant & equipment		
At cost	10,486,977	9,146,905
Accumulated depreciation	(6,814,523)	(5,857,881)
Net carrying amount	3,672,454	3,289,024
Furniture and fittings		
At cost	553,727	429,879
Accumulated depreciation	(297,724)	(240,932)
Net carrying amount	256,003	188,947
Leasehold improvements & buildings		
At cost	20,635,647	19,631,081
Accumulated depreciation	(5,889,791)	(5,132,321)
Net carrying amount	14,745,856	14,498,760
Total plant and equipment	18,674,313	17,976,731

Reconciliations

Movements in the carrying amount of each class of plant & equipment between the beginning and the end of the current financial year are set out on the following page.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

2017	Plant & Equipment \$	Furniture & Fittings \$	Leasehold Improvements \$	Total \$
Carrying amount at the beginning of the year	3,289,024	188,947	14,498,760	17,976,731
Additions	955,143	123,848	105,867	1,184,858
Additions (Work In Progress)	285,939	-	898,700	1,184,639
Disposals / Transfers	(55,293)	-	-	(55,293)
Depreciation expense	(802,359)	(56,792)	(757,471)	(1,616,622)
Carrying amount at year end	3,672,454	256,003	14,745,856	18,674,313

Plant & Equipment pledged as security for liabilities. Leased IT equipment and motor vehicles are pledged as security for the related finance lease, and EGM's are pledged as security for related loan with SME Finance.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 11 INTANGIBLE ASSETS

Reconciliation of carrying amount at the beginning and end of the period

	2017	2016
	\$	\$
Gaming entitlement at cost	1,536,971	1,536,971
Accumulated amortisation	(800,503)	(646,806)
Net carrying amount	736,468	890,165

Gaming Entitlements	2017	2016
	\$	\$
Carrying amount at the beginning of the year	890,165	1,043,862
Amortisation	(153,697)	(153,697)
Carrying amount at the end of the year	736,468	890,165

The Football Club acquired 260 gaming machine entitlements (GME) at auction in May 2010 and a further 30 GMEs via the gaming machine transfer market in July 2012. These GME's came into effect on 16 August 2012, at which time the present value of the GME purchase price has been recorded as an intangible asset as payment for the entitlements are to be made over 5 years. The useful life of this intangible asset expires in line with the expiry of the gaming entitlements in August 2022. The asset is being amortised on a straight-line basis over those 10 years.

Refer to note 2(j) for a description of gaming entitlements.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 12 OTHER FINANCIAL ASSETS

Non Current

	2017	2016
	\$	\$
Sapphire Holdings Group Pty Ltd ^(a)	309,368	304,725
Fronde Systems Group Ltd ^(b)	235,077	245,854
	<u>544,445</u>	<u>550,579</u>

(a) The Club assessed its shareholding in Sapphire Holdings Group Pty Ltd based on fair value.

(b) the Club company was issued 231,250 shares in Fronde Systems Group Limited as part of a partnership arrangement on 16 May 2016. The shares are issued in New Zealand Dollars. At 31 October 2017, the Club has assessed the shareholdings based on market value. An adjustment to the shareholdings value has been made based on foreign currency exchange rates.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 13 TRADE AND OTHER PAYABLES

		2017	2016
		\$	\$
Current			
Trade creditors		3,592,312	2,752,474
Other Loans – VCGLR	(a)	-	276,389
Other creditors		4,233,840	3,738,626
		<u>7,826,152</u>	<u>6,767,489</u>
Non Current			
Other creditors		64,829	147,813
		<u>64,829</u>	<u>147,813</u>

a) Loans - Victorian Commissioner of Gaming and Liquor Regulation

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 14 INCOME RECEIVED IN ADVANCE

Current	2017 \$	2016 \$
Membership	1,884,566	1,679,541
Sponsorship and hospitality	241,653	333,693
	2,126,219	2,013,234

The Football Club launched its 2018 membership campaign on 6 October 2017. Memberships received prior to 31 October 2017 are recorded as income received in advance.

NOTE 15 INTEREST BEARING LIABILITIES

Current		2017 \$	2016 \$
Lease liability	(a)	193,285	194,417
Other loans	(b)	529,522	563,251
Commercial bills	(c)	5,000,000	-
		5,722,807	757,668
Non Current			
Commercial bills	(c)	-	5,000,000
Lease liability	(a)	419,908	282,528
Unsecured – notes		12,281	12,279
Other loans	(b)	212,333	667,463
		644,522	5,962,270

a) Finance Leases

The current and non-current lease liabilities totalling \$613,193 (2016: \$476,946) represents finance leases maturing between 2017 and 2021 with fixed interest rates between 3% and 6.5%.

b) Other loans

Other loans relate to the acquisition of Electronic Gaming Machines (EGMs). These loans, secured against EGM's, are repayable over a five year term. The total balance at 31 October 2017 is \$741,855 (2016: \$1,230,713).

c) Commercial Bill facilities

The Football Club has \$5,000,000 in Commercial Bill facilities provided by Westpac which are secured by a guarantee limited to \$5,000,000 given by the Australian Football League. As at 31 October 2017, the facility is fully utilized. Subsequent to the reporting date the Commercial Bill facility expiry was extended to 31 Dec 2019.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 16 PROVISIONS

	2017	2016
	\$	\$
Employee benefits		
Annual leave:	499,993	447,347
Long service leave (current)	298,784	337,569
	<u>798,777</u>	<u>784,916</u>
Long service leave (non-current)	<u>214,716</u>	<u>117,288</u>

NOTE 17 COMMITMENTS

	2017	2016
	\$	\$
Player Contracts		
Amounts contracted to AFL players;		
Not later than one year	10,233,764	10,066,455
Later than one year but not later than two years	7,990,000	4,838,970
Later than two years but not later than five years	4,795,000	4,380,000
	<u>23,018,764</u>	<u>19,285,425</u>

Operating lease commitments

The Football Club has a 40 year lease agreement with the Melbourne City Council for the Ikon Park venue that continues through until 2035. The annual rent is \$96,781 (2016: \$88,121).

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENT

YEAR ENDED 31 OCTOBER 2017

NOTE 17 COMMITMENTS (CONT.)

Finance lease commitments

The Football Club has finance lease contracts for various items of IT equipment and EGM's with a carrying amount of \$569,186 (2016: \$476,946). These lease contracts expire within three to five years.

	2017	2016
	\$	\$
Finance lease commitments		
Within one year	193,285	205,691
After one year but not more than five years	419,908	294,842
Less future finance charges	(44,007)	(23,588)
Carrying amount of finance lease liabilities	<u>569,186</u>	<u>476,945</u>

Rent and Management Fees:

The Football Club has entered into lease agreements and management agreements payable to ALH and Michael O'Brien pertaining to the Football Club's member venues which are effective through to 2022. The Football Club's commitments under these agreements are as follows:

	2017	2016
	\$	\$
Rent		
Within one year	3,302,132	3,205,954
After one year but not more than five years	14,229,336	13,814,889
After five years	205,489	3,922,068
Total rental payments	<u>17,736,957</u>	<u>20,942,911</u>
Management Fee	\$	\$
Within one year	1,712,270	1,662,398
After one year but not more than five years	7,378,406	7,163,501
After five years	217,268	2,144,443
Total management fee payments	<u>9,307,944</u>	<u>10,970,342</u>

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2017

NOTE 18 CONTINGENCIES

There are no material contingent liabilities or contingent assets as at 31 October 2017.

NOTE 19 MEMBERS' CONTRIBUTION

The amount capable of being called up in the event of, and for the purpose of, the winding up of the Football Club is limited to \$50 per member, subject to the provision of the Constitution.

NOTE 20 SUBSEQUENT EVENTS

In the period between the end of the financial year and the date of this report, no matter or circumstance has arisen that has significantly or may significantly affect the operations of the Football Club, the results of those operations or the state of affairs of the Football Club in subsequent financial years.

NOTE 21 DIRECTORS' REMUNERATION

Non-executive directors do not receive directors' fees, but the Football Club has paid premiums in respect of indemnification and insurance of directors.

Disclosure of the liabilities covered and the amount of the premiums paid in respect of the Directors and Officers Liability insurance contract is prohibited under the terms of the contract.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 22 PARENT ENTITY

The following information relates to the Carlton Football Club (The Parent Entity)

	2017	2016
	\$	\$
Current assets	6,133,879	5,212,858
Non-Current Assets	19,955,225	19,417,474
Current liabilities	(16,489,761)	(10,438,174)
Non-Current Liabilities	(924,066)	(6,110,511)
Net assets	8,675,277	8,081,647
 Accumulated Surplus	 8,675,277	 8,081,647
 Profit/(loss) of the Parent Entity	 605,743	 (826,446)
 Total Comprehensive Income/(loss) of the Parent Entity	 605,743	 (826,446)

Refer to note 16 for details of the Parent Entity commitments.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2017****NOTE 23 RELATED PARTY**

Key Management personnel as at 31 October 2017 are as follows:

- Chief Executive Officer – Steven Trigg
- General Manager Corporate Sales & Partnerships – Sam Eustice
- Chief Financial Officer – Simon Kelleher
- General Manager Football – Andrew McKay
- General Manager Consumer and Marketing – Emily Pilling
- General Manager People, Community, Diversity & Inclusion – Amanda Barker (commenced 5 December 2016)
- General Manager Communications and Corporate Affairs – Vanessa Gigliotti (commenced 23 October 2017)

During the financial year the following Key Management personnel changes occurred:

- Human Resources Manager – Luisa Amarella (date of change 18 April 2017)
- General Manager Business Development – Christie Downs (date of change 12 April 2017)

During the year, a total of \$2,651,666 (2016: \$2,206,337) of total remuneration was paid or was payable to these key personnel for services to the Football Club.

The Football Club is the sole unit holder in the PFS Unit Trust (“Premier Finance”). The results of Premier Finance are included in the consolidated results of the Football Club. Premier Finance operates mortgage financing services. During the year the Football Club did not loan Premier Finance any funds, \$0 is owing to the Football Club by Premier Finance at 31 October 2017 (2016: \$36). The loan has been eliminated on consolidation.

Carlton Football Club Foundation was established as a Prescribed Private Fund governed by a Trust Deed. The results of Carlton Football Club Foundation are included in the consolidated results of the Football Club. Funds were loaned by The Football Club to The Carlton Football Club Foundation in prior years, with a total of \$15,734 owing to the Football Club by the Carlton Football Club Foundation at 31 October 2017. During the year the Football Club did not loan the Foundation any funds. The loan has been eliminated on consolidation.

The Carlton Football Community Fund is a charitable trust governed by the terms of a Trust Deed. Mr. LoGiudice is a trustee of the Fund. The Carlton Football Community Fund conducts many programs each year including multi-cultural programs to benefit those in the community. The Football Club loaned the Carlton Football Community Fund \$9,649 during the year to cover operational costs, \$63,538 is owing to the Football Club at 31 October 2017 (2016: \$53,889).

The Carlton Football Community Fund is not a controlled entity of Carlton Football Club Limited and has not been consolidated.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 23 RELATED PARTY (CONT)

Director transactions with the Football Club

A number of directors of the Football Club, or their director-related entities, hold positions in other entities that result in them having control or significant influence over these entities.

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

The aggregate amounts recognised during the year in relation to directors and their related entities were as follows:

Director	Service	Income/ (Expense) 2017	Income/ (Expense) 2016
M Clarke	Corp Sales / M'ship	2,325	2,164
I Fried	Corp Sales / M'ship	52,842	13,021
A Gleeson	Corp Sales / M'ship	5,179	94,600 (5,794)
K Jenkins	M'ship	6,862	10,660
C Judd	Corp Sales	794	-
M LoGiudice	Corp Sales / M'ship	28,095	23,904 (2,704)
C Mathieson	Corp Sales / M'ship	26,330	42,800
J Pratt AC	S'ship / M'ship	593,945	590,813 (10,091)
L Sayers	Corp Sales / M'ship	40,693 (109,632)	20,779

Each director is allocated only one ordinary membership and is therefore entitled to only one vote in Club elections

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2017****NOTE 23 RELATED PARTY (CONT)****Director transactions with the Football Club**

During the 2017 financial year Mr Fried donated \$35,000 towards hosting the AFLW Best and Fairest. During the 2016 financial year Mr Fried donated \$40,000 towards the refurbishment of the Carlton Media Centre at Ikon Park.

Director transactions with Australian Sports Foundation

The following directors contributed unconditional donations throughout the year to the Australian Sports Foundation, nominating their preference for their gift to benefit the Carlton Football Club. The Australian Sports Foundation makes the ultimate determination as to how the donations are dealt with and distributed.

Director	2017	2016
M Clarke	13,000	5,750
I. Fried	4,510	10,750
A Gleeson	15,940	-
K. Jenkins	2,000	750
C. Judd	13,500	-
M LoGiudice	45,625	34,000
C Mathieson	121,975	38,000
J Pratt	-	-
L Sayers	15,000	50,800

Director transactions with Carlton Football Club Foundation (trading as Blues Foundation)

The following directors contributed an unconditional donation throughout the year to the Carlton Football Club Foundation (t/as Blues Foundation). The Trustees of the Foundation make the ultimate determination as to how the donations are dealt with.

Director	2017	2016
M LoGiudice	-	50,000
J Pratt	-	25,000

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 24 PARTICULARS OF CURRENT DIRECTORS

Full Names and Office Held	Nature and Date of Change	Number of Years on Board	Experience/Background	Qualifications
CLARKE, Marcus Director	Continuing	10 years, 9 months	Mr Clarke has been a barrister since 1987 and has represented a number of Carlton players at the AFL Tribunal and in appeals from the Tribunal. Mr Clarke practices in commercial law, including contractual and corporate law.	B.Ec., LL.B
FRIED, Isaac Director	Continuing	10 years, 11 months	Mr Fried is Executive Deputy Chairman of Spotlight Group Holdings, which includes Spotlight, Anaconda and Spotlight Property Group.	
GLEESON, Adrian Director	Retired 16 October, 2017	11 years, 6 months	Mr Gleeson has over 26 years experience in the financial services sector. He is a Certified Financial Planner and senior executive of Tribeca Financial, a mid-tier financial planning firm based in Melbourne. Mr Gleeson is also Chairman and Group Director of the Johns Lyng Group, a national construction building services and insurance rectification business. He played 176 games for Carlton, was a member of the 1987 Premiership team and is a Life Member of the Club.	CFP, Dip FP
JENKINS, Kate Director	Continuing	2 years, 1 month	Ms Jenkins has 20 years' experience as an employment lawyer at Herbert Smith Freehills, including 14 years as partner. Ms Jenkins was the Victorian Equal Opportunity and Human Rights Commissioner until 2016 when she was appointed as the Australian Sex Discrimination Commissioner. In addition Ms Jenkins is a Director of Heide Museum of Modern Art.	BA (Hons) LLB (Hons)
JUDD, Chris Director	Continuing	1 month	Mr Judd played professional football for 14 years. Following on from this, he worked briefly in funds management before focusing on personal investments in the small cap listed equities space. He is also a Director and Founding Shareholder of Jaggad, an Australian exercise apparel business, as well as holding various media roles with Triple M and Fairfax.	

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 24 PARTICULARS OF DIRECTORS (CONT.)

Full Names and Office Held	Nature and Date of Change	Number of Years on Board	Experience/Background	Qualifications
LOGIUDICE, Mark Director	Continuing	7 years, 6 months	Mr LoGiudice has been in the property industry since 1986 and is Managing Director of Crawfords Group, a family owned investment and development company, involved in commercial, industrial and retail property. Further to his property interests Mr LoGiudice is a Director of La Manna Premier Group, a national farming, marketing and logistics company of fresh produce.	
MATHIESON, Craig Director	Continuing	5 years	Mr Mathieson is Managing Director of the Mathieson Group; a diverse family business. Prior to joining the family business, Craig spent 10 years in the Banking Industry, He was previously the CEO of DMS Glass. Craig is currently Non Executive Director of ASX listed companies, Shaver Shop Ltd and Abilene Oil.	B Bus (Banking & Finance)
PRATT, Jeanne AC Director	Continuing	6 years, 7 months	Mrs Pratt is Co-Chairman of Visy the world's largest privately owned, paper and recycling company. Chair of The Production Company a non- profit theatrical company she founded in 1998. Philanthropist and arts patron.	Jeanne Pratt AC DUniv (Swin)
SAYERS, Luke Director	Continuing	5 years	Mr Sayers joined PwC in 1991 and in 2012 was appointed CEO of PwC Australia and Vice Chairman, PwC Asia Pacific. He is also Chair of the Melbourne Chapter of the Australian Business and Community Network (ABCN) and E.motion21. Member of Monash University's Industry Council of Advisors (MICA), the Genazzano FCJ College Council, and the Victorian Branch of the Male Champions of Change.	B Bus (Accounting) B Computing (Info Systems)

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2017

NOTE 24 PARTICULARS OF DIRECTORS (CONT.)

Directors Attendances at Board and Sub-Committee Meetings during the year:

Name	Board (Total 10)
M Clarke	10
I Fried	9
A Gleeson	9
K Jenkins	8
C Judd	1 (of 1)
M LoGiudice	10
C Mathieson	10
J Pratt AC	8
L Sayers	8

The directors also serve time on the following sub-committees, which met on an ad-hoc basis as required:

- Finance, Audit & Risk – Luke Sayers (Chair), Zac Fried, Mark LoGiudice, Marcus Clarke, Craig Mathieson
- List Management – Adrian Gleeson (to be replaced by Chris Judd moving forward)
- Brand, Marketing & Communications – Zac Fried (Chair)
- Independent Nominations – Mark LoGiudice
- AFL Compliance, Risk & Integrity – Marcus Clarke (Chair), Mark LoGiudice
- Community & Diversity – Kate Jenkins (Chair)
- Commercial Projects – Mark LoGiudice, Jeanne Pratt

CARLTON FOOTBALL CLUB LIMITED**• DIRECTORS' DECLARATION****At 31 October 2017**

In accordance with a resolution of the Directors of Carlton Football Club Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of Carlton Football Club Ltd are in accordance with the Corporations Act 2001, including;
 - (i) giving a true and fair view of the company's financial position as at 31 October 2017 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable as noted in Note 2c.

On behalf of the Board



MARK LOGIUDICE
President

8 December 2017



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Independent Auditor's Report to the Members of Carlton Football Club Limited

Opinion

We have audited the financial report of Carlton Football Club (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

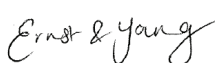
Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

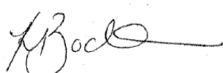
As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Ernst & Young



Kylie Bodenham
Partner

Melbourne

8 December 2017



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