



# ANNUAL FINANCIAL REPORT

HAWTHORN FOOTBALL CLUB LIMITED

YEAR ENDING 31 OCTOBER 2013

ACN 005 068 851

**Hawthorn Football Club Limited  
and its controlled entities  
ACN 005 068 851  
Annual report  
for the year ended  
31 October 2013**

# Hawthorn Football Club Limited and its controlled entities

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# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013

The Directors present their report together with the financial report of Hawthorn Football Club Limited ("the Club"), the Group, (being the Club and its controlled entities), for the year ended 31 October 2013 and the auditor's report.

### Directors

The Directors of the Club at any time during or since the end of the financial year are:

P A Newbold (President)	G L Harris (Vice-President)	R C Amos*
S P Cummins**	J H Dunstall	R J Garvey
A H Kaye	M K Ralston	B A Stevenson***

\* Appointed 5 June 2013

\*\* Resigned from the board 11 December 2012

\*\*\* Appointed 28 June 2013

### Principal activities

The principal activities of the Club are to compete within the Australian Football League (AFL) by maintaining, providing, supporting and controlling a team of footballers bearing the name of the Hawthorn Football Club. There were no significant changes in the nature of the principal activities during the year.

### Dividends

The Constitution of the Club prohibits payment of dividends and accordingly no dividends were paid or declared during the year.

### Controlled Entities

The Club is required to present consolidated financial accounts. The Consolidated Group ("Group") comprises Hawthorn Football Club Limited, HFC CS Fixed Trust ("CSFT"), Box Hill Hawks Football Club Ltd ("BHHFC") and HFC Foundation (HFC Foundation Nominees Pty Ltd).

The Club is the sole unit holder of CSFT, which in turn, owns a 73% interest in a Caroline Springs Joint Venture (CSJV), the nominee for which is CSJV Nominees Pty Ltd.

While the Club does not hold an ownership interest in BHHFC, the Club is deemed to have the ability to govern the financial and operating policies of BHHFC; and consequently consolidates this entity.

# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

### OPERATING AND FINANCIAL REVIEW

The Club is delighted to announce a net operating profit for the year ended 31 October 2013 of \$3,118,672 (Club 2012: \$2,023,720).

On 11 October 2010 the Club, through its ownership of the CSFT, obtained effective control of the CSJV by way of the CSFT acquiring an additional 16.67% interest of the venture on top of the initial investment of 50%.

As a requirement of accounting standards, recognition of the CSFT's control of the venture requires that the initial 50% investment in the CSJV be re-valued to fair value. Based on independent valuations received of the WestWaters Hotel and the price paid for the further 16.67%, the 50% CSJV interest's fair value is approximately \$6.239m.

The CSFT's re-measurement to the above fair value of its initial 50% interest in the CSJV resulted in a non-cash gain of \$6.239m which was recognised in the 2010 accounts as a one-off item of income in the statement of comprehensive income within the group's consolidated financial statements.

In 2013 an independent valuation of the WestWaters Hotel was undertaken and the related goodwill was written down by \$4.2m. It is important to note that this write down reflects a partial reversal of the large profit the Club was required to record in 2010. Both the write down and original profit are non-cash in nature.

After including the goodwill writedown the consolidated net operating loss attributable to the members of the group for the year ended 31 October 2013 is \$891,075 (Consolidated 2012 profit: \$1,288,810)

### Short and long term objectives of the Club

The Club's short and long term objectives were identified in our 5 year business plan, "All for One". This business plan was released in February 2013, with the vision to become the Destination Club of the AFL, where committed people are developed through the strength of the Hawthorn Culture to deliver and celebrate exceptional performance.

### Performance Management

The Club measures its performance by setting targets surrounding its strategic pillars, namely; Football Operations, Financial Management, Fan and Community Engagement, Commercial Operations, People and Facilities and Infrastructure. These targets are then reported and monitored in detail on a regular basis throughout the season.

# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2013

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### Football

We are the 2013 AFL Premiers. A tremendous result and much deserved reward for the tireless work of the department and more broadly the Club. The team were extremely consistent throughout the home and away season finishing as minor premiers. The team recorded an impressive win in the Qualifying Final earning a well deserved week off. The Preliminary Final against Geelong was an epic encounter, with the Hawks fighting back from a perilous position at three quarter time to ultimately prevail in a nervous final quarter. The Grand Final pitted the Hawks against the Fremantle Dockers in their inaugural Grand Final appearance. In difficult conditions, the Hawks posted an early lead, which despite a valiant fight back from the Dockers, ultimately proved the difference. After the heartache of last year, what a euphoric moment for the Club – our 11<sup>th</sup> premiership.

The Club increased its investment in development to allow our list to reach its full potential. We congratulate the Box Hill Hawks on their exhilarating Grand Final victory against Geelong, the second premiership for Box Hill under the alignment agreement. Box Hill's development side lost the Grand Final in dramatic circumstances, with the side losing in extra time.

The Club traded in AFL player Brian Lake for the 2013 season and orchestrated the arrival of Jed Anderson and Matt Spangher via trades with GWS and Sydney respectively. The Club also added Jonathan Simpkin to our senior list courtesy of free agency. In addition the Football Department continued the focus on drafting quality and talented young players through the recruitment of Tim O'Brien, Kaiden Brand, and Jonathon Ceglar.

A number of players have concluded their football careers at the Club and we sincerely thank them all for their contribution and wish them well in their future endeavours. In particular we would like to thank

- Max Bailey: 2013 premiership player, 8 years of service and 43 games
- Xavier Ellis: 2008 premiership player, 7 years of service and 86 games
- Lance Franklin: 2008 and 2013 premiership player, 9 years of service and 182 games
- Brent Guerra: 2008 and 2013 premiership player, 8 years of service and 159 games
- Michael Osborne: 2008 premiership player, 13 years of service and 168 games
- Shane Savage: 5 years of service and 56 games

##### Tasmania

This year was the second year of the latest 5 year agreement with the Tasmanian Government. The relationship with both the Tasmanian Government as our major naming rights partner and the Tasmanian Community continues to grow and deliver benefits to both parties. The success of this partnership throughout its tenure has been outstanding and we will continue to work closely with Tasmania to further enhance and develop this relationship in the coming years.

# **Hawthorn Football Club Limited and its controlled entities**

## **DIRECTORS' REPORT** (CONTINUED)

### **FOR THE YEAR ENDED 31 OCTOBER 2013**

#### **OPERATING AND FINANCIAL REVIEW** (CONTINUED)

##### **Facilities**

The Club outlined in “All for One” our ambition to be a market leader in facilities. To this end, we have engaged a specialist consultant to investigate development, renovation and expansion opportunities at the Ricoh Centre. The Club continues to investigate alternative training venues that may better suit our long term needs and requirements.

##### **Commercial Ventures / Investments**

The WestWaters Hotel and Entertainment Complex completed its 2<sup>nd</sup> full year of operations in 2013. The multi-award winning venue is built around Lake Caroline in Caroline Springs and boasts 4.5 star accommodation, a la carte bistro, café and lounge bar area, sports bar and conference and event facilities. The business is still in its growth phase and remains a key investment of the Club. The Club's Vegas at Waverley Gardens venue had another strong year in 2013 and is also an important investment of the Club.

##### **Sponsorship**

In 2013 new partnerships commenced with iiNet, as the Club's principal partner and adidas, our new apparel sponsor. Both of these partners have integrated into the Club seamlessly and we look forward to a continuous harmonious relationship over the years ahead.

##### **Corporate sales and Fundraising**

The Corporate Sales division, through HFC Corporate Hospitality, performed strongly in 2013 with profits increasing by more than 10%. The fundraising highlight of the year was the Club's major fundraiser which was held at the Regent Theatre in July. This event was themed Christmas in July and was a wonderful showcase.

##### **Membership & Merchandise**

Membership has again continued the recent trend of the past few years, by continuing to grow at an outstanding rate of 4.1% to 63,353 (2012 – 60,841). This is a very pleasing result, and puts the Club on target towards our “All for One” goal of 80,000 members by 2017. Our Tasmanian members are an important contingent, with 8,567 members in 2013. Merchandise gross sales reached \$3.7m in 2013, growth of 19%. (2012: \$3.1m), which is a pleasing outcome for the first year of the adidas partnership.

##### **Match Day Attendances**

Average attendances at Melbourne home games in 2013 were 52,809 (2012: 44,612), with the highlights of the season being the season opener against Geelong (76,300) and the Round 21 fixture against Collingwood (71,533). The average attendance in Tasmania was 13,237.

# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2013

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### Community

The Club recognises we have a Social Responsibility to engage in community activities and to this end are involved in a variety of activities throughout Melbourne, Tasmania and the Northern Territory.

An Indigenous Partnerships Program with the region of Katherine in the Northern Territory continued to grow, with players and staff visiting the area twice in 2013 to engage with local children and schools to deliver healthy and active lifestyle messages. The Club also welcomed six children and carers from Bulman (a remote community outside Katherine) to Melbourne for a five day cultural exchange experience in conjunction with Hawthorn Auskick.

The Club has enjoyed relationships with a variety of charitable organisations in 2013, providing match-day experiences, fundraising initiatives and awareness campaigns to help spread their messages. This year's charities included; Beyondblue, Starlight Children's Foundation, The Beacon Foundation, Legacy, The Salvation Army, Give Me 5 For Kids, Step Back Think, Cancer Council Tasmania, Zaidee's Rainbow Foundation, Kokoda Track Foundation, Victoria Police Blue Ribbon Foundation.

Beyondblue continue as the Club's Major Community Partner and we continue to foster a strong relationship, working together on awareness campaigns which help reduce the stigma associated with anxiety and depression in young people.

Hawthorn also continues to grow our relationship with the Eastern Football League, further committing to the development of football in the area. The partnership has players involved in a variety of activities, most notably the Eastlink EFL Road Safety Program which has Roadsafe Victoria present to a different EFL Club each week with the assistance of a specially filmed DVD featuring Hawks players.

The Hawks in Schools Program continues to gather momentum, doubling in size this year. The Club and players, with assistance from Monash University, deliver healthy lifestyle messages to grade 3 students in schools in the municipality of Monash. The program allows the Club to engage students in our backyard to try and help educate students on the importance of healthy eating and physical activity.

Our Community programs in Tasmania are growing, with the Club working closely with the Tasmanian Government to deliver meaningful and effective programs across the State including the Tassie Hawks Cup and Netball Shield, Tassie Hawks in Schools program and Community Camp.



# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2013

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

##### Foundation

The HFC Foundation continues to build its funds to provide the Club with a solid financial base. The major objective of the Foundation is to enable the Club to carry out specific projects which may not otherwise be funded from normal profits and generally to secure the Club's long term future.

During the year the Foundation received \$318,756 in donations (2012: \$111,509) and generated \$136,103 in investment earnings (2012: \$124,813). These contributions have assisted in increasing the funds of the Foundation to \$3,189,422.

The Club continues to wholeheartedly support the Foundation. To this end, the Club is delighted to announce a further contribution of \$500,000 to the Foundation, which will be paid in November 2013.

In 2013 the Foundation launched a prestigious membership offering, namely Foundation 500. Membership currently stands at 49, with members and guests attending a glorious night of entertainment at Vue de Monde in May, featuring a specular performance from David Helfgott.

##### Significant changes in the state of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Club, other than those disclosed in this report

##### Environmental regulation

The Club's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Club should be environmentally responsible and have an objective to be a leader within the AFL and Sporting Community generally.

##### Events subsequent to Balance Date

Other than the matters discussed above, no matters or circumstances have arisen in the interval between the end of the financial year and the date of this report, including any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the company, to affect significantly the operations of the company, the results of those operations, or the state of affairs of the company in future years.

##### Indemnification and insurance of Officers and Auditors

The Directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the Directors' and Officers' liability and legal expenses' insurance contracts; as such disclosure is prohibited under the terms of the contract.

The company has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of the company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as auditor, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability as auditor incurred for the costs or expenses to defend legal proceedings.

# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

### Information on Directors / Company Secretary

Name	Qualifications / Club Portfolio	Experience	Date appointed / Resigned
<b>Directors:</b>			
P A Newbold (President Since 14 Dec'11)	Chairperson of the Board Bachelor of Economics Bachelor of Laws	Company Director	16 June 2003
G L Harris (Vice President - Since 14 Dec'11)	Chairperson of the CSJV	Founder and former Director Flight Centre	22 June 2004
R C Amos	Chairperson of the Marketing Sub-Committee, BA (Legal / Sociology), BA (Public Relations)	Managing Director Royce Communications (1996-present) Corporate communications Adviser / Company Director	5 June 2013
S P Cummins	Chairperson of the Marketing Sub-Committee, Ba Llb (Law), BA (Journalism), Dip Ed.	Company Director	11 December 2012 (resigned)
J H Dunstall	Chairperson of the Football Sub- Committee	Former HFC premiership player 269 AFL games, Media Commentator	20 April 2004
R J Garvey	Chairperson FRMC, Bachelor of Commerce, FCA, MBA	Chartered Accountant Company Director / Consultant	18 October 2010
A H Kaye AM	MB BS MD FRACS	Neurosurgeon Professor of Surgery Head, Dept of Surgery The University of Melbourne Director, Dept of Neurosurgery The Royal Melbourne Hospital	21 February 2011
M K Ralston	Chairperson of HFC Foundation Committee, Member of FRMC, Director BHHFC, Bachelor of Economics	Management Consultant	22 August 2005
B A Stevenson	Director HFC Foundation	Motor Vehicle dealer Company Director Former HFC premiership player 72 AFL games	28 June 2013
<b>Company Secretary:</b>			
T Silvers	Bachelor of Commerce, Grad Dip (Acc), CPA	9 seasons of AFL industry experience	19 October 2011

# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2013

### OPERATING AND FINANCIAL REVIEW (CONTINUED)

The number of Directors' meetings and number of meetings attended by each of the Directors of the company during the financial year were:

Name of Director	Directors' meetings	
	A	B
P A Newbold (President)	11	10
G L Harris (Vice President)	11	10
R C Amos	5	5
S P Cummins	2	0
J H Dunstall	11	8
R J Garvey	11	11
A H Kaye	11	10
M K Ralston	11	10
B A Stevenson	4	4

A Reflects the number of meetings held during the time the Director held office during the year

B Number of meetings attended

### Governance

#### Finance and Risk Management Committee

The Club's Finance and Risk Management Committee comprises: R Garvey, M Ralston (Directors), S Fox, T Silvers, B Dunlop, A Singh (Executives) and P Nankivell (independent advisor) which meets monthly prior to the Board meetings, and is primarily responsible for reviewing the Club's financial position and providing recommendations to the Board.

#### Caroline Springs Joint Venture

The board of directors of CSJV Nominees Pty Ltd (the JV manager) comprises G Harris (Chairman), R Garvey, B Growcott, E Gauci, J Gauci (Directors), T Silvers and A Singh (Executives). The board meets bi-monthly to review and assess the operations of West Waters hotel and entertainment complex.

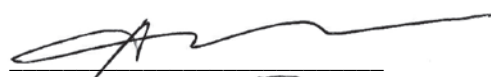
#### Other

The Club has management sub-committees which are responsible for Football, Marketing, Player Welfare and the HFC Foundation. Individual Club directors chair meetings of these sub-committees.

#### Lead auditor's independence declaration

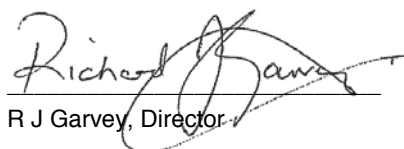
The Lead auditor's independence declaration is set out on page 10 and forms part of the Directors' report for the financial year ended 31 October 2013.

Signed in accordance with a resolution of the Board of Directors.



P A Newbold, Director

Dated at Melbourne 15 November 2013



R J Garvey, Director



***Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001***

To: the directors of Hawthorn Football Club Limited and its controlled entities

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

B W Szentirmay  
*Partner*

Melbourne

15 November 2013

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2013

	Note	Consolidated		The Club	
		2013	2012	2013	2012
<b>Continuing operations</b>					
Revenue	4	64,772,874	57,277,620	50,939,062	45,907,626
Cost of sales		(4,024,461)	(3,966,313)	(2,148,726)	(2,116,210)
Gross Profit		60,748,413	53,311,307	48,790,336	43,791,416
Other Income	4	611,782	276,420	41,332	26,319
Sponsorship, membership & fundraising expenses		(10,682,007)	(10,520,973)	(10,605,625)	(10,415,932)
Employee and player expenses		(29,671,044)	(26,532,525)	(25,039,458)	(22,240,905)
Marketing expenses		(2,280,985)	(2,078,620)	(1,632,312)	(1,625,989)
Depreciation & amortisation		(2,160,196)	(1,580,834)	(1,195,134)	(936,576)
Venue management fees		(808,297)	(825,000)	(425,000)	(425,000)
Other football operations expenses		(2,652,483)	(2,378,471)	(2,710,088)	(2,545,516)
Impairment loss	13	(4,200,000)	-	-	-
Other expenses in respect to ordinary activities		(9,082,176)	(7,830,371)	(4,401,951)	(3,665,604)
		<u>(60,925,406)</u>	<u>(51,470,374)</u>	<u>(45,968,236)</u>	<u>(41,829,203)</u>
<b>Results from operating activities</b>		<b>(176,993)</b>	<b>1,840,933</b>	<b>2,822,100</b>	<b>1,962,213</b>
Finance income		341,368	112,977	337,319	106,201
Finance expenses		(1,090,735)	(975,701)	(40,747)	(44,694)
<b>Net finance income</b>	5	<u>(749,367)</u>	<u>(862,724)</u>	<u>296,572</u>	<u>61,507</u>
<b>Profit/(loss) before income tax</b>		<u>(926,360)</u>	<u>978,209</u>	<u>3,118,672</u>	<u>2,023,720</u>
Income tax expense	3(p)	-	-	-	-
<b>Net profit/(loss) for the year</b>		<u><b>(926,360)</b></u>	<u><b>978,209</b></u>	<u><b>3,118,672</b></u>	<u><b>2,023,720</b></u>
<b>Other comprehensive income</b>					
<b>Items that may be reclassified subsequently to the profit or loss</b>					
Net change in fair value of available for sale investments		380,746	43,053	380,746	43,053
<b>Total other comprehensive income for the year</b>		<u>380,746</u>	<u>43,053</u>	<u>380,746</u>	<u>43,053</u>
<b>Total comprehensive income for the year</b>		<u>(545,614)</u>	<u>1,021,262</u>	<u>3,499,418</u>	<u>2,066,773</u>
<b>Total profit attributable to:</b>					
Members of Hawthorn Football Club		(891,075)	1,288,810	-	-
Minority Interests		(35,285)	(310,601)	-	-
		<u>(926,360)</u>	<u>978,209</u>	<u>-</u>	<u>-</u>
<b>Total comprehensive income attributable to:</b>					
Members of Hawthorn Football Club		(510,329)	1,331,863	-	-
Minority Interests		(35,285)	(310,601)	-	-
		<u>(545,614)</u>	<u>1,021,262</u>	<u>-</u>	<u>-</u>

The income statements are to be read in conjunction with the notes of the financial statements set out in pages 15 to 32



# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2013

<b>Consolidated</b>	<b>Minority Interest</b>	<b>Retained earnings</b>	<b>Fair Value reserve</b>	<b>Total members' equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance 1 November 2011	(313,958)	25,626,515	30,800	25,343,357
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	43,053	43,053
Profit/(loss) for the period	(310,601)	1,288,810	-	978,209
Total comprehensive income for the year	(310,601)	1,288,810	43,053	1,021,262
Closing balance at 31 October 2012	(624,559)	26,915,325	73,853	26,364,619
Opening balance at 1 November 2012	(624,559)	26,915,325	73,853	26,364,619
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	380,746	380,746
Profit/(loss) for the period	(35,285)	(891,075)	-	(926,360)
Total comprehensive income for the year	(35,285)	(891,075)	380,746	(545,614)
Closing balance at 31 October 2013	(659,844)	26,024,250	454,599	25,819,005
<b>For the year ended 31 October 2013 Club</b>	<b>Minority Interest</b>	<b>Retained earnings</b>	<b>Fair Value reserve</b>	<b>Total members' equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance 1 November 2011	-	20,957,964	30,800	20,988,764
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	43,053	43,053
Profit for the period	-	2,023,720	-	2,023,720
Total comprehensive income for the year	-	2,023,720	43,053	2,066,773
Closing balance at 31 October 2012	-	22,981,684	73,853	23,055,537
Opening balance at 1 November 2012	-	22,981,684	73,853	23,055,537
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	380,746	380,746
Profit for the period	-	3,118,672	-	3,118,672
Total comprehensive income for the year	-	3,118,672	380,746	3,499,418
Closing balance at 31 October 2013	-	26,100,356	454,599	26,554,955

The statements of changes in equity are to be read in conjunction with the notes of the financial statements set out on pages 15 to 32

# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2013

	Note	Consolidated		The Club	
		2013	2012	2013	2012
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash and cash equivalents	6	10,822,957	6,454,430	9,737,916	5,590,752
Trade & other receivables	7	2,918,415	2,452,021	2,763,728	2,312,220
Inventory	8	837,968	785,501	727,964	672,557
Other	10	986,547	833,300	968,660	750,420
<b>Total current assets</b>		<b>15,565,887</b>	<b>10,525,252</b>	<b>14,198,268</b>	<b>9,325,949</b>
<b>Non Current Assets</b>					
Investments	9	2,299,845	1,847,923	2,299,845	1,847,923
Investment property	11	3,883,867	3,958,863	3,883,867	3,958,863
Property, plant & equipment	12	14,606,509	14,588,054	10,420,346	10,427,795
Intangible assets	13	14,991,114	19,690,333	312,461	344,590
Trade & other receivables	7	-	-	4,291,084	4,291,084
Other	10	120,000	180,000	120,000	180,000
<b>Total non-current assets</b>		<b>35,901,335</b>	<b>40,265,173</b>	<b>21,327,603</b>	<b>21,050,255</b>
<b>Total assets</b>		<b>51,467,222</b>	<b>50,790,425</b>	<b>35,525,871</b>	<b>30,376,204</b>
<b>Current Liabilities</b>					
Payables	14	6,986,378	5,594,745	5,003,239	3,899,146
Interest bearing loans & borrowings	15	1,803,547	1,809,955	313,950	363,450
Employee entitlements	16	1,194,311	1,040,227	1,067,145	914,398
Other liabilities	17	2,294,205	1,546,430	2,249,425	1,502,548
<b>Total current liabilities</b>		<b>12,278,441</b>	<b>9,991,357</b>	<b>8,633,759</b>	<b>6,679,542</b>
<b>Non Current Liabilities</b>					
Interest bearing loans & borrowings	15	13,274,319	14,315,309	249,143	521,985
Employee entitlements	16	95,457	119,140	88,014	119,140
<b>Total non-current liabilities</b>		<b>13,369,776</b>	<b>14,434,449</b>	<b>337,157</b>	<b>641,125</b>
<b>Total liabilities</b>		<b>25,648,217</b>	<b>24,425,806</b>	<b>8,970,916</b>	<b>7,320,667</b>
<b>Net assets</b>		<b>25,819,005</b>	<b>26,364,619</b>	<b>26,554,955</b>	<b>23,055,537</b>
<b>Members' Equity</b>					
Reserves		454,599	73,853	454,599	73,853
Minority interest (CSJV)		(659,844)	(624,559)	-	-
Retained profits		26,024,250	26,915,325	26,100,356	22,981,684
<b>Total members' equity</b>		<b>25,819,005</b>	<b>26,364,619</b>	<b>26,554,955</b>	<b>23,055,537</b>

The statements of financial position is to be read in conjunction with the notes to the financial statements set out on pages 15 to 32

# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2013

	Note	Consolidated		The Club	
		2013	2012	2013	2012
		\$	\$	\$	\$
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		70,722,563	63,391,235	54,848,969	50,552,432
Cash payments in the course of operations		(62,896,426)	(62,720,689)	(49,485,383)	(48,836,879)
<b>Net cash from operating activities</b>		<b>7,826,137</b>	<b>670,546</b>	<b>5,363,586</b>	<b>1,715,366</b>
<b>Cash flows from investing activities</b>					
Interest received	5	271,727	69,246	267,678	62,470
Dividends received	5	82,532	62,244	82,532	62,244
Payments for property, plant & equipment		(1,826,577)	(2,532,676)	(1,250,316)	(1,692,784)
Payments for intangible assets		(459,533)	(287,425)	(59,016)	(20,625)
Advance to controlled entity		-	-	-	(194,764)
Proceeds from disposal of property, plant & equipment		47,519	23,678	47,519	23,678
<b>Net cash (used in) from investing activities</b>		<b>(1,884,332)</b>	<b>(2,664,933)</b>	<b>(911,603)</b>	<b>(1,759,781)</b>
<b>Cash flows from financing activities</b>					
Borrowing costs paid		(353,563)	(272,498)	(40,747)	(44,694)
Lease expenses paid		(744)	(5,416)	(744)	(5,416)
Proceeds from borrowings		-	1,600,200	-	650,000
Repayment of borrowings		(1,218,971)	(648,891)	(263,328)	(184,480)
<b>Net cash (used in) financing activities</b>		<b>(1,573,278)</b>	<b>673,395</b>	<b>(304,819)</b>	<b>415,410</b>
<b>Net (decrease)/increase in cash &amp; cash equivalents</b>		<b>4,368,527</b>	<b>(1,320,992)</b>	<b>4,147,164</b>	<b>370,995</b>
<b>Cash and cash equivalents at 1 November 2012</b>		<b>6,454,430</b>	<b>7,775,422</b>	<b>5,590,752</b>	<b>5,219,757</b>
<b>Cash and cash equivalents at 31 October 2013</b>	6	<b>10,822,957</b>	<b>6,454,430</b>	<b>9,737,916</b>	<b>5,590,752</b>

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 15 to 32.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 1. Reporting entity

The Hawthorn Football Club Limited (the 'Club') is a company domiciled in Australia.

The financial report was authorised for issue by the Directors on 15 November 2013.

The Club is a not for profit entity.

The significant policies which have been adopted in the preparation of this financial report are set out below.

### 2. Basis of preparation

#### (a) Statement of compliance

The Group and Club has early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-02 *Amendments to Australian Standards arising from reduced Disclosure Requirements* for the financial year beginning on 1 November 2009 to enable it to prepare Tier 2 general purpose financial statements, which reduce various reporting requirements not appropriate for the Club.

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

#### (b) Basis of measurement

##### Functional Currency

The financial report is presented in Australian dollars.

It is prepared on the historical cost basis, except for financial instruments that are available for sale which are stated at fair value.

The preparation of this financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may be different from these estimates.

#### (c) Use of estimates and judgements

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 3. Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these consolidated financial statements, and have been applied consistently by group entities.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. Key estimates and judgements in the context of the preparation of the financial report include the estimation of the fair value and recoverable amount of certain assets, and calculation of provisions.

#### (a) Basis of Consolidation

##### **Subsidiaries**

Subsidiaries are entities controlled by the group, such as CSJV and the Box Hill Hawks Football Club (BHHFC). Control exists when the Club has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the group's consolidated financial statements from the date that control commences until the date that control ceases.

The Club has adopted revised AASB3 Business Combinations (2008) and amended AASB127 Consolidated & Separate Financial Statements (2008) for business combinations occurring in the financial year starting 1 November 2009. All business combinations occurring on or after 1 November 2009 are accounted for by applying the acquisition method.

Under the accounting policy, acquisitions of a non controlling interest of itself are accounted for as transactions with equity holders in their capacity as equity holder by comparison to outsiders and no goodwill is recognised. To the extent an acquired interest when added to existing interests creates control, goodwill will be recognised.

Intra-group balances and any income and expenses arising from intra-group transactions are eliminated in preparing the consolidated statements.

In the Club's financial statements, investments in subsidiaries are carried at cost, unless impaired.

##### **Associates and jointly controlled entities (equity accounted investees)**

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Associates and jointly controlled entities are accounted for using the equity method and are initially recognised at cost. The Club has no such investments.

#### (b) Property, plant and equipment

##### **Owned Assets**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy 3(i)).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.



# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

#### Leased Assets

Leases in terms of which the Club assumes substantially all the risks and rewards of ownership are classified as finance leases, by comparison to operating leases, and are consequently included as property, plant and equipment with a corresponding liability for future payments. Lease payments are accounted for as described in accounting policy (3(o)).

#### Subsequent costs

The Club recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the statements of profit or loss and other comprehensive income as an expense as incurred.

#### Depreciation

Depreciation is charged to the statements of profit or loss and other comprehensive income over the estimated useful life of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for each class of asset in the current and comparative period are as follows:

	2013	2012	Method of depreciation
Buildings	25-40	25-40	Straight line
Building improvements	5-40	5-40	Straight line
Plant and equipment	5-40	3-20	Straight line / Reducing balance
Building leasehold improvements	5-40	5-40	Straight line

### (c) Intangible assets

#### Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets.

#### *Subsequent measurement*

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity accounted investee.

#### Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

#### Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit or loss and other comprehensive income as incurred.

#### Amortisation

Amortisation is based on the cost of an asset less its residual value.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

Amortisation is recognised in statements of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are as follows:

Lease premium	40yrs
Gaming entitlements	10yrs

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

#### (d) Investments

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the statements of profit or loss and other comprehensive income.

Other financial instruments held by the Club are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses. When these investments are sold, the cumulative gain or loss previously recognised directly in equity is recognised in statements of profit or loss and other comprehensive income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statements of profit or loss and other comprehensive income.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the statement of financial position date.

Financial instruments classified as held for trading or available-for-sale investments are recognised / derecognised by the Club on the date it commits to purchase / sell the investments.

#### (e) Investment property

Investment property is held to earn rental income and for capital appreciation, however is not for sale in the ordinary course of business, or used for administrative purposes. Investment property is measured at cost on initial recognition and depreciated over the asset's useful life being 40 years.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### (f) Trade and other receivables

Trade and other receivables are stated at their amortised cost less impairment losses (see accounting policy 3(i)).

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

#### (g) Inventories

Inventories comprise clothing, Club merchandise and food and beverage. All inventories are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Cost of inventory is based on average cost and incorporates expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

#### (h) Cash

Cash assets are carried at face value of the amounts deposited.

#### (i) Impairment

The carrying amounts of the Club's assets other, than inventories (see accounting policy 3(g)) are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets are tested annually for impairment.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statements of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the statements of profit or loss and other comprehensive income.

Impairment losses recognised in respect of cash generating units (CGU's) are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGU's) on a pro-rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is then objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is then recognised in the statements of comprehensive income even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statements of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statements of comprehensive income. Fair value less costs to sell is calculated using independent valuations.

#### Calculation of impairment loss

The recoverable amount of the Club's receivables carried at amortised cost is calculated as the present value of the estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at the initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each statement of financial position date.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. As the Club is a not for profit entity, value in use is determined with reference to the depreciated replacement cost of the asset, unless the asset generates independent cash flows in which case value in use is determined with reference to discounted future cash flows.

#### Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of a receivable carried at amortised cost is reversed if the subsequent increase in the recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed through the statements of comprehensive income.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of goodwill is not reversed.

#### (j) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statements of comprehensive income over the period of the borrowings on an effective interest basis.

#### (k) Employee Entitlements

##### Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statements of comprehensive income as incurred.

##### Long Service Leave

The provision for employee benefits for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wages and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to Commonwealth Government bonds at balance date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as a long service leave expense.

As a result of a federally certified long service leave agreement between the players and the AFL, the Club has no obligation for long service leave in respect of players.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

#### **Liabilities for wages, salaries and annual leave**

Employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date. The provisions are calculated at undiscounted amounts based on remuneration rates the Club expects to pay including on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits are expensed based on the net marginal cost to the Club as the benefits are taken by the employees.

#### **(l) Provisions**

A provision is recognised in the statement of financial position when the Club has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

#### **(m) Trade and other payables**

Trade and other payables are stated at their amortised cost. Trade payables are non-interest bearing and are normally settled on 60-day terms.

#### **(n) Revenue**

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australian Taxation Office (ATO). No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is continuing management involvement with the goods.

#### **Sales Revenue**

Sales revenue from football activities comprises revenue earned from the sales of memberships, corporate marketing, the sale of merchandise, gate receipts and AFL distributions. Membership, corporate marketing and merchandise income are all recognised as earned, whilst gate receipts and AFL distributions are recognised as received.

#### **AFL distribution and prize money**

AFL distribution and prize money revenue is recognised as it is received.

#### **Membership and match day revenue**

Membership revenue is recognised throughout the duration of the AFL Home and Away season. Match day revenue is recognised at the conclusion of each AFL home game.

#### **Merchandise revenue**

Merchandise revenue is recognised as the merchandise is provided to the customer.

#### **Marketing revenue**

Marketing revenue is recognised in proportion to the state of completion of the transaction at balance date in accordance with the terms and conditions of the sponsorship contract.

#### **Accommodation revenue**

Accommodation revenue is recognised as it is provided.



# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

#### Gaming, bar and bistro revenue

Sales comprise revenue earned (net of returns, discounts and allowances) from gaming machines and provisions of food and beverages. Gaming, bar and bistro revenue is recognised as they are provided.

#### (o) Expenses

##### Operating lease payments

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.

##### Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

#### (p) Income Tax

No income tax is payable as the Club is an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act 1997.

#### (q) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the ATO. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

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

#### (r) Segment reporting

The Club operates solely as a constituent member of the Australian Football League.

#### (s) Finance revenue and expenses

Finance revenue comprises interest revenue on funds invested, dividend revenue, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets. Finance expenses comprise interest expense on borrowings, changes in the fair value of financial assets and impairment losses recognised on financial assets.

#### (t) New standards and interpretations not yet adopted

The following standards and amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption as at 31 October 2013, but have not been applied in preparing the financial report:

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 3. Statement of significant accounting policies (continued)

#### **AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)**

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows and introduces additions relating to financial liabilities. The Group has not yet determined the potential effect of these standards.

#### **AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of interests in other entities (2011)**

AASB 10 Consolidated Financial Statements introduces a new approach to determining which investees should be consolidated. AASB 10 will become mandatory for the Group's 31 October 2014 financial statements. Retrospective application is required where there is a change in the control conclusion reached under previous accounting standards. The Group does not anticipate any material changes as a result of this standard.

AASB 11 Joint Arrangements introduces new requirements for the determination of the type of joint arrangement which exists and the accounting to be applied. The structure of the joint arrangement, although still important consideration, is no longer the main factor in determining the type of joint arrangement and therefore the subsequent accounting.

The Group does not anticipate any material changes as a result of this standard.

AASB 12 Disclosure of Interests in Other Entities bring together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Group is currently assessing the disclosure requirements for interests in subsidiaries and associates in comparison with the existing disclosures.

#### **AASB 13 Fair Value Measurement (2011)**

AASB 13 Fair Value Measurement provides guidance on how to measure and apply fair value accounting when required by other AASB's. AASB 13 will become mandatory for the Group's 31 October 2014 financial statements. Prospective application only will be required. The Group has not yet determined the potential effect of the standard.

#### **AASB 119 Employee Benefits (2011)**

AASB 119 Employee Benefits (2011) changes the definition of short-term and other long-term employee benefits to clarify the distinction between the two. AASB 119 (2011) is effective for annual periods beginning on or after 1 January 2013 with early adoption permitted. The Group is yet to assess the impact of this standard.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 4. Revenue

	Consolidated		The Club	
	2013	2012	2013	2012
	\$	\$	\$	\$
AFL distribution and prize money	9,983,380	9,138,376	9,983,380	9,138,376
Membership income	9,731,397	9,028,307	9,726,768	9,024,621
Match day income	4,482,122	4,018,101	4,384,792	3,929,538
Marketing income	15,226,374	15,083,689	14,854,547	14,708,067
Merchandise income	3,770,066	3,142,497	3,768,421	3,135,875
Gaming, bar and bistro income	18,454,819	14,029,753	7,155,433	5,062,010
Accommodation income	2,051,532	1,914,493	-	-
Donations and special fundraising	681,885	547,123	674,422	533,858
Rental income from investment property	391,299	375,281	391,299	375,281
<b>Total Revenue</b>	<b>64,772,874</b>	<b>57,277,620</b>	<b>50,939,062</b>	<b>45,907,626</b>
Other income	611,782	276,420	41,332	26,319
<b>Total revenue and other income</b>	<b>65,384,656</b>	<b>57,554,040</b>	<b>50,980,394</b>	<b>45,933,945</b>

### 5. Finance income and expense

Interest income on bank deposits	271,727	69,246	267,678	62,470
Dividend income on available for sale investments	82,532	62,244	82,532	62,244
Net profit on disposal of available for sale investments	-	-	-	-
Other	(12,891)	(18,513)	(12,891)	(18,513)
Finance Income	341,368	112,977	337,319	106,201
Interest expense	(1,090,735)	(975,701)	(40,747)	(44,694)
<b>Finance expense</b>	<b>(1,090,735)</b>	<b>(975,701)</b>	<b>(40,747)</b>	<b>(44,694)</b>
<b>Net finance income and expense</b>	<b>(749,367)</b>	<b>(862,724)</b>	<b>296,572</b>	<b>61,507</b>

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 6. Cash and cash equivalents

	Consolidated		The Club	
	2013	2012	2013	2012
	\$	\$	\$	\$
Cash on hand	831,836	824,827	415,608	435,545
Cash at bank	2,031,146	1,525,861	1,362,333	1,051,465
Short term deposit	<u>7,959,975</u>	<u>4,103,742</u>	<u>7,959,975</u>	<u>4,103,742</u>
	<u>10,822,957</u>	<u>6,454,430</u>	<u>9,737,916</u>	<u>5,590,752</u>

### 7. Trade and other receivables

#### Current

Trade receivables	2,801,882	2,253,864	2,655,501	2,154,781
Other debtors	<u>116,533</u>	<u>198,157</u>	<u>108,227</u>	<u>157,439</u>
	<u>2,918,415</u>	<u>2,452,021</u>	<u>2,763,728</u>	<u>2,312,220</u>

#### Non Current

Amount receivable from related parties

Box Hill Hawks Ltd	-	-	172,087	172,087
Less: Allowance for impairment	-	-	(172,087)	(172,087)
Loan to subsidiary – CSJV	-	-	1,421,021	1,421,021
Loan to subsidiary – CSFT	<u>-</u>	<u>-</u>	<u>2,870,063</u>	<u>2,870,063</u>
	<u>-</u>	<u>-</u>	<u>4,291,084</u>	<u>4,291,084</u>

### 8. Inventories

#### Current

Inventory	<u>837,968</u>	<u>785,501</u>	<u>727,964</u>	<u>672,557</u>
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### 9. Investments

#### Non-Current

Equity securities available for sale	<u>2,299,845</u>	<u>1,847,923</u>	<u>2,299,845</u>	<u>1,847,923</u>
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### 10. Other assets

#### Current

Prepayments	<u>986,547</u>	<u>833,300</u>	<u>968,660</u>	<u>750,420</u>
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#### Non Current

Prepayments	<u>120,000</u>	<u>180,000</u>	<u>120,000</u>	<u>180,000</u>
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# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 11. Investment Property

	Consolidated	The Club
Cost	\$	\$
Balance at 1 November 2012	4,328,720	4,328,720
Acquisitions	-	-
Disposals	-	-
Balance at 31 October 2013	<u>4,328,720</u>	<u>4,328,720</u>
Depreciation		
Balance at 1 November 2012	369,857	369,857
Depreciation charge for the year	<u>74,996</u>	<u>74,996</u>
Balance at 31 October 2013	<u>444,853</u>	<u>444,853</u>
Carrying amounts		
At 1 November 2012	<u>3,958,863</u>	<u>3,958,863</u>
At 31 October 2013	<u>3,883,867</u>	<u>3,883,867</u>

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property comprises the gymnasium at Waverley Park which is leased to a third party under commercial leasing terms and conditions. Included in investment property is land totalling \$1,100,000 which is not depreciated.

### 12. Property, plant and equipment

Consolidated reconciliation	Land buildings & building improvements*	Plant and equipment	Building leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance at 1 November 2012	3,076,875	15,556,468	860,017	19,493,360
Acquisitions	725,651	934,873	-	1,660,524
Disposals	-	(99,433)	-	(99,433)
Balance at 31 October 2013	<u>3,802,526</u>	<u>16,391,908</u>	<u>860,017</u>	<u>21,054,451</u>
Depreciation				
Balance at 1 November 2012	(389,639)	(4,441,242)	(74,425)	(4,905,306)
Depreciation/amortisation charge for the year	<u>(70,068)</u>	<u>(1,466,662)</u>	<u>(49,249)</u>	<u>(1,585,979)</u>
Disposal	-	43,343	-	43,343
Balance at 31 October 2013	<u>(459,707)</u>	<u>(5,864,561)</u>	<u>(123,674)</u>	<u>(6,447,942)</u>
Carrying amounts				
At 1 November 2012	<u>2,687,236</u>	<u>11,115,226</u>	<u>785,592</u>	<u>14,588,054</u>
At 31 October 2013	<u>3,342,819</u>	<u>10,527,347</u>	<u>736,343</u>	<u>14,606,509</u>

Club reconciliation	Land buildings & building improvements*	Plant and equipment	Building leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance at 1 November 2012	3,076,875	10,713,740	754,059	14,544,674
Acquisitions	370,936	765,714	-	1,136,650
Disposals	-	(99,433)	-	(99,433)
Balance at 31 October 2013	<u>3,447,811</u>	<u>11,380,021</u>	<u>754,059</u>	<u>15,581,891</u>
Depreciation				
Balance at 1 November 2012	(389,639)	(3,705,675)	(21,565)	(4,116,879)
Depreciation/amortisation charge for the year	<u>(70,068)</u>	<u>(975,489)</u>	<u>(42,452)</u>	<u>(1,088,009)</u>
Disposals	-	43,343	-	43,343
Balance at 31 October 2013	<u>(459,707)</u>	<u>(4,637,821)</u>	<u>(64,017)</u>	<u>(5,161,545)</u>
Carrying amounts				
At 1 November 2012	<u>2,687,236</u>	<u>7,008,065</u>	<u>732,494</u>	<u>10,427,795</u>
At 31 October 2013	<u>2,988,104</u>	<u>6,742,200</u>	<u>690,042</u>	<u>10,420,346</u>

\* The Waverley Park land, buildings and oval are subject to certain usage and disposal restrictions during the term of the redevelopment of the adjacent properties.



# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 13. Intangible Assets

#### Consolidated reconciliation

	Goodwill \$	Lease premium \$	Gaming entitlements \$	Total \$
Balance at 1 November 2012	8,237,046	9,150,000	2,695,327	20,082,373
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 October 2013	<u>8,237,046</u>	<u>9,150,000</u>	<u>2,695,327</u>	<u>20,082,373</u>

#### Amortisation

Balance at 1 November 2012	-	(343,127)	(48,913)	(392,040)
Depreciation/amortisation charge for the year	-	(228,749)	(270,470)	(499,219)
Impairment loss	<u>(4,200,000)</u>	-	-	<u>(4,200,000)</u>
Balance at 31 October 2013	<u>(4,200,000)</u>	<u>(571,876)</u>	<u>(319,383)</u>	<u>(5,091,259)</u>

#### Carrying amounts

At 1 November 2012	8,237,046	8,806,873	2,646,414	19,690,333
At 31 October 2013	<u>4,037,046</u>	<u>8,578,124</u>	<u>2,375,944</u>	<u>14,991,114</u>

#### Club reconciliation

	Goodwill \$	Lease premium \$	Gaming entitlements \$	Total \$
Balance at 1 November 2012	-	-	350,460	350,460
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 October 2013	<u>-</u>	<u>-</u>	<u>350,460</u>	<u>350,460</u>

#### Amortisation

Balance at 1 November 2012	-	-	(5,870)	(5,870)
Depreciation/amortisation charge for the year	-	-	(32,129)	(32,129)
Impairment loss	-	-	-	-
Balance at 31 October 2013	<u>-</u>	<u>-</u>	<u>(37,999)</u>	<u>(37,999)</u>

#### Carrying amounts

At 1 November 2012	-	-	344,590	344,590
At 31 October 2013	<u>-</u>	<u>-</u>	<u>312,461</u>	<u>312,461</u>

#### Goodwill

In early 2010 the Club initially held a 50% non controlling interest in the CSJV via the CSFT. On 11 October 2010, the Club obtained control of the CSJV by acquiring a further 16.67% of the venture, taking the Group's consolidated interest to 66.67%. The venture, as a consequence of accounting standards, became a subsidiary as a result of this controlling acquisition.

The total consideration paid for the 16.67% interest was \$2.08m with the associated net assets approximating \$80k, resulting in the effective acquisition by the consolidated group of approximately \$2m in goodwill.

Recognition of the CSFT's control of the venture required that its initial 50% investment in the CSJV be re-valued to fair value. In the opinion of the Directors, based on independent valuations received and the price paid for the 16.67%, the 50% CSJV interest's fair value at the time was approximately \$6.239m. Together with the \$2m goodwill acquisition and the re-value of the initial 50% interest to fair value, the consolidated group carried approximately \$8.2m of goodwill in the statement of financial position as at 31 October 2012.

During the year goodwill attributed to the Club's investment in the WestWaters Entertainment complex was tested for impairment having regard to an independent valuation and management's forecast future cashflows of the business using a discounted cash flow model. The Directors have decided to impair the goodwill balance by \$4.2m based on the results of the impairment test. The Consolidated Group still carries approximately \$4m of Goodwill in the Statement of Financial Position as at 31 October 2013.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### Lease premium

As part of commercial arrangements in respect to the acquisition of the West Waters entertainment complex entered into in a previous financial year, the CSJV has entered into an agreement to pay \$9.15m as a lease premium for access to the site. The premium will be amortised over the 40 years of the joint venture's rental options.

The premium is payable by or before year four, 2015 with various trigger payments per annum and interest is payable on the facility (refer note 15).

### Gaming Entitlements

On 10 May 2010 the Club entered into an agreement to acquire gaming machine entitlements at a total cost of \$412,500 for the Vegas at Waverley Gardens venue. The entitlements are for 10 years and commenced on 16 August 2012. The Club paid a 5% deposit of \$20,625 in June 2010 with the balance payable over 4 years in quarterly instalments from August 2012.

On 10 May 2010 the CSJV in which the Group has a 73% interest, entered into an agreement to acquire gaming machine entitlements at a total cost of \$2,668,000 for the West Waters Entertainment complex. The entitlements are for 10 years and commenced on 16 August 2012. The CSJV paid a 10% deposit of \$266,800 in June 2010 with the balance payable over 4 years in quarterly instalments from August 2012.

## 14. Payables

	Consolidated		The Club	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Current</b>				
Trade payables	3,076,479	2,430,317	2,459,894	1,829,079
Other creditors and accruals	3,909,899	3,164,428	2,543,345	2,070,067
	<u>6,986,378</u>	<u>5,594,745</u>	<u>5,003,239</u>	<u>3,899,146</u>

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 15. Interest-bearing liabilities

#### Current

	Consolidated		The Club	
	2013	2012	2013	2012
	\$	\$	\$	\$
Bank loan – secured*	1,199,524	1,049,524	249,524	249,524
Other financing facilities - unsecured	-	146,778	-	-
Gaming entitlements	497,957	460,035	64,426	59,519
Hire Purchase	106,066	153,618	-	54,407
	<u>1,803,547</u>	<u>1,809,955</u>	<u>313,950</u>	<u>363,450</u>

#### Non-current

Hire Purchase	331,012	437,078	-	-
Bank loan – secured*	875,375	2,196,794	63,375	272,294
Gaming entitlements	1,162,987	1,660,442	185,768	249,691
Other financing facilities – unsecured **	<u>10,904,945</u>	<u>10,020,995</u>	<u>-</u>	<u>-</u>
	<u>13,274,319</u>	<u>14,315,309</u>	<u>249,143</u>	<u>521,985</u>

#### Bank loan

- \* A fixed and floating charge exists over the assets and undertaking of CSJV Nominees Pty Ltd. Interest is charged on these loans at fixed and variable rates. The loan balance at 31<sup>st</sup> October 2013 totalled \$1,762,000.
- \* The Club has a secured loan balance of \$312,899 in relation to certain Vegas assets.
- \*\* Other loan facilities provided by third parties in respect to the leasehold premium at CSJV (refer note 13).

### 16. Employee provisions

#### Current

Provision for annual leave	760,962	684,850	633,796	565,644
Provision for long service leave	<u>433,349</u>	<u>355,377</u>	<u>433,349</u>	<u>348,754</u>
	<u>1,194,311</u>	<u>1,040,227</u>	<u>1,067,145</u>	<u>914,398</u>

#### Non-current

Other	-	-	-	-
Provision for long service leave	<u>95,457</u>	<u>119,140</u>	<u>88,014</u>	<u>119,140</u>
	<u>95,457</u>	<u>119,140</u>	<u>88,014</u>	<u>119,140</u>

#### Defined contribution superannuation funds

The Club and Group makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was Club \$1,210,253 (2012: \$1,146,696) and Group \$1,534,785 (2012: \$1,437,491) for the financial year ended 31 October 2013.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 17. Other liabilities

	Consolidated		The Club	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>Current</b>				
Unearned revenue	2,294,205	1,546,430	2,249,425	1,502,548

The Club has unearned revenue relating to 2014 memberships and prepaid corporate function ticket sales.

### 18. Commitments

	Consolidated		The Club	
	2013	2012	2013	2012
	\$	\$	\$	\$
<b>(a) Operating lease commitments</b>				
<b>Leases as lessee</b>				
Non-cancellable operating lease rentals are payable:				
Within one year	2,325,873	2,408,027	430,270	576,527
Between one and five years	8,554,385	8,882,816	284,884	892,960
More than five years	4,877,843	7,053,090	-	-
	15,758,101	18,343,933	715,154	1,469,487

During the year \$2,665,712 was recognised as an expense in the statements of profit or loss and other comprehensive income in respect of operating leases (2012: \$2,526,609). Long term operating lease commitments relate to retail rental agreements in place for the West Waters entertainment complex and the Waverley Gardens venue.

The group has long term operating lease commitments within the CSJV in which the group has a 73% interest relating to a rental agreement commencing in December 2010 at the West Waters entertainment complex. The group has included the full amount of CSJV's operating lease commitments in the above disclosures.

### (b) Player commitments

Due to the contract terms varying considerably amongst players it is not practical to reliably measure the future commitments under player contracts. The Club will continue to comply with the prescribed AFL's Total Player Payments limits.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

### 19. Related parties

#### Transactions with Directors

During the year a number of the Directors purchased Club membership packages, finals tickets, attended Club functions, made donations and contributed towards fundraising auctions. The terms and conditions of the transactions with the Directors and their Director related entities were no more favourable than those available, or which might be reasonably expected to be available, on similar transactions to non-Director related entities on an arm's length basis.

#### Key management personnel compensation

The key management personnel compensation included in employee and player expenses is as follows:

Consolidated		The Club	
2013	2012	2013	2012
\$	\$	\$	\$
1,919,301	1,610,820	1,919,301	1,610,820

#### Other related parties

Amounts receivable from other related parties are shown in note 7 of these financial statements.

The Club has a related party receivable totalling \$2,870,063 (2012: \$2,870,063) with CSFT, a wholly owned subsidiary. The amount is not repayable within twelve months, is non interest bearing and is unsecured.

The Club has a related party receivable totalling \$1,421,021 (2012: \$1,421,021) with CSJV of which it owns a 73% interest. The amount is not repayable within twelve months, is non interest bearing and is unsecured.

The Club also made operating payments totalling \$446,650 (2012: \$396,900) to the BHHFC. These payments have been eliminated in the consolidated financial statements.

# **Hawthorn Football Club Limited and its controlled entities**

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013**

### **20. Contributed equity and reserves**

Hawthorn Football Club Limited is a company limited by guarantee only and therefore does not have share capital. The amount capable of being called up only in the event of, and for the purpose of, the winding up of the Club is limited to the outstanding annual membership fee per member in line with section 2a of the Club's constitution.

The fair value reserve comprises the cumulative net change in the fair value of available for sale financial assets, until the investments are de-recognised or impaired.

### **21. Group entities**

The Club presents consolidated information which comprises the Club, HFC CSFT, BHHFC and HFC Foundation. The Club is the sole unit holder of CSFT. The CSFT holds the Club's interest in the CSJV, which became a subsidiary on 11 October 2010 (see Note 13).

While the Club does not hold an ownership interest in BHHFC, the Club is deemed to govern the financial and operating policies of BHHFC and consequently the Club, is required to consolidate this entity.

### **22. Hawthorn Foundation**

The Hawthorn Football Club Foundation ("Foundation") actively continued its role of providing the HFC with access to income and capital for specific projects which may not be otherwise funded from normal profits or reserves. The Foundation is a division within the Club. HFC Foundation Nominees Pty Ltd ("Nominees") acts as nominee for the Foundation and is primarily responsible for its operation and governance. The Club owns all of the shares in Nominees and 2 of its 5 Directors are currently a Director of the Club. Nominees' relationship with the Club and its responsibilities are governed by both a charter and nominee agreement. The Foundation's financial operations and position are included within the Club's financial statements.

### **23. Subsequent events**

No other matters or circumstances have arisen since 31 October 2013 that will significantly affect, or may significantly affect, the operations of the group, the results of the operations, or the state of affairs of the group in subsequent years.

### **24. Other information**

Registered office:

3/2 Stadium Circuit, Mulgrave, Victoria, Australia 3170

Hawthorn Football Club Limited is incorporated and domiciled in Australia, is a company limited by guarantee.

## Directors' declaration

In the opinion of the Directors of Hawthorn Football Club Limited ("the Club") and its controlled entities:

- (a) the financial statements and notes, set out on pages 11 to 32, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Club and the Group as at 31 October 2013 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – reduced disclosure requirements and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 15<sup>th</sup> day of November 2013.

Signed in accordance with a resolution of the Directors:



P A Newbold

*Director*



R J Garvey

*Director*





## **Independent auditor's report to the members of Hawthorn Football Club Limited**

### **Report on the financial report**

We have audited the accompanying financial report of Hawthorn Football Club Limited (the Club), which comprises the statements of financial position as at 31 October 2013, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration set out on pages 11 to 33 of the Club and the Group comprising the Club 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 Club 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 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Club's and the Group's financial position and of their performance.

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

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.



### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Auditor's opinion*

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

- (a) giving a true and fair view of the Club's and the Group's financial position as at 31 October 2013 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

KPMG

B W Szentirmay  
*Partner*

Melbourne

15 November 2013

## Appendix<sup>1</sup>

### HFC Foundation Report (a division of HFC Ltd)

The 2013 year was a momentous year for the Foundation, with the launch of the prestigious Foundation 500 and the inaugural laying of the pavers surrounding the statue of John Kennedy Senior at Waverley Park.

There are currently 49 members of Foundation 500, with this core group providing a nucleus for the ongoing success of the Foundation. This group was further honoured with the unveiling of an Honour Board at Waverley Park during September, with members invited to a formal cocktail party launch. During May, members attended a glorious night of entertainment and fine dining at Vue de Monde, featuring a specular performance from David Helfgott.

During September the Foundation orchestrated the laying of 200 blue stone pavers surrounding the statue of the Club's founding father, the immortal John Kennedy Senior.

The Foundation launched its own website in October, where donations can now be received online. The website also includes a video message from Foundation ambassador Sam Mitchell, outlining the importance of the Foundation to the future prosperity of the Club. I would encourage readers to visit our website at: <https://foundation.hawthornfc.com.au>

On behalf of the Foundation I would like to thank all donors for their generosity.

During the year Charles Abbott was appointed as a nominee of the Foundation. I would like to thank Charles and the other nominees Bruce Stevenson, Guy Kurzmann, Peter McKenzie and Doug Battersby for their valuable assistance. I would also like to acknowledge the contribution from our ambassadors Graham Arthur, Peter Hudson, David Parkin and Sam Mitchell.



Martin Ralston  
**Chairman**

<sup>1</sup> The information contained in this Appendix does not form part of the audited statutory financial report of the Club for the year ended 31 October 2013. It has been prepared solely for the information of members and report users.



