



# **GEELONG FOOTBALL CLUB LIMITED**

(ACN 005 150 818)



## **FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 OCTOBER 2012

The Directors present their report together with the financial report of the Geelong Football Club Limited ("the Club") for the year ended 31 October 2012, and the auditor's report thereon.

## 1. DIRECTORS

The Directors of the Club as at the date of signing the Directors' Report were:

COLIN BRUCE CARTER	PRESIDENT
<b>Qualifications</b>	<i>Bachelor of Commerce, MBA</i>
<b>Tenure</b>	Geelong Football Club Limited Director for four years, and President for two years
<b>Experience</b>	Colin joined the Board of Directors in July 2008 after previously serving from 1987 until 1993. Colin stepped down in 1993 as a result of being appointed to the AFL Commission, a role he held until early 2008. Colin is a senior adviser to the Boston Consulting Group and is a Director of Wesfarmers, SEEK, Lend Lease, World Vision and The Ladder Project (the AFL Players' project on youth homelessness). He is also the Federal Government's "Ambassador" to promote Indigenous employment in the corporate sector.
<b>Other Responsibilities</b>	Member of Geelong Football Club Limited Corporate Governance Board Committee Member of Geelong Football Club Limited Finance & Audit Board Committee Member of Geelong Football Club Limited Remuneration Board Committee Member of Geelong Football Club Limited Stakeholder Board Committee

GARETH ELIOT TREMAYNE ANDREWS	VICE-PRESIDENT
<b>Qualifications</b>	<i>Bachelor of Commerce, A.R.E.I.</i>
<b>Tenure</b>	Geelong Football Club Limited Director and Vice President for fourteen years
<b>Experience</b>	Gareth is the founder and Director of Life Again Ltd, Trustee for Life Again Foundation, a not-for-profit body committed to helping Men through times of change and transition in their lives. 2012 was Gareth's 47th year of involvement in VFL (AFL) football. Gareth played 136 games with Geelong in a nine year career commencing in 1965. In 1974 he transferred to Richmond, playing a further 31 games, including the 1974 Premiership. Gareth was a joint-founder of the VFL/AFL Players Association and is a former President and a Life Member of the AFLPA. For many years, Gareth was a part-time football commentator on ABC Radio and television as well as being an authoritative football writer for <i>The Sunday Age</i> . Gareth is a Life Member of the Geelong Football Club and in 2011 became a Life Member of the Australian Football League.
<b>Other Responsibilities</b>	Chair of Geelong Football Club Limited Remuneration Board Committee

ALISTAIR NEIL HAMBLIN	DIRECTOR
<b>Qualifications</b>	<i>Bachelor of Commerce, CPA, MAICD</i>
<b>Tenure</b>	Geelong Football Club Limited Director for eight years
<b>Experience</b>	Alistair is a Principal and Director in the integrated financial services practice of Morrows in Southbank. Previously, Alistair founded Commercial Advisory Group and became a Principal in WHK Horwath following its acquisition of CAG. In his role as the head of the Business/Tax division, tax, accounting and corporate advisory are provided to a diverse client base with a specialisation in sport and fundraising. Alistair has over a number of years been directly involved in a number of Clubs and community organisations engaged in facilitating sport and fundraising.
<b>Other Responsibilities</b>	Chair of Geelong Football Club Limited Finance & Audit Board Committee Member of Geelong Football Club Limited Stakeholder Board Committee

## DIRECTORS (continued)

<b>ROBERT JOHN GARTLAND</b>	<b>DIRECTOR</b>
<b>Qualifications</b>	<i>Cert. IV Business (Estate Agency Practice), CEA (REIV) MAICD</i>
<b>Tenure</b>	Geelong Football Club Limited Director for six years
<b>Experience</b>	Born and educated in Geelong, Bob has been a lifelong supporter of the Geelong Cats. Bob is Chairman of the Life Membership Committee, a member of the Club's History & Tradition Committee and also a Trustee of the Geelong Cats Sports Foundation. Bob has been an active member of the Geelong Business Community for 35 years, and been involved in the Real Estate and property industry for 30 years. He is Managing Director of Gartland Real Estate, and associated companies, which consults to clients on Real Estate investment, and development in both Commercial and Residential sectors. His company currently manages a portfolio of property in excess of \$300 million, has won substantial recognition for business achievements, and was awarded "Business of the Year" in the Geelong Business Excellence Awards in 2010. Bob has served on various business and community boards and committees in the Geelong Region, is a Director of Benchmark Developments (Vic) Pty Ltd, former Deputy Chair of Central Geelong Management Committee, and as Ambassador for the Anam Cara House Community Hospice project.
<b>Other Responsibilities</b>	Member of Geelong Football Club Limited Remuneration Board Committee

<b>DIANA CLARE TAYLOR</b>	<b>DIRECTOR</b>
<b>Qualifications</b>	<i>Bachelor of Laws (Hons), Bachelor of Arts, AICD Diploma</i>
<b>Tenure</b>	Geelong Football Club Limited Director for three years
<b>Experience</b>	Diana is a qualified lawyer and the Executive Director / General Manager Business Relationships of the Geelong based company CT Management Group, a management consulting, placement and recruitment business supporting Local Government across Australia. She is also the Director of Taylor Chapman Consulting, a sports and workplace consultancy practice. Diana brought with her to the Geelong Cats Board over 10 years of State and Community Football administration experience with her previous roles including President of the Western Region Football League, Victorian Football League Tribunal member, Victorian Football League Appeal Board member, WRFL Women's Football Foundation chairperson and AFL Victoria Fair Game: Respect Matters chairperson. Diana is currently the Chairperson of Nine-Lives Geelong, a director on the boards of Doutta Galla Aged Services Limited and AFL Victoria's Victorian Community Football Board, VicHealth's Alcohol Advisory Committee and chairs AFL Victoria's Fair Game: Respect Matters reference group.
<b>Other Responsibilities</b>	Chair of Geelong Football Club Limited Corporate Governance Board Committee Member of Geelong Football Club Limited Finance & Audit Board Committee

<b>HUGH GALBRAITH SEWARD</b>	<b>DIRECTOR</b>
<b>Qualifications</b>	<i>M.B, B.S, D.Obst, R.C.O.G, F.A.C.S.P, F.A.S.M.F, F.S.E.M (UK)</i>
<b>Tenure</b>	Geelong Football Club Limited Director for two years
<b>Experience</b>	Hugh was the Club's doctor for 25 years from 1982 to 2006 and is chair of the Club's Sports Science Committee. In this role he works closely with the Club's medical and fitness staff ensuring the players now, and into the future are physically prepared the best they can possibly be. Hugh is the Executive Officer of the AFL Medical Officers Association, a member of the AFL Research Board and Chair of Geelong College. He is an Adjunct Senior Research Fellow at Monash University, and the Australian Sports Commission's independent doctor for the illicit Drugs in Sport Program. Hugh continues to practice as a sports physician and general practitioner in Newtown. Hugh is a life member of the Geelong Football Club.
<b>Other Responsibilities</b>	Member of Geelong Football Club Limited Stakeholder Board Committee

**DIRECTORS (continued)**

<b>CRAIG MILTON DRUMMOND</b>	<b>DIRECTOR</b>
<b>Qualifications</b>	<i>Bachelor of Commerce, ACA, S F Fin</i>
<b>Tenure</b>	Geelong Football Club Limited Director for one year
<b>Experience</b>	Craig Drummond joined Bank of America Merrill Lynch Australia in October 2009 as Chief Executive Officer and Country Head. Prior to that, Craig joined Goldman Sachs JB Were in 1986 into equity research. Since 2003 he was in the various roles of Chief Operating Officer, Executive Chairman and Co-Chief Executive Officer until May 2009. Craig is a Director of Scotch College, The Florey Institute of Neuroscience and Mental Health and the Australian Financial Markets Association (AFMA). He is a Member of the Business Council of Australia (BCA) and a Member of the University of New South Wales' Australian School of Business Advisory Council. Most importantly Craig has been a passionate Geelong Cats supporter all of his life.
<b>Other Responsibilities</b>	Member of Geelong Football Club Limited Finance & Audit Board Committee

<b>BRIAN CARLYLE COOK</b>	<b>CHIEF EXECUTIVE OFFICER AND DIRECTOR</b>
<b>Qualifications</b>	<i>Master of Education</i>
<b>Tenure</b>	Geelong Football Club Limited Chief Executive Officer for thirteen years Geelong Football Club Limited Director for three years
<b>Experience</b>	One of Australia's most respected sporting administrators, Brian took up the post in March 1999. During his tenure, Brian has overhauled the Club's operations, overseen a dramatic transformation in the Club's finances, and a redevelopment of Simonds Stadium while leading the Club to three AFL premierships. Brian has been awarded with a number of honours including AFL Life Membership, Geelong Football Club Life Membership, the Eunice Gill Award for services coaching at a national level, the Australian Sports Medal and the Australian Sports Executive of the Year in 2007. Brian is a member of the AFL Research Board, Director of Tourism Victoria, a Trustee of the Geelong Cats Sports Foundation and the Ambassador for Wombats Wish (an organisation established to support bereaved children who lose a parent).
<b>Other Responsibilities</b>	Chair of Geelong Football Club Limited Stakeholder Board Committee Attends by invitation – Geelong Football Club Limited Corporate Governance Board Committee Attends by invitation – Geelong Football Club Limited Finance & Audit Board Committee Attends by invitation – Geelong Football Club Limited Remuneration Board Committee

<b>NICHOLAS LIVINGSTONE CARR</b>	<b>DIRECTOR</b>
<b>Qualifications</b>	<i>B.E., LLB, MBA, GAICD</i>
<b>Tenure</b>	Geelong Football Club Director for eight years and is currently on a leave of absence until February 2013.

## 2. COMPANY SECRETARY

The Company Secretary of the Club as at the date of signing the Directors' report was:

ROBERT MICHAEL THRELFALL	COMPANY SECRETARY
<b>Qualifications</b>	<i>Bachelor of Commerce, CPA</i>
<b>Tenure</b>	Geelong Football Club Limited - General Manager Finance and Administration for twelve years
<b>Experience</b>	Robert has held senior finance and administration management roles for over 15 years. Robert joined the Club in 2000 and is responsible for managing the Club's financial and administrative functions, in addition to providing leadership and strategic direction to achieve optimal off-field performance. Robert is also responsible for delivery of the Club's major infrastructure developments. Prior to joining the Club, Robert spent eight years working with Newcrest Mining Ltd, an Australian publicly listed gold mining company. During this time, Robert spent over four years managing the finance and corporate affairs of the Company's interests in Asia. In 2008, Rob was awarded the AFL's Graeme Samuel Scholarship to further his career development with the Club and the AFL.
<b>Other Responsibilities</b>	Attends by invitation – Geelong Football Club Limited Corporate Governance Board Committee Attends by invitation - Geelong Football Club Limited Finance & Audit Board Committee Attends by invitation - Geelong Football Club Limited Remuneration Board Committee

## 3. PRINCIPAL ACTIVITIES

The principal activities of the Club are the playing and promotion of the game of Australian Rules Football and the operation of related facilities.

The Club is a member of the Australian Football League. There has been no significant change in the nature of these activities during the year.

## 4. OBJECTIVES & STRATEGIES OF THE CLUB

The Club's key objectives and strategies in the short (2013) and long-term (2013-2016) are documented in its "Footy Full On: The Geelong Way" business plan and are summarised as follows:

- Win premierships by having an effective coaching and football development program that builds a highly competitive team, and:
  - high quality player recruitment
  - effective list management
  - optimum, innovative and consistent high performance programs
  - a holistic player development program
  - an extensive and challenging development pathway
  - best practice provision and usage of technology

- Grow our commercial profit and popularity by:
  - continuing to increase our corporate and consumer business profit levels
  - membership base to grow to 46,000 and beyond by 2016
  - maintaining a customer satisfaction rating of above 80% each year from our sponsors and members
  - delivering and constantly evaluating our strategic brand marketing plan
  - continuing to increase returns from our hospitality businesses, while being considered a leader in the delivery of socially responsible gaming practices
  - communicating our key messages effectively with our supporters and stakeholders through all available media
- Provide genuine benefits to the Cats' community by delivering sustainable community development, relations and assistance programs with the ultimate aim of being 'more than a football club'.
- Infrastructure development:
  - Stage 3 of the Simonds Stadium redevelopment is completed by 28 May 2013, taking stadium capacity to approximately 33,500
  - Stage 1 of the Club's exclusive training venue (ETV) in Keystone Business Park, Armstrong Creek is ready for the 2014 pre-season
  - Stage 4 of the Simonds Stadium redevelopment is commenced by the

- end of 2015, taking stadium capacity to the optimum level (to be determined)
  - A master plan for the ETV to guide future development to be prepared in 2013 to ensure that benefits of the venue over the long term are maximised
- Have great people and a unified culture by continuing to undertake initiatives to strengthen our Club's culture, investing in each employee's future and delivering best practice human resource solutions.
- Deliver ongoing and enhanced profitability each year which will further strengthen the Club's financial position to ensure a sustainable future, by precise financial reporting and effective financial and risk management strategies.
- Operate a well defined corporate governance structure, ensuring the Club adheres to accepted best practice and ethical standards.
- Provide environmentally responsible facilities and effective information technology and communication infrastructure.

The Club continually reviews its objectives and strategies within its business plan to ensure it has the strategic framework in place to meet its challenges, to be successful and to be sustainable in the long term. A summary of the "Footy Full On: The Geelong Way" business plan 2012-16 is available on the Club's website.



## 5. OPERATING & FINANCIAL REVIEW

In the current financial year, the Club has recognised an operating profit of \$322k before the write off of the Doug Wade Stand of \$1.3m that was demolished in early 2012. This led to the Club posting a net loss of \$996k overall (2011: \$1.02m profit).

The Board is very pleased that an operating profit was achieved in a year of reduced capacity at Simonds Stadium with the construction of the Players Stand.

### CORPORATE

The Club has been very fortunate to have many long term corporate partners over the years. These corporate partners continued their strong support for the Club throughout 2012, with several of our key sponsors extending their agreements with the Club.

### MATCH-DAY ATTENDANCES

Crowd levels at both Simonds Stadium and Melbourne home games were generally aligned to budget levels, with the financial return from our home game vs. Essendon in particular well above expectations.

### MEMBERSHIP

Membership increased 2% to 40,200 (2011: 39,303) which was a very pleasing result given our stadium capacity was 22,000. As always we are determined to maintain and grow our membership base, with recent research showing that we have around 500,000 supporters throughout Australia. The membership target for 2013 is 44,200.

### FOOTBALL DEPARTMENT

We continue to invest in our football department, with costs totalling \$19.2m in 2012. For the 8th time in 9 seasons, the Club made the finals and although we didn't achieve the ultimate prize we all wanted this season, we had a very strong year on the field which included winning the VFL Premiership. A new brigade of young players has started to emerge, with the Cats breeding 10 debutants, second highest behind Greater Western Sydney. We are looking forward to seeing more fresh faces take the field in 2013.

### WEBSITE AND SOCIAL MEDIA

Our website and social media has exploded this year with unique visitors to Cats TV regularly topping 150,000 per month. This, added to our Twitter and Facebook pages, has meant huge growth for our Club in website and social media activity.

### ENTERTAINMENT VENUES

The Club continues to operate two entertainment venues, Club Cats and The Brook on Sneydes and is proud to be regarded as a responsible gaming venue operator. As of 16 August 2012, a new gaming venue operator model was enacted by the State Government. Under the new arrangements, the Club purchased 180 electronic gaming machines from the Tatts Group and Tabcorp Holdings for a total of \$1.29m. In order to operate these machines from our venues we had acquired 180 gaming entitlements at auction in 2010 for a total of \$3.5m. The Club has taken out a loan over 5 years with the Bendigo Bank to fund the purchase of the machines, whilst the entitlements will be paid for in quarterly instalments to the State Government over the next 4.5 years.

### COMMUNITY

In 2012, the Club established its community development department which plays a large role in our local schools, football clubs, and Auskick centres as well as in partnerships with six community groups. Heading this is our Cats in the Community program which has a strong youth focus including empowerment, health and wellbeing and homelessness. We see our programs as opportunities to give back to the community that has given so much to us over the past 150 years. The ultimate aim is to be "more than a football club".

### CAPITAL INVESTMENTS

The Club has continued to make a significant investment into a range of assets and capital projects throughout the course of the year to ensure the long term future of the Club, totalling \$6.4m. This amount can be split into cash contributions of \$2.7m, a remaining commitment to the State Government of \$3.15m relating to the acquisition of gaming entitlements and also commitments to sponsors in exchange for assets provided. The cash contributions include payments relating to the construction of the Players Stand (Stage 3) and the proposed Stage 4 redevelopment of Simonds Stadium. It also includes the purchase of 180 gaming machines, initial payments for gaming entitlements and a range of property and plant and equipment.

Loan principal repayments and associated financing costs for the year were \$1.7m (2011: \$1.3m).

### INFRASTRUCTURE

Stage 3 of the stadium master plan, the Players Stand, will be completed in May 2013 and our capacity will increase to approximately 33,500. This development will bring with it significantly improved facilities for members and the general public, including stadium lighting which will be installed and ready for our first night game in June 2013. A master plan for Stages 4 and 5 of the stadium's redevelopment to "finish the stadium" has been developed and an intensive advocacy program to gain support will commence shortly.

The Club's vision for Simonds Stadium is to provide our members with the very best possible facility and for the stadium to be used for other sports and events which will in turn greatly benefit the Geelong community.

The Club and elite partner Keystone are moving forward with the creation of an exclusive training venue for the Club within the Keystone Business Park in Armstrong Creek. It is expected that this training venue will be ready for the 2014 pre-season and at this time the Club will gain ownership of the land and venue facilities. An alternative training venue to Simonds Stadium is regarded as essential for our Club going forward given the anticipated increase in usage of Simonds Stadium in the future by community groups and for non-AFL sports and events (e.g. T20 cricket), as well as our desire to provide our players with the best possible facilities in order for them to have the best chance to reach their potential.

## 2013 AND BEYOND

Night football will come to Simonds Stadium for the first time, with four games scheduled at the iconic stadium for 2013 under lights. The Club will take on Gold Coast on Saturday 1st June in the first AFL night game played in Geelong, and we will also face Fremantle, St Kilda and Sydney under the new lights. To have four games under lights is a great initiative in this exciting time for the club. It will be a new experience for both our members and supporters and also for visiting supporters to Simonds Stadium.

The Board and management recognise that we have been extremely fortunate to experience a sustained period of on-field success winning three premierships in the last six years. Despite this success, we continue to face many challenges and are working hard to address them. The requirement for ongoing innovation and improvement across all areas of our business is critical to ensuring the long-term success of the Club. The Club is continually looking for new ways to grow our revenue and contain expenses so that we can continue to be well placed financially in a competitive environment that is changing at an unprecedented rate; something we are actively planning for and consider vital to ongoing business sustainability.

The Club continually reviews the objectives and strategies within its "Footy Full On: The Geelong Way" business plan to ensure the Club has the strategic framework in place to meet its challenges and be successful and sustainable in the long term.

## 6. SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen between the end of the financial year and the date of this report that have or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in subsequent financial years.

## 7. ENVIRONMENTAL REGULATION

The Directors believe that the operations of the Club are not subject to any particular or significant environmental regulations.

## 8. AUDITORS INDEPENDENCE DECLARATION

The Directors have received the Independence Declaration from the auditor of the Club.

The Independence Declaration is set out on page 9 and forms part of the Directors' report for the year ended 31 October 2012.

### Non-audit services

Following are the non-audit services that were provided by the Club's auditor, Ernst & Young. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Ernst & Young received or are due to receive the following amount for the provision of non-audit services:

Assurance Related	\$4,500
Other Services	\$2,000
<b>Total non audit fees</b>	<b><u>\$6,500</u></b>

## 9. DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by

DIRECTOR	DIRECTORS' MEETINGS	CORPORATE GOVERNANCE COMMITTEE MEETINGS	REMUNERATION COMMITTEE MEETINGS	FINANCE AND AUDIT COMMITTEE MEETINGS	STAKEHOLDER COMMITTEE MEETINGS
	NUMBER HELD - ATTENDED	NUMBER HELD - ATTENDED	NUMBER HELD - ATTENDED	NUMBER HELD - ATTENDED	NUMBER HELD - ATTENDED
Colin Bruce Carter	11 - 11	1 - 1	3 - 3	7 - 5	3 - 2
Gareth Eliot Tremayne Andrews	11 - 10		3 - 3		
Nicholas Livingstone Carr	11 - 11	1 - 1			
Alistair Neil Hamblin	11 - 11			7 - 7	3 - 3
Robert John Gartland	11 - 11		3 - 2		
Diana Clare Taylor	11 - 10	1 - 1		7 - 7	
Hugh Galbraith Seward	11 - 9				3 - 2
Craig Milton Drummond	11 - 11			5 - 4	
Brian Carlyle Cook	11 - 11	1 - 1	3 - 3	7 - 5	3 - 3

## 10. INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year the Club paid insurance premiums totalling \$9,801 in respect of Directors' and Officers' liability insurance. The policies do not specify the premium for individual Directors and Officers. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of the Club.

The Club 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 Club or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract against a liability incurred for the costs or expenses to defend legal proceedings.

## 11. MEMBERS' GUARANTEE

The Club is a company limited by guarantee and domiciled in Australia. Accordingly the liability of the members of the Company is limited. As stated in clause 7 of the Club's Memorandum of Association, each member of the Club undertakes to contribute to the assets of the 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 Club contracted before they cease to be a member and of the costs, charges and expenses of winding up the Club and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding two dollars (\$2). At 31 October 2012 the number of members was 40,200 (2011: 39,303).

Signed in accordance with a resolution of Directors on this 27th day of November 2012.



**Colin Bruce Carter**  
Director and President



**Alistair Neil Hamblin**  
Director





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

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

A handwritten signature in blue ink that reads 'Ernst &amp; Young'.

Ernst & Young

A handwritten signature in blue ink that reads 'Don Brumley'.

Don Brumley  
Partner  
Melbourne  
27 November 2012

## CORPORATE GOVERNANCE STATEMENT

### POLICY

The Board of Directors ("the Board") recognise the importance and value of good corporate governance, which establishes a framework of clear objectives, responsibilities and accountability for the Board and management and provides policies and procedures for the Board and management to carry out their duties within.

The Board has determined to apply the "Essential Corporate Governance Principles" ("Principles") as summarised by the Australian Securities Exchange Corporate Governance Council (ASX CGC), to the fullest extent possible and practical, given the nature of the business of the Club.

The Board believes the foundation of an effective corporate governance model is a corporate structure that includes:

- The members of our Club appoint a number of Directors to form the Board
- The Board oversee their interests in the Club and in turn retain a Chief Executive Officer ("CEO")
- The CEO develops business strategies, employs resources, builds and operates processes, generates profits and increases the value for our members

### THE ROLE OF THE BOARD

The Board is committed to act in the best interest of the Club at all times to ensure it is properly managed and governed.

#### The Board's key responsibilities are to:

- Act in the interests of the Club as a whole;
- Observe their duties as Directors in terms of corporations law, common law, the Club Constitution and other relevant legislation; and
- Provide strategic direction for the Club and effective oversight of the CEO.

#### The Board's key functions include:

- Ensuring a diverse and effective Board, in line with the Club Constitution;
- Appointing, supporting and providing advice and counsel to, evaluating and rewarding the CEO taking an active role in overseeing the growth of the Executive leadership talent pool;
- Appointing, evaluating and rewarding the Senior Coach through constructive engagement with senior management and key stakeholders, review, add-value to, approve and monitor the Club's purpose, core values, ethical framework, strategic direction and objectives;
- Reviewing, approving and monitoring the implementation of the corporate plan, linked to the strategic objectives, ensuring appropriate resources are available;
- Supporting, reviewing and monitoring the operational and financial performance of the Club;
- Monitoring key financial and non-financial risk areas by ensuring the implementation of an effective risk management and internal control framework;
- Consider and agree on committee and management recommendations on key issues;
- The power to make, add to, alter or rescind any Club rules, regulations and by-laws as it thinks fit;
- Evaluating Board processes and performance of the Board as a whole, as well as contributions by individual Directors, ensuring the Board's effectiveness in delivering good governance;
- Transparent reporting and communications to the stakeholders on the Board's governance, stewardship and financial performance; and
- Ensuring that there are strong working relationships with the AFL.

### BOARD COMPOSITION AND TENURE

The composition and tenure of the Board is governed by the Club's Constitution.

The minimum number of Directors is seven and the maximum is nine. In addition, the CEO is a Director of the Club.

A full Board election is conducted every three years.

## BOARD COMMITTEES

The Board has established four committees to assist it in the discharge of the Board's role and responsibilities. The committees focus on specific responsibilities in greater detail than is possible for the Board as a whole.

Each formally constituted committee has a written charter, approved by the Board.

The Directors who are members of these committees are outlined in the Directors' report.

The committees and their key roles are set out below:

### Corporate Governance committee

The Corporate Governance committee assists the Board with its responsibilities by monitoring implementation of corporate governance principles and reporting to the Board in respect to compliance, non-compliance and recommendations for improvement.

The key responsibilities of the Corporate Governance committee are:

- Board structure, effectiveness and succession;
- Board operations and governance and relations with management;
- Director performance; and
- Constitution currency and compliance.

### Finance and Audit committee

The Finance and Audit committee assists the Board with its responsibilities by governing the operations of the Club's finance and audit functions.

The key responsibilities of the Finance and Audit committee are:

- Financial reporting;
- Longer term financial strategies;
- Accounting, financial and internal controls;
- Review and recommendation of external auditors, independence and the scope of external audit;
- IT plans and strategies; and
- Risk management.

### Remuneration committee

The Remuneration committee assists the Board with its responsibilities by governing the Club's remuneration function.

The key responsibilities of the Remuneration committee are:

- Remuneration of all employees and consultants;
- Total player payments rules compliance; and
- Succession planning.

### Stakeholder committee

The Stakeholder committee assists the Board with its responsibilities by overseeing the regular and effective engagement with the Club's important stakeholders.

The key responsibility of the Stakeholder committee is to provide an effective mechanism for the Club to maintain excellent, ongoing relationships with the Club's important stakeholders, both internal and external.

## RELATIONSHIP WITH MANAGEMENT

The CEO is responsible for the overall day-to-day management and the performance of the Club. The CEO manages the Club in accordance with strategy, delegations, business plans and policies approved by the Board to achieve agreed goals and objectives included therein.

The Board is responsible for reviewing and ensuring that all necessary and appropriate delegations are in place to enable the CEO to meet this responsibility.

To assist in the execution of its responsibilities, the CEO and Executive management have established a number of management-driven committees which meet on an as needed basis.

## BOARD CODE OF CONDUCT

The Board takes ethical and responsible decision making very seriously. Directors are required to act in accordance with the Club's Board code of conduct at all times.

The code of conduct deals with:

- Compliance with laws, regulations, duties and the code;
- Giving or receiving gifts;
- Protection of the Club's assets;
- Proper accounting and dealing with auditors;
- Unauthorised public statements; and
- Conflict of interest and use of inside information, confidential information and confidential documents.

## COMMUNICATION WITH MEMBERS

The Board aims to ensure that members are informed of all major developments affecting the Club. Information is communicated to members as follows:

- The audited financial report is made available to all members on the Club's website;
- A yearbook is distributed to all members, looking ahead to the upcoming season;
- An annual report is distributed to all members in late November, reviewing the season's performance
- Regular emails are broadcast to those members who have provided their email addresses to the Club;
- Members and supporters are communicated with electronically on Cats TV, Cats Twitter and the Cats Facebook page which provide up to the minute information;
- Club information is provided from time to time in various newspapers and on telephone recorded and on-hold messages;
- The Club website *geelongcats.com.au* and iPhone application are regularly updated;
- The Club Annual General Meeting is held each year before 31 January; and
- The Board and Executive management are always available to speak to members.

## CORPORATE SOCIAL RESPONSIBILITY POLICY

The Geelong Cats acknowledge that sustained high performance and sound culture cannot be separated. We remain consistently aware of how we go about our business. It is in our conviction to live and work according to our beliefs that we build and strengthen our culture. We call this our ethical framework.

The Geelong Cats ethical framework is the foundation on which we stand. Our values are the strong beliefs, character traits and working relationships of people within our organisation. They have been generated and vigorously debated within: they represent what we believe to be good and right. Those values are:

**RESPECT** – for our club, partners, communities and each other

**PRECISION** – in every action and activity

**ADVENTUROUS** – in mind and spirit

**CONVICTION** – in our purpose and potential

**UNITY** – through inclusion

**COMMERCIAL BUT CONSIDERED**



Our ethical framework also includes what we believe to be right and wrong – our principles. These principles guide us in our actions great and small, local and global. They remind us of our duties to and the rights of our members, the community, the game of AFL, and to each other. Examples of Geelong Cats working principles include:

**A COMMITMENT TO BEING ELITE WITHOUT BEING ELITIST** – we will be inclusive.

**EQUAL OPPORTUNITY AND A FAIR GO FOR ALL** – we respect diversity.

**OUR WINS WILL NOT BE ACHIEVED AT ALL COSTS OR THROUGH COMPROMISING OUR BELIEFS** – we will win clearly through spirit, talent and discipline.

**WE WILL BE FAIR AND HARD IN OUR PURSUIT OF EXCELLENCE**

The Club will remain committed to the Geelong Cats ethical framework. Unlike a prescribed or static set of behaviours, the ethical framework provides a guide to meet each challenge head on with good thinking and clear intentions.

While a clear link exists between the Club's values and corporate social responsibility, the key link between the two is the Club's value of respect – Respect for our Club, partners, communities and each other. Corporate social responsibility ("CSR") means "doing the right thing by our stakeholders and the environment" and is essentially the deliberate inclusion of public interest into corporate decision-making.

The Club embraces responsibility for the impact of our activities on our employees, the marketplace, our communities and our environment. This policy summary sets out our key priorities in relation to our corporate social responsibility.

#### **In our own workplace**

Our people are the key to the success of our business. We need to positively involve our people in the process to ensure they continue to believe that the Club is a great place to work, and they are proud of our achievements. We aim to be a place where people want to work because they see us as being honest, trustworthy, fair, socially responsible, environmentally responsible, progressive, technologically advanced, technically proficient, professional, profitable and sustainable.

#### **In the market place within which we operate**

We need to positively interact with our sponsors, members, strategic partners and our suppliers. We aim to be recognised by our peers and by our stakeholders as a leading, professional and responsible Club that is committed to the industry and its continuous improvement.

#### **In the communities within which we operate**

We have a responsibility to be active participants in our communities. Our community is where our Club operates, where our stakeholders and their families work, live and play. Our Club has a responsibility to ensure that we help to support our community and make it a safe and enjoyable place.

#### **In the environment in which we operate**

We need to be aware of the environmental impact of our "footprint" and endeavour to minimise any negative impacts.

We recognise that now, more than ever, the footprint we impose on the environment needs to be properly managed. The environment is extremely delicate and sensitive and everything we can do to minimise the impact our business has on the environment will help to sustain and protect the environment.

We strive to integrate sound environmental values, principles and practices in all our operations. By engaging with our key stakeholders and raising their awareness of environmental issues we will continue to seek ways to improve our contribution to protecting the environment.



## STATEMENT OF COMPREHENSIVE INCOME

For year ending 31 October 2012

	NOTE	2012 \$	2011 \$
<b>Income</b>			
Revenue	3	48,957,150	48,438,196
		<b>48,957,150</b>	<b>48,438,196</b>
Cost of sales		(13,196,604)	(10,701,727)
Football expenses		(19,200,072)	(18,821,742)
Marketing and related costs		(8,401,353)	(10,258,438)
Finance and administration		(3,621,033)	(3,736,801)
Facilities costs		(2,610,399)	(2,510,893)
Finance costs	4	(1,605,719)	(1,389,881)
Assets written-off	4	(1,318,280)	-
<b>Total expenses from ordinary activities</b>		<b>(49,953,460)</b>	<b>(47,419,482)</b>
<b>Net profit/(loss) attributable to members of Geelong Football Club Limited</b>	<b>16</b>	<b>(996,310)</b>	<b>1,018,714</b>
<b>Other Comprehensive Income</b>			
Net fair value gains/(losses) on available-for-sale financial assets		(726)	(2,802)
<b>Total Comprehensive Income/(expense) for the period attributable to members of Geelong Football Club Limited</b>		<b>(995,584)</b>	<b>1,015,912</b>

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

## STATEMENT OF FINANCIAL POSITION

As at 31 October 2012

	NOTE	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	1,812,446	1,862,001
Trade and other receivables	6	892,612	2,128,524
Inventories	7	709,827	1,213,698
Available-for-sale financial assets	2(h)	124,716	118,224
Other current assets	8	226,276	388,562
<b>TOTAL CURRENT ASSETS</b>		<b>3,765,877</b>	<b>5,711,009</b>
<b>NON CURRENT ASSETS</b>			
Intangible assets	9	19,817,402	15,279,966
Finance lease assets	11	9,207,961	9,531,193
Plant and equipment	10	7,095,968	8,191,687
<b>TOTAL NON CURRENT ASSETS</b>		<b>36,121,331</b>	<b>33,002,846</b>
<b>TOTAL ASSETS</b>		<b>39,887,208</b>	<b>38,713,855</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	4,587,156	4,468,524
Income received in advance	2(m)	1,242,226	1,339,200
Interest bearing loans and borrowings	13	1,208,853	950,283
Finance lease liabilities	14	180,835	119,172
Employee provisions	15	1,172,578	1,069,035
<b>TOTAL CURRENT LIABILITIES</b>		<b>8,391,648</b>	<b>7,946,214</b>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	12	2,224,325	103,334
Income received in advance	2(m)	6,115,816	6,537,040
Interest bearing loans and borrowings	13	3,353,259	3,269,264
Finance lease liabilities	14	9,675,785	9,823,691
Employee provisions	15	169,231	80,132
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>21,538,416</b>	<b>19,813,461</b>
<b>TOTAL LIABILITIES</b>		<b>29,930,064</b>	<b>27,759,675</b>
<b>NET ASSETS</b>		<b>9,957,144</b>	<b>10,954,180</b>
<b>EQUITY</b>			
Retained profits		9,967,916	10,964,226
Investment fluctuation reserve		(10,772)	(10,046)
<b>TOTAL EQUITY</b>	16	<b>9,957,144</b>	<b>10,954,180</b>

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

## STATEMENT OF CASH FLOWS

For year ending 31 October 2012

	NOTE	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers (inclusive of GST)		54,082,310	50,454,344
Interest received		32,566	90,006
Dividends received		7,220	6,787
Payments to suppliers and employees (inclusive of GST)		(50,071,711)	(47,424,416)
Interest paid		(792,366)	(604,100)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>	5	<b>3,258,019</b>	<b>2,522,621</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for plant and equipment		(1,072,981)	(473,792)
Payment for intangibles		(1,664,452)	(584,353)
Payment for available for sale investments		2	-
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>(2,737,431)</b>	<b>(1,058,145)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(943,507)	(950,284)
Proceeds from borrowings		1,286,072	73,869
Repayment of finance lease principal		(912,708)	(862,468)
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>(570,143)</b>	<b>(1,738,883)</b>
Net increase/(decrease) in cash and cash equivalents held		(49,555)	(274,407)
Cash and cash equivalents at the beginning of the year		1,862,001	2,136,408
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	5	<b>1,812,446</b>	<b>1,862,001</b>

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

## STATEMENT OF CHANGES IN EQUITY

For year ending 31 October 2012

	Note	Retained Profits \$	Investment Fluctuation Reserve \$	Total Equity \$
<b>At 1 November 2011</b>		<b>10,964,226</b>	<b>(10,046)</b>	<b>10,954,180</b>
Profit/(loss)		(996,310)	-	(996,310)
Other Comprehensive Income		-	(726)	(726)
<b>Total Comprehensive Income for the period</b>		<b>(996,310)</b>	<b>(726)</b>	<b>(997,036)</b>
<b>At 31 October 2012</b>	16	<b>9,967,916</b>	<b>(10,772)</b>	<b>9,957,144</b>
<b>At 1 November 2010</b>		<b>9,945,512</b>	<b>(7,244)</b>	<b>9,938,268</b>
Profit/(loss)		1,018,714	-	1,018,714
Other Comprehensive Income			(2,802)	(2,802)
<b>Total Comprehensive Income for the period</b>		<b>1,018,714</b>	<b>(2,802)</b>	<b>1,015,912</b>
<b>At 31 October 2011</b>	16	<b>10,964,226</b>	<b>(10,046)</b>	<b>10,954,180</b>

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

## NOTES TO AND FORMING PART OF THE ACCOUNTS

### NOTE 1 - CLUB INFORMATION

Geelong Football Club Limited ("the Club") is a company limited by guarantee where statutory members guarantee its liabilities to the extent of \$2.

The registered office of the Club is:

Simonds Stadium  
Kardinia Park  
Geelong, Victoria, 3220

The principal activities of The Club are the playing and promotion of the game of Australian Rules Football and the operation of related facilities. The Club is a member of the Australian Football League.

The financial report of the Club for the year ended 31 October 2012 was authorised for issue in accordance with a resolution of the Directors on 27 November 2012.

### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The following is a summary of the material accounting policies adopted by the Club in the preparation of the financial report. The accounting policies have been consistently applied unless otherwise stated.

#### (a) Basis of preparation

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

With the exception of available-for-sale investments, which are measured at fair value, this report is prepared on an accrual basis in accordance with the historical cost convention and except where stated, does not take into account current valuations of non-current assets.

#### (b) Going concern

The financial report has been prepared on the basis that the Club is a going concern although there is a net current asset deficiency of \$4,343,017 (2011: \$2,338,539). The going concern basis is considered appropriate as due to the seasonal nature of the Club's activities it expects to generate sufficient funds in the next quarter from gaming, membership, reserved seat sales and sponsorship to meet its debts as and when they become due and payable and to continue to fund its ongoing operations.

It should be noted that the Club outlaid \$2,737,432 in cash in the current financial year on a range of assets and capital projects. This includes contributions made to the currently underway construction of Stage 3 and the proposed Stage 4 redevelopments of Simonds Stadium. It also includes the purchase of gaming machines and gaming entitlements and a range of property and plant and equipment. All capital projects have been funded from the Club's carried forward financial surplus and its borrowings from Bendigo Bank.

Long term marketing and financial strategies have been developed to manage the Club's debt levels, improve trading profitability and ensure long term viability. The Directors are confident that these strategies will be successful in allowing the Club to continue to participate in the Australian Football League.

#### (c) Cash and cash equivalents

For the purpose of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents includes cash at bank, cash on hand and short-term deposits either held at call or with an original maturity of three months or less.

#### (d) Trade and other receivables

Trade receivables, which generally have 7-30 day payment terms from the date of the invoice/statement, are initially recognised at fair value and then subsequently measured at fair value less an allowance for impairment.

Other receivables are measured at amortised cost using the effective interest method, are non-interest bearing and are settled based on various commercial terms and conditions, generally in 30 to 90 day terms.

Collectability of trade and other receivables is reviewed on an ongoing basis by Club management. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Club will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.



**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value:

- Merchandise is valued at weighted average cost.
- Memorabilia is valued at purchase cost.
- Food and Beverage is valued at purchase cost.

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

**(f) Leases**

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

**Finance Leases**

Finance leases, which transfer to the Club substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Club will obtain ownership by the end of the lease term.

**Operating Leases**

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

**(g) Intangible assets**

Intangible Assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any impairment losses. Internally generated intangible assets are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortised over their useful life and tested for impairment individually or at the cash-generating unit level on an annual basis or when there is an indication that the intangible asset or cash-generating unit may be impaired (see note 2(j) for methodology). The amortisation period and the amortisation method for an intangible asset are reviewed at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in the income statement in the expense category consistent with the function of the intangible asset.

**(h) Available-for-sale financial assets**

The Club has investments comprising equity securities and a cash management fund. These are classified as available-for-sale investments and are measured at fair value with gains and losses being recognised as a separate component of equity until the investment is derecognised or until the investment is deemed to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in the profit or loss. Fair value of investments is determined by reference to quoted market bid prices at the close of business on the balance date.

**(i) Plant and equipment****Owned Assets**

Plant and equipment and leasehold improvements are stated at historical cost, less accumulated depreciation and any accumulated impairment losses. Where an asset is acquired at no cost, or for a nominal cost, the cost is its fair value as at the date of acquisition.

**Leased Assets**

Leases in terms of where the Club assumes substantially all of the risks and rewards of ownership are classified as finance leases which are recognised on the Club's Statement of Financial Position. All other leases are classified as operating leases and the leased assets are not recognised on the Club's Statement of Financial Position.

## NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

### **Subsequent Costs**

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Club and its cost can be reliably measured. The carrying amount of the part replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised as an expense in the income statement as incurred.

### **Memorabilia**

Over the years the Club has collected a considerable amount of memorabilia. The memorabilia collection has been independently valued at \$2,700,000 for insurance purposes but is not recorded in the financial report.

### **Depreciation**

The depreciable amount of all fixed assets including building and capitalised lease assets, is depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the ground lease or the estimated useful lives of the improvements. The following depreciation useful life ranges have been used:

Asset class	Useful lives	Depreciation basis
Furniture & fittings	2-15 years	Straight Line
Motor vehicles	4 years	Straight Line
Software	3 - 7 years	Straight Line
Computer equipment	3 - 5 years	Straight Line
Gaming equipment	5-12 years	Straight Line
Leasehold improvements	5-40 years	Straight Line

Asset's useful lives and depreciation methods are also reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

### **Disposal**

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

### **(j) Impairment**

#### **Plant & Equipment and Intangibles**

The carrying values of the Club's tangible and intangible assets are reviewed for impairment at each reporting date, to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount, with an impairment loss recognised in the Income Statement.

#### **Financial Assets**

The Club assesses at each balance 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).

### **(k) Income tax**

The Club is exempt from income tax as an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act 1997.

**(l) Trade and other payables**

Trade and other payables are carried at amortised cost and are recognised for amounts to be paid in the future for goods or services received, whether or not they have been billed to the Club. Trade payables are unsecured and are normally settled within 30 days. Other payables are settled on various commercial terms and conditions, typically within 30 days.

**(m) Income received in advance**

Income received in advance is recognised in line with the terms of specific contracts. Sponsorship income and membership income received in advance is recognised in line with the sponsorship contracts or membership subscription period and the respective service obligations of the Club.

**(n) 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. Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of the interest and other costs that the Club incurs in connection with the borrowing of funds.

**(o) Employee provisions*****Wages, salaries annual leave and sick leave***

Provisions for employee benefits are recognised when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date.

Liabilities arising from wages and salaries, annual leave and accumulating sick leave, which will be settled within 12 months of reporting date, have been measured at the amounts expected to be paid when the liability is settled, plus related on costs in respect of employees' services up to the reporting date. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

***Long service leave***

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at 31 October 2012 on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

In December 2002 the AFL Clubs and players entered into a Federally Certified Long Service Leave Agreement. This agreement removed the State Long Service Leave entitlements of the players. Instead, the players receive additional annual leave after a set number of years of service and consequently clubs are not required to accrue for long service leave liabilities for its current players.

***Superannuation***

Contributions are made by the Club to an employee superannuation fund and are charged as expenses when incurred. All superannuation guarantee legislative requirements have been met.

**(p) Revenue recognition**

Revenue is recognised at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured, net of the amount of goods and services tax (GST).

***Sales Revenue***

Sales revenue is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and cessation of all involvement with those goods. Sales revenue is detailed in note 3 and comprises revenue earned from AFL dividends and prize money, membership, reserved seating, merchandise, sponsorships, fundraising, gate receipts, food and beverage, gaming activities and interest on investments. Sponsorships involving contra arrangements are recognised as revenue equivalent to the fair value of the services provided by the sponsor. Interest income is recognised as it accrues using the effective interest method.

## NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

### **AFL Distributions and Match Returns**

AFL distributions are recognised as they are received or become receivable. Match day income is recognised at the conclusion of each AFL home game.

### **Membership Revenue**

Membership income is recognised throughout the duration of the AFL home and away season to which it relates. Subscriptions received in advance from members that relate to future years are included as a liability in income received in advance and will be recognised as revenue in the years to which they relate.

### **Marketing and Sponsorship Income**

Marketing and Sponsorship income is recognised when amounts are due and payable in accordance with the terms and conditions of the sponsorship contract. Sponsorship monies received in advance that relate to future years are included as a liability in income received in advance and will be recognised as revenue in the years to which they relate.

### **Gaming Revenue**

Gaming, bar, bistro and function revenue is recognised as it is earned. Deposits on functions received in advance that relate to functions to be held in future years are included as a liability in income received in advance and will be recognised as revenue in the year to which the function relates.

### **Grant Revenue**

Grant revenue, including contributions of assets, is recognised in the income statement when it is controlled or the Club has the right to receive the contribution. When there are conditions attached to the grant relating to the use of grant funds for specific purposes this is disclosed in the relevant note to the financial statements.

### **Non-reciprocal contributions**

The Club occasionally receives non-reciprocal contributions of assets from third parties for nominal or zero value. These assets are recognised at fair value on the date of acquisition in the Statement of Financial Position, with a corresponding amount of revenue recognised in the statement of comprehensive income.

### **(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 Australian Tax Office. The amounts reported for receivables and payables on the Statement of Financial Position at balance date are inclusive of GST. The net amount of GST receivable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

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.

### **(r) Comparative figures**

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

### **(s) Members' liability on winding up**

The Club is a company limited by guarantee and domiciled in Australia. Accordingly the liability of the members of the Company is limited. As stated in clause 7 of the Club's Memorandum of Association, each member of the Club undertakes to contribute to the assets of the 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 Club contracted before they cease to be a member and of the costs, charges and expenses of winding up the Club and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding two dollars (\$2).

**(t) Statement of compliance*****Reduced Disclosure Regime***

The Club early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards from Reduced Disclosure Requirements in the financial year beginning on 1 November 2010.

The Club is a not-for-profit public entity which classifies it as a Tier 2 entity allowing it to prepare general purpose financial statements in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The adoption of AASB 1053 and AASB 2010-2 allowed the Club to remove a number of disclosures. Accounting policies adopted are consistent with those of the previous year.

***Changes in accounting policy and disclosures***

The Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2011:

- AASB 124 Related Party Disclosures (December 2009) effective 1 January 2011
- AASB 1054 Australian Additional Disclosures effective 1 July 2011
- AASB 2009-12 Amendments to Australian Accounting Standards (AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052) effective 1 January 2011
- AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 1, 7, 101, 134 and Interpretation 13) effective 1 January 2011
- AASB 2010-5 Amendments to Australian Accounting Standards (AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042) effective 1 January 2011

Other Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Club for the annual reporting period ended 31 October 2012.

**(u) Significant accounting judgements, estimates and assumptions**

In applying the Club's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Club. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

***Estimation of useful lives of assets***

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment) and lease terms (for leased equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

***Finance lease commitments – Club as lessee***

The Club has lease agreements for the usage of gym equipment and Simonds Stadium. The Club has determined that it retains substantially all the significant risks and rewards of ownership of the gym equipment and Simonds Stadium primarily as the leases are for the major part of the economic useful lives of the leased assets. Thus the Club has classified these leases as finance leases.

***Operating lease commitments – Club as lessee***

The Club has lease agreements over the land and buildings at The Brook on Sneydes and various items of office equipment. The Club has determined that it does not retain substantially all the significant risks and rewards of ownership of these leased items and thus the Club has classified these leases as operating leases.

***Impairment of intangibles***

The Club assesses whether intangibles are impaired at least annually in accordance with the accounting policy set out in note 2(j). These calculations involve estimating the recoverable amount of the cash generating units to which the intangibles are allocated.

***Impairment of available for sale assets***

The Club holds a number of available-for-sale financial assets and follows the requirements of AASB 139 Financial Instruments: Recognition and Measurement in determining when an available-for-sale asset is impaired. For the year ended 31 October 2012 the Club has determined that any decline in value of individual available-for-sale assets was not considered significant or prolonged.

***Long service leave provision***

As outlined in Note 2(o), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, pay increases and inflation have been taken into account.



**NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**

	2012 \$	2011 \$
<b>NOTE 3 - REVENUE</b>		
<b>(a) Revenue from Operating Activities</b>		
AFL dividends and prize money	7,606,364	8,021,997
Gaming, food and beverage	11,359,106	10,083,082
Membership, seating and gate receipts	11,536,630	12,121,444
Merchandise	2,699,798	2,583,088
Sponsorship, advertising and fundraising	15,696,889	15,517,692
	<b>48,898,787</b>	<b>48,327,303</b>
<b>(b) Revenue from Other Activities</b>		
Interest	32,566	90,006
Dividends on Investments	7,220	6,787
Other	18,577	14,100
	<b>58,363</b>	<b>110,893</b>
<b>Total Revenue</b>	<b>48,957,150</b>	<b>48,438,196</b>
<b>NOTE 4 - EXPENSES</b>		
Operating profit for the year includes the following specific expenses:		
<b>(a) Finance costs</b>		
- Interest paid - bank loans and overdraft	792,366	604,100
- Finance lease interest charge	780,743	785,781
- Net realised (gain)/loss on investments	32,610	-
<b>Total finance costs</b>	<b>1,605,719</b>	<b>1,389,881</b>
<b>(b) Depreciation, amortisation and asset write offs</b>		
Amortisation of intangible assets	262,856	183,172
Amortisation of leasehold improvements	267,154	283,186
Amortisation of finance lease asset	368,954	357,905
Depreciation of plant and equipment	582,415	641,894
Plant and equipment written off	1,318,280	-
<b>Total depreciation, amortisation and write offs</b>	<b>2,799,659</b>	<b>1,466,157</b>
<b>(c) Employee expenses</b>	<b>24,046,249</b>	<b>23,469,399</b>
<b>(d) Bad debts written off</b>	<b>32,394</b>	<b>14,084</b>
<b>(e) Operating lease rentals</b>	<b>1,388,944</b>	<b>1,361,418</b>

**NOTE 5 - CASH FLOW INFORMATION****(a) Reconciliation of net cash flows from operations to net profit/(loss)**

	2012 \$	2011 \$
<b>Net profit/(loss)</b>	<b>(996,310)</b>	<b>1,018,714</b>
<b>Adjustment for non-cash items</b>		
Depreciation and amortisation	1,481,379	1,466,157
Contributions of intangibles, plant and equipment	(429,728)	(8,211,300)
Finance charges on finance liabilities	780,743	785,781
Assets write offs and disposals	1,319,131	-
Bad debt write offs & doubtful debts	32,394	18,497
Net (gain)/loss on disposal of available for sale investments	(7,220)	(6,787)
<b>Changes in assets and liabilities</b>		
(Increase)/decrease in trade and other debtors	1,203,518	(1,283,373)
(Increase)/decrease in prepayments	162,286	(86,897)
(Increase)/decrease in inventories	503,871	(539,837)
(Decrease)/increase in trade creditors and accruals	(884,242)	2,201,081
(Decrease)/increase in income in advance	(100,445)	7,102,197
(Decrease)/increase in provisions	192,642	58,388
<b>Cash flows from operations</b>	<b>3,258,019</b>	<b>2,522,621</b>

**(b) Reconciliation of cash and cash equivalents**

Cash and cash equivalents at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash on hand	362,761	357,425
Cash at Bank	1,449,685	1,504,576
	<b>1,812,446</b>	<b>1,862,001</b>

Of the above cash and cash equivalents, \$997,464 (2011: \$983,589) relates to Club donations received in the form of discretionary grants in the current financial year or carried forward from previous periods from the Australian Sports Foundation. These funds must be spent in accordance with the project purpose which is to upgrade Simonds Stadium in the areas of player, training and spectator facilities (including debt reduction) and purchase sports related equipment, and to assist in developing the Club's exclusive training venue within the Keystone Business Park. The Club will use the funding to continue to invest in capital projects at Simonds Stadium and provide elite training equipment and facilities for our players.

**NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**

	<b>2012</b> <b>\$</b>	<b>2011</b> <b>\$</b>
<b>NOTE 6 - TRADE AND OTHER RECEIVABLES</b>		
Trade debtors	355,652	1,162,627
Less Allowance for Doubtful Debts	-	(4,414)
<b>Net Trade Debtors</b>	<b>355,652</b>	<b>1,158,213</b>
Accrued Revenue	260,798	567,470
Other debtors	276,162	402,841
	<b>536,960</b>	<b>970,311</b>
<b>Total Trade and Other Receivables</b>	<b>892,612</b>	<b>2,128,524</b>

**NOTE 7 - INVENTORIES**

Merchandise	292,950	370,434
Memorabilia	123,457	389,226
Food and beverage	293,420	209,860
Property and building construction (i)	-	244,178
<b>Total inventories at the lower of cost and net realisable value</b>	<b>709,827</b>	<b>1,213,698</b>

(i) This amount relates to payments made towards the purchase of land and construction of a house in Lara, which the Club completed and sold in August 2012. Upon settlement the inventory was expensed and profits have been realised in the income statement.

**(a) Inventory expense**

Inventories recognised as an expense for the year ended 31 October 2012 totalled \$4,079,997 (2011: \$3,489,794). This expense has been included in the cost of sales line item in the statement of comprehensive income.

**(b) Allowance for impairment loss**

A provision for impairment loss is recognised when there is objective evidence that inventories are impaired. The Club has not recognised impairment losses in relation to any of its inventory balances at reporting date.

**(c) Inventory gains/expense**

Inventory write-offs recognised as an expense in the current financial year totalled \$32,819 (2011: \$6,669 gain)

**NOTE 8 - OTHER ASSETS**

Prepayments	221,276	197,915
Bank Guarantees & Deposits	5,000	190,647
	<b>226,276</b>	<b>388,562</b>

All amounts are considered to be short-term and the carrying values are considered to be a reasonable approximation of their fair value.

# NOTE 9 - INTANGIBLE ASSETS

## (a) Carrying amounts of intangible assets measured at cost

		2012 \$	2011 \$
Leasehold rights at cost		8,236,885	7,482,863
Less accumulated amortisation		(843,479)	(663,522)
Net carrying amount	(i)	<b>7,393,406</b>	<b>6,819,341</b>
Licences at cost		3,142,524	85,638
Less accumulated amortisation		(88,073)	(5,174)
Net carrying amount	(ii)	<b>3,054,451</b>	<b>80,464</b>
Software		808,085	-
Less accumulated amortisation		(260,927)	-
Net carrying amount	(iii)	<b>547,158</b>	-
Right to acquire land & buildings	(iv)	<b>8,822,387</b>	<b>8,380,161</b>
Total intangible assets net carrying amount		<b>19,817,402</b>	<b>15,279,966</b>

## (b) Reconciliation of carrying amounts at the beginning and end of the period:

Year ended 31 October 2012	Software \$	Leasehold Rights \$	Licences \$	Right to Acquire Land & Buildings \$	Total \$
At 1 November 2011	-	6,819,341	80,464	8,380,161	<b>15,279,966</b>
Additions	507,105	754,023	3,056,885	442,226	<b>4,760,239</b>
Transfers	127,990	-	-	-	<b>127,990</b>
Amortisation expense	(87,937)	(179,957)	(82,899)	-	<b>(350,793)</b>
Impairment of assets	-	-	-	-	-
At 31 October 2012 (net of accumulated amortisation and impairment)	<b>547,158</b>	<b>7,393,407</b>	<b>3,054,450</b>	<b>8,822,387</b>	<b>19,817,402</b>

## (c) Description of the Club's intangible assets

### (i) Leasehold rights

Leasehold rights have been acquired via the Club's contributions to all four stages of redevelopment at Simonds Stadium and are being carried at cost less accumulated amortisation and accumulated impairment losses. Amounts relating to Stages 1 and 2 of the intangible asset are being amortised using the straight line method over the remaining Simonds Stadium lease term commencing at the completion of each stage of the development (36-40 years). Stage 3 leasehold rights will commence amortisation upon completion of the current redevelopment (expected June 2013) and Stage 4 leasehold rights will commence amortisation upon completion of any future redevelopment. These assets are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

### (ii) Licences

(a) The Club acquired 182 gaming entitlements from the State Government in the current financial year via an interest-free loan for a nominal amount of \$3,507,733. The entitlements became effective on 16 August 2012 and have a useful life of 10 years inline with their expiry. The asset has been recorded at its present value of \$3,056,886. This asset is subject to impairment testing on an annual basis or whenever there is an indication of impairment.

(b) The Club acquired a gaming licence from the Victorian Casino and Gaming Authority to operate from its Point Cook gaming venue. All costs associated with this acquisition were capitalised at cost and are being carried at cost less accumulated amortisation and accumulated impairment losses. The asset is being amortised using the straight line method over its useful life of ten years, which currently has six years remaining.

## NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)

### (iii) Software

Software purchased is being carried at cost less accumulated amortisation and accumulated impairment losses. Software assets are amortised using the straight line method over their useful lives of between 3-7 years. These assets are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

### (iv) Right to acquire land and buildings

The amount capitalised as a right to acquire land and buildings represents the fair value of the following:

- (a) The right to receive an exclusive training venue as a result of its long term partnership with Keystone Business Park
- (b) The right to acquire land in Armstrong Creek through its sponsorship with Villawood.

The rights are being carried at fair value at date of acquisition less any accumulated impairment losses. The assets will commence being amortised when the club receives title to the land and buildings and begins using them, but will be subject to impairment testing on an annual basis or whenever there is an indication of impairment.

	2012 \$	2011 \$
<b>NOTE 10 - PLANT AND EQUIPMENT</b>		
<b>(a) Carrying amounts of plant and equipment measured at cost</b>		
Leasehold improvements at cost	6,423,840	7,574,957
Less accumulated amortisation	(2,392,608)	(2,476,700)
<b>Net carrying amount</b>	<b>4,031,232</b>	<b>5,098,257</b>
Plant and equipment at cost	6,043,573	5,771,299
Less accumulated depreciation	(2,978,837)	(2,677,869)
<b>Net carrying amount</b>	<b>3,064,736</b>	<b>3,093,430</b>
<b>Total net carrying amount</b>	<b>7,095,968</b>	<b>8,191,687</b>

### (b) Reconciliation of carrying amounts at the beginning and end of the period:

	Leasehold Improvements \$	Plant and Equipment \$	Total \$
<b>For the year ended 31 October 2012</b>			
Carrying amount at 1 November 2011	5,098,257	3,093,430	8,191,687
Additions	16,665	1,184,305	1,200,970
Transfers	-	(127,990)	(127,990)
Disposals	-	(850)	(850)
Asset write offs	(816,536)	(501,744)	(1,318,280)
Depreciation/amortisation expense	(267,154)	(582,415)	(849,569)
<b>Carrying amount at 31 October 2012</b>	<b>4,031,232</b>	<b>3,064,736</b>	<b>(7,095,968)</b>



**NOTE 11 – FINANCE LEASE ASSETS****(a) Carrying amounts of finance leased assets**

	2012 \$	2011 \$
Finance lease asset – Simonds Stadium	9,657,431	9,657,431
Less accumulated amortisation	(693,010)	(424,748)
<b>Net carrying amount</b>	<b>8,964,421</b>	<b>9,232,683</b>
Finance lease asset - gym equipment	493,935	448,214
Less accumulated amortisation	(250,395)	(149,704)
<b>Net carrying amount</b>	<b>243,540</b>	<b>298,510</b>
<b>Total net carrying amount</b>	<b>9,207,961</b>	<b>9,531,193</b>

**(b) Reconciliation of total minimum lease payments and their present value**

The Club has finance leases for which the estimated future minimum lease payments amount to \$27,162,463 (2011: \$28,024,364). They are non-cancellable leases which have an implicit interest rate of 7.86%. The finance lease over Simonds Stadium has a remaining lease term of 34 years and the finance lease over gym equipment has a remaining lease term of 2 years.

Within one year	950,288	897,468
Later than one year and not later than five years	3,388,953	3,483,678
Later than five years	22,823,222	23,643,218
<b>Minimum lease payments</b>	<b>27,162,463</b>	<b>28,024,364</b>
Less future finance charges	(17,305,843)	(18,081,501)
<b>Total recognised as liability at 31 October 2012</b>	<b>9,856,620</b>	<b>9,942,863</b>

The leased liabilities are secured by the underlying leased assets.

**NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 12 - TRADE AND OTHER PAYABLES</b>		
<b>Current</b>		
Trade payables	2,343,177	2,009,660
Other creditors and accruals	2,243,979	2,458,863
	<b><u>4,587,156</u></b>	<b><u>4,468,524</u></b>
<b>Non-Current</b>		
Trade payables	-	-
Other creditors and accruals (c)	2,224,325	103,334
	<b><u>2,224,325</u></b>	<b><u>103,334</u></b>
<b>Total Trade and other payables</b>	<b><u>6,811,481</u></b>	<b><u>4,571,858</u></b>

**(a) Terms and Conditions**

All payables are non-interest bearing and are normally settled in accordance with the creditors payment terms.

**(b) Fair value – current**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

**(c) Fair value – non-current**

Gaming entitlements purchased from the State Government are payable in equal quarterly instalments over the next four years. As such, the fair value of the liability has been calculated by discounting the expected future cashflows at the Club's implicit interest rate of 6.70%.

	2012 \$	2011 \$
<b>NOTE 13 – INTEREST BEARING LOANS AND BORROWINGS</b>		
<b>Current</b>		
Bank loans (secured)	1,208,853	950,283
	<b>1,208,853</b>	<b>950,283</b>
<b>Non-Current</b>		
Bank loans (secured)	3,353,259	3,269,264
	<b>3,353,259</b>	<b>3,269,264</b>
<b>Total Interest bearing loans and borrowings</b>	<b>4,562,112</b>	<b>4,219,547</b>

**(a) Financing facilities**

At 31 October 2012 the Club has the following loans from the Bendigo Bank:

**(i) Club Cats bank loan**

The Club borrowed a total of \$866,000 in 2007 which was used to refurbish Club Cats. The outstanding balance at 31 October 2012 is \$346,400 (2011: \$519,600) and is subject to a fixed interest rate of 7.64%. Annual fixed principal repayments commenced on 31 March 2010 and two repayments remain.

**(ii) The Brook bank loan**

The Club borrowed \$750,000 in 2009 which was used to fund the fit-out of The Brook on Sneydes. The remaining balance at 31 October 2012 is \$468,750 (2011: \$562,500) and is subject to a variable rate of interest which is currently 6.21% (2011: 7.06%). Annual fixed principal repayments commenced on 31 March 2010 and five repayments remain.

**(iii) Premiership Stand bank loan**

The Club borrowed a total of \$3,820,780 over the course of 2010 and 2011 to finance Club contributions to the Simonds Stadium Premiership Stand Redevelopment which is subject to a variable rate of interest which is currently 5.88% (2011: 7.05%). At 31 October 2012, the balance is \$2,454,114 (2011: \$3,137,447). Annual fixed principal repayments commenced on 31 March 2011 and four repayments remain.

**(iv) Club Cats gaming loan**

The Club borrowed a total of \$919,848 in March 2012 which was used to purchase electronic gaming machines for Club Cats. The loan is subject to a variable rate of interest which is currently 6.72% and annual fixed principal repayments will commence on 31 March 2013 for a period of five years.

**(vi) The Brook gaming loan**

The Club borrowed a total of \$373,000 in March 2012 which was used to purchase electronic gaming machines for The Brook on Sneydes. The loan is subject to a variable rate of interest which is currently 6.71% and annual fixed principal repayments will commence on 31 March 2013 for a period of five years.

**(vii) Overdraft facility**

The Club has access to an overdraft facility with a limit of \$500,000 all year round. This limit temporarily increases to \$1,000,000 for the months of August to December. As at 31 October 2012, the Club was not utilising any of its overdraft facilities.

**(b) Security for borrowings**

Bank loans and overdraft facilities with Bendigo Bank are secured by a registered debenture mortgage over the assets of the Club.

**(c) Defaults and breaches**

During the current and prior years, there were no defaults or breaches on any of the loans.

**NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>NOTE 14 - FINANCE LEASE LIABILITY</b>		
<b>Current</b>		
Finance lease liability – Simonds Stadium	50,259	15,271
Finance lease liability – gym equipment	130,576	103,901
	<b>180,835</b>	<b>119,172</b>
<b>Non-Current</b>		
Finance lease liability – Simonds Stadium	9,570,962	9,621,221
Finance lease liability – gym equipment	104,823	202,470
	<b>9,675,785</b>	<b>9,823,691</b>
<b>Total finance lease liability</b>	<b>9,856,620</b>	<b>9,942,863</b>

Leased liabilities are secured by the underlying leased assets.

**NOTE 15 - EMPLOYEE PROVISIONS**

<b>Current</b>		
Provision for annual leave	468,179	456,586
Provision for long service leave	704,399	612,449
	<b>1,172,578</b>	<b>1,069,035</b>
<b>Non-Current</b>		
Provision for long service leave	<b>169,231</b>	<b>80,132</b>
<b>Total Employee Provisions</b>	<b>1,341,809</b>	<b>1,149,167</b>

The current portion of these liabilities represents the Club's obligation to which employees have a current legal entitlement.

**Number of Employees**

Number of full time equivalent ("FTE") employees at balance date	<b>114</b>	<b>103</b>
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Refer to note 2(o) for the relevant accounting policy and a description of the nature and timing of employee provisions.  
Furthermore, this note contains a discussion of the significant estimations and assumptions applied in the measurement of this provision.

	2012	2011
	\$	\$

**NOTE 16 - RETAINED EARNINGS AND RESERVES****(a) Movements in retained earnings and reserves were as follows:**

Balance 1 November 2011	10,954,180	9,938,268
Net profit attributable to members of the Geelong Football Club Limited	(996,310)	1,018,714
Investment fluctuation reserve	(726)	(2,802)
<b>Balance 31 October 2012</b>	<b>9,957,144</b>	<b>10,954,180</b>

**(b) Nature and purpose of reserves**

The investment fluctuation reserve is used to record increases and decreases in the fair value (net unrealised gains) of available-for-sale financial assets.

**NOTE 17 - REMUNERATION OF KEY MANAGEMENT PERSONNEL****(a) Compensation for key management personnel**

Short-term employee benefits	2,728,077	2838,619
Other short-term employee benefits (c)	9,801	9,801
<b>Total Compensation</b>	<b>2,737,878</b>	<b>2,848,420</b>

**(b) Definition of key management personnel**

Key management personnel have been determined by the Club to be as follows:

**(i) Board of Directors**

The names of the persons who were Directors of the Club for all or part of the financial year are listed below.

Colin Bruce Carter	Brian Carlyle Cook (Chief Executive Officer)
Gareth Eliot Tremayne Andrews	Hugh Galbraith Seward
Alistair Neil Hamblin	Craig Milton Drummond
Robert John Gartland	Nicholas Livingstone Carr (leave of absence: effective 4 November 2012)
Diana Claire Taylor	

**(ii) Other Key Management Personnel (KMP)**

General Manager – Finance and Administration	Robert Threlfall
General Manager – Football	Neil Balme
Football Operations Manager	Steven Hocking
General Manager – Commercial Operations	David Lever
General Manager – Public Relations	Kevin Diggerson
General Manager – People and Culture	Rosie King
General Manager –Community Development	Sarah Albon
Manager – Hospitality Services	Paula Allen
Senior Coach	Chris Scott

**(c) Other short-term benefits**

Other short-term benefits consist of Directors' and Officers liability insurance taken out by The Club on behalf of the Board of Directors totalling \$9,801 (2011: \$9,801). This is the only financial benefit provided to the Board of Directors.

**NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)****NOTE 18 - RELATED PARTIES****(a) Key management personnel**

Details relating to KMP, including remuneration paid, are included in Note 17.

**(b) Transactions with KMP and their related parties**

During the year a number of key management personnel purchased club membership packages, match day tickets, club merchandise, attended club functions, made donations and contributed towards fundraising activities. The terms and conditions of the transactions with KMP's and their KMP related entities were no more favourable than those available, or which might be reasonably expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

Collectively, either individually or through their director related entities, the Directors contributed the following to the Club during the year ended 31 October 2012:

<b>31 October 2012</b>	<b>Sales to KMP</b>	<b>Cost of KMP Sales in Expenses</b>	<b>Purchases from Related Entities</b>	<b>Other Revenue from KMP</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Corporate Sales (Revenue)	60,540	-	-	-	60,540
Donations (Revenue)	-	-	-	98,350	98,350
Other Sales (Revenue)	-	-	-	1,875	1,875
Cost of Sales (Expense)	-	(28,454)	-	-	(28,454)
Purchases (Expense)	-	-	(6,425)	-	(6,425)
	<b>60,540</b>	<b>(28,454)</b>	<b>(6,425)</b>	<b>100,225</b>	<b>125,886</b>

<b>31 October 2011</b>	<b>Sales to KMP</b>	<b>Cost of KMP Sales in Expenses</b>	<b>Purchases from Related Entities</b>	<b>Other Revenue from KMP</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Corporate Sales (Revenue)	92,546	-	-	-	92,546
Donations (Revenue)	-	-	-	77,100	77,100
Other Sales (Revenue)	-	-	-	-	-
Cost of Sales (Expense)	-	(43,497)	-	-	(43,497)
Purchases (Expense)	-	-	(7,063)	-	(7,063)
	<b>92,546</b>	<b>(43,497)</b>	<b>(7,063)</b>	<b>77,100</b>	<b>119,086</b>

**(c) Other balances with KMP and their related parties**

Trade and other receivables recognised at reporting date in relation to KMP and their related parties totalled \$1,029 (2011: \$4,197)

## NOTE 19 - COMMITMENTS FOR EXPENDITURE

### (a) Operating lease payable commitments:

Future non-cancellable operating lease rentals of property, plant and equipment, not recognised as liabilities in this financial report and payable:

	2012 \$	2011 \$
- Not later than 1 year	1,342,008	1,377,249
- Later than 1 year but not later than 5 years	4,816,405	4,912,761
- Later than 5 years	16,661,536	18,722,763
	<b>22,819,949</b>	<b>25,012,773</b>

The Club leases property, plant and equipment under non-cancellable operating leases contracted for but not recognised in the financial report with 1-20 year terms, typically with an option to renew the leases after they expire. Of the non-cancellable operating leases at 31 October 2012, \$22,455,668 (2011: \$24,388,794) relates to The Brook on Sneydes, the Club's Point Cook gaming venue which has been taken out over a 20 year lease term.

### (b) Capital expenditure commitments

Capital expenditure contracted at reporting date but not recognised as a liability in the accounts are payable as follows:

- Not later than 1 year	4,346,407	652,504
- Later than 1 year but not later than 5 years	2,419,387	6,311,174
- Later than 5 years	-	-
	<b>6,765,794</b>	<b>6,963,678</b>

### (i) Gaming Entitlements

Back in 2010, the Club committed to the acquisition of 182 gaming entitlements for the Club's two gaming venues, Club Cats and The Brook on Sneydes. One additional gaming entitlement was purchased in both the Surf Coast and Melbourne regions. The gaming entitlements were purchased at various costs and are valid for a period of 10 years which commenced on 16 August 2012. The Club has paid \$350,773 to date, with a future obligation of \$3,196,560 payable in quarterly instalments over the next 4 years.

### (ii) Simonds Stadium Redevelopment

The Club has committed \$4,125,000 to Stage 3 of the Simonds Stadium Redevelopment. In the current financial year the Club contributed \$354,000 (2011: \$265,500) and the total contribution to date has been disclosed in note 9 as a leasehold right. The \$3,505,500 balance of Club funding towards the project has been disclosed as a capital expenditure commitment above payable within the next 12 months.

### (iii) Computer Licences

The Club committed \$155,001 in the 2011 financial year to the purchase of site licences for the Club's football department, payable over a 3 year term which commenced in December 2011. The Club has paid \$51,667 to date and has two annual instalments remaining.

**NOTES TO AND FORMING PART OF THE ACCOUNTS (continued)**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>(c) Remuneration commitments</b>		
The Club has contractual remuneration commitments extending beyond this financial period in respect of players, coaches and staff. The commitments as they stand at the time of preparing this report are detailed below. These figures include estimates of matches played and incentive payments for both players and coaches. The Club is not aware of any material contingent commitments that have not been recognised in this financial report.		
- Not later than 1 year	13,894,838	11,726,432
- Later than 1 year but not later than 2 years	9,267,580	5,891,625
- Later than 2 years but not later than 5 years	6,575,700	2,374,937
	<b><u>29,738,118</u></b>	<b><u>19,992,994</u></b>

**NOTE 20 - SUBSEQUENT EVENTS**

No matters or circumstances have arisen between the end of the financial year and the date of this report that has or may significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in subsequent financial years.

**NOTE 21 - ECONOMIC DEPENDENCY**

A significant portion of the income of the Club is derived from the holding of licences issued by the Australian Football League and the Victorian Commission for Gambling Regulation.



## DIRECTORS' DECLARATION

In accordance with a resolution of the Board of Directors of Geelong Football Club Limited, we declare that:

In the opinion of the Directors:

**1. the financial statements and notes of the Geelong Football Club are in accordance with the *Corporations Act 2001*, and:**

- (a) comply with Australian Accounting Standards and Corporations Regulations 2001; and
- (b) give a true and fair view of the Club's financial position as at 31 October 2012 and of the performance for the year ended on that date;

**2. the Chief Executive Officer and the General Manager - Finance & Administration have each declared that:**

- (a) the financial records of the Club for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
- (b) the financial statements and notes for the financial year comply with Accounting Standards; and
- (c) the financial statements and notes for the financial year give a true and fair view;

**3. there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.**

On behalf of the Board

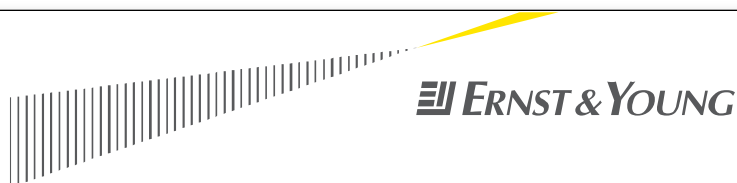


**Colin Bruce Carter**  
Director and President



**Alistair Neil Hamblin**  
Director

Geelong,  
27 November 2012



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

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

We have audited the accompanying financial report of Geelong Football Club Limited, which comprises the statement of financial position as at 31 October 2012, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### ***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 and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

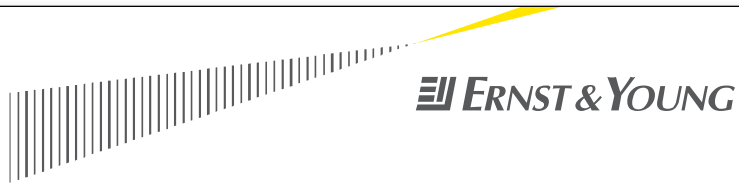
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation 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 controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### ***Independence***

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

Liability limited by a scheme approved  
under Professional Standards Legislation



### **Opinion**

In our opinion:

- a. the financial report of the Geelong Football Club Limited is in accordance with the *Corporations Act 2001*, including:
  - i giving a true and fair view of the club's financial position as at 31 October 2012 and of its performance for the year ended on that date; and
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

A stylized, handwritten signature of the Ernst &amp; Young firm, written in blue ink.

Ernst & Young

A handwritten signature of Don Brumley, written in blue ink.

Don Brumley  
Partner  
Melbourne  
27 November 2012



**GEELONG FOOTBALL CLUB LIMITED**

(ACN 005 150 818)

**FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 OCTOBER 2012