

**HAWKS**



**STRIVING. ALWAYS.**



# ANNUAL FINANCIAL REPORT

HAWTHORN FOOTBALL CLUB LIMITED

YEAR ENDING 31 OCTOBER 2015

ACN 005 068 851

**Hawthorn Football Club Limited  
and its controlled entities  
ACN 005 068 851  
Annual report  
for the year ended  
31 October 2015**

# Hawthorn Football Club Limited and its controlled entities

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# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2015

The Directors present their report together with the financial report of Hawthorn Football Club Limited ("the Club") and the Group, (being the Club and its controlled entities), for the year ended 31 October 2015 and the auditor's report thereon.

### Directors

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

P A Newbold (President)	R J Garvey (Vice-President)	M K Ralston (former Vice-President)*
R C Amos	A D W Gowers	A H Kaye
L J Kristjanson	P W Nankivell**	B A Stevenson

\* Retired from the board 11 December 2014

\*\* Appointed to the board 11 December 2014

### Principal activities

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

### Dividends

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

### Controlled Entities

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

The Club is the sole unit holder of HFC Land Trust for which HFC Land Pty Ltd is the trustee.

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

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

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

## OPERATING AND FINANCIAL REVIEW

The Club is delighted to announce a net operating profit for the year ended 31 October 2015 of \$3,332,972 (Club 2014: \$3,420,400), excluding a specific donation of \$2,000,000 towards our proposed new Training and Administration facility in Dingley.

The consolidated net profit attributable to the members of the group for the year ended 31 October 2015 is \$3,374,299 (Consolidated 2014: \$4,770,459), excluding the specific donation.

### Short and long term objectives of the Club

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

### Performance Management

The Club measures its performance across 6 key strategic pillars, namely; Football Operations, Financial Management, Fan and Community Engagement, Commercial Operations, People and Facilities and Infrastructure.

Management conducted a business wide strategic plan health check, and is pleased with the Club's progress in achieving its ambitious plan as the "Destination Club" of the AFL. This was presented to and accepted by the board of directors at its meeting in October 2015.

Hawthorn's on field performance has been exceptional, coupled with strong growth in most commercial areas. There are significant challenges approaching, which include continual commercial and consumer growth in a saturated Melbourne sporting market, the new AFL landscape that includes equalisation taxes, and the challenge to regenerate the playing list so the team can consistently achieve a top four position.

### AFL Equalisation

In 2015, the AFL introduced a number of equalisation measures as part of their competitive balance strategy. Specifically, new policies included a soft-cap on football department expenditure, as well as revenue share payments (HFC: \$500,000) and unfunded salary cap increases for certain clubs (HFC: \$150,000). Furthermore, an equalisation levy is also imposed on home club match returns for most AFL clubs.

For the year ended 31 October 2015, Hawthorn Football Club made a total of \$1,349,107 in AFL Equalisation payments (2014: \$668,416).

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

**OPERATING AND FINANCIAL REVIEW** (CONTINUED)

## Football

In 2015 the Hawks clinched the Club's first premierships three-peat, becoming the only side to do so in the modern 18-team competition.

After a wobbly 4-4 start to the year, Hawthorn missed out on a top-two spot for the first time since 2011 and had to take a harder road to the Grand Final.

Alastair Clarkson's side responded emphatically after a disappointing loss to West Coast Eagles in the qualifying final bundling the Crows out by 74-points the following week, before making a second trip west in a fortnight to overcome Fremantle by 27-points in the preliminary final.

Lining up for the Club's fourth grand final in four years, the Hawks took a stranglehold on the contest with nine straight goals to set up a 46-point triumph. Cyril Rioli was the star, providing much of the spark on Hawthorn's forward line, particularly in the first half. Rioli finished with two goals, four goal assists, 12 marks and a Norm Smith Medal for his effort.

Hawthorn's VFL affiliate Box Hill Hawks made the Grand Final for the second consecutive year, but fell short by 54-points. The Box Hill Hawks Development side also finished runners up.

Despite the silverware at the end, the season was a difficult one for the Club.

The tragic death of Brett Ratten's son, Cooper, in a car accident in August hit everyone at Hawthorn and throughout the League extremely hard, and Brendon Bolton's departure to take up the position of senior coach at Carlton put pressure on the Club's coaching resources.

Several players were recognised for standout individual performances with Josh Gibson, Cyril Rioli and Sam Mitchell earning selection in the All Australian team. It was Mitchell's third All Australian cap (2011, 2013), Rioli's second (2012) and Gibson's All Australian debut. Josh's magnificent year was capped off with his second Peter Crimmins Medal for the Club's best and fairest player.

Mitchell also finished top-three in the Brownlow Medal, with his career tally of 205 placing him fifth of all time behind Gary Dempsey on 218 votes, Robert Harvey 215, Gary Ablett Jr 214 and Chris Judd 210.

At VFL level Sam Grimley won the League's leading goal kicking award, the Frosty Miller Medal for the second consecutive year, finishing equal first.

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

**OPERATING AND FINANCIAL REVIEW** (CONTINUED)

## Football

The 2015 Hawthorn grand final line-up was the oldest premiers team in football history and as such the Football department is eager to keep transitioning our ageing list.

Brian Lake and David Hale announced their retirements several days after the grand final and while both were outstanding acquisitions from opposition clubs, they hang up their boots having achieved three premierships and in Lake's case, a Norm Smith Medal.

Matthew Suckling departed the Club in the wake of premiership celebrations, with the left-footer exercising his rights as an unrestricted free agent to accept an offer from Western Bulldogs Football Club, whilst Jed Anderson was traded to North Melbourne Football Club in search of greater opportunity.

2013 Premiership player Jonathon Simpkin, Alex Woodward, Sam Grimley and Jared Hardisty were all delisted, with the Club making a commitment to re-list Woodward, who is currently rehabilitating from a third ACL injury, in the Rookie Draft if he is not selected by another team prior to that. The Club has also upgraded international rookie Kurt Heatherley to the primary list.

We thank all departing players for their fine contribution to our Club's success in recent years.

Throughout the season, the Club has extended or re-signed several players including Luke Hodge, Shaun Burgoyne, Liam Shiels, Ryan Schoenmakers, Isaac Smith, Will Langford, Paul Puopolo, Taylor Duryea and Ben Stratton.

In terms of list management, Hawthorn is well placed to challenge again in 2016.

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

**OPERATING AND FINANCIAL REVIEW** (CONTINUED)

## Tasmania

This year was the fourth year of the Club's 5 year sponsorship agreement with the Tasmanian Government. The affiliation dates back to 2001 and the Club is proud to have signed an extension in 2015 for a further 5 years which will take the partnership into 2021. We will work closely with Tasmania to develop this relationship and continue the success it has brought to both parties and the broader Tasmanian community.

## Facilities

At the beginning of June, the Club announced plans to move our headquarters from Waverley Park to a parcel of land at Dingley, where it has signed a conditional contract of purchase.

After investigating 15 to 20 sites, the Club have chosen a 28 hectare site in Dingley worth between \$7 and \$8 million, where the Club intends to build a new headquarters for players, administration and supporters, modelled on leading international examples of elite sporting facilities.

A subcommittee has spent the past three years investigating a move from Waverley to an expanded headquarters, which can accommodate the Club's growth in staff, player needs and membership and future proof Hawthorn FC for 100 years.

If all goes according to plan, the Club will be established at the new facility within approximately 5-10 years.

The Club outlined two key reasons for the move: an elite training facility and administration facility to align with Hawthorn's values of being a destination Club and desire for a facility that will allow Hawthorn's increasing number of members to feel part of the Club and to create a destination that is accessible to all.

The Club believes Waverley Park – state of the art when we moved there in 2006 – would rank bottom four in the AFL as a facility today.

Work remains ongoing across several aspects of the business on the long-term project, which includes further due diligence; design; government, community and stakeholder relations and a fundraising strategy.

## Commercial Ventures / Investments

The WestWaters Hotel and Entertainment Complex completed its 4<sup>th</sup> full year of operations in 2015. The venue has established itself as a high quality venue in the area which supports the growing local community. This year it was the major sponsor of the City of Melton Business Excellence awards, an event it has won awards at in the past.

The Club's Vegas at Waverley Gardens venue had another strong year in 2015 and remains an important investment for the Club.

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

**OPERATING AND FINANCIAL REVIEW** (CONTINUED)

## Sponsorship

In 2015 the Club's major partnerships continued with the Tasmanian Government, iiNet, BUPA, Ricoh and adidas. A new contract was signed with the Tasmanian Government to remain as naming rights partner through until 2021. The Club is excited to begin the new major partnership with Audi who will commence as the Club's official motor vehicle partner in November. Ricoh also extended its agreement as show case partner of our training and administration centre at Waverley Park. The Club looks forward to continuous harmonious relationships with these and our other sponsors over the years ahead.

## Corporate sales and Fundraising

The Club's Corporate Sales division again performed strongly in 2015, achieving overall sales growth of 10% (year-on-year) in a declining market. Particular areas of sales growth included Tasmanian corporate hospitality and MCG suites, both at 14%. HFC Corporate Hospitality continues to offer a diverse portfolio of products including; Grand Slam Tennis, Australian Grand Prix, International Cricket, State-of-Origin Rugby League, Spring Racing Carnival and major international concerts via [www.hfccorporatehospitality.com.au](http://www.hfccorporatehospitality.com.au).

## Membership & Merchandise

Membership has again continued its longstanding trend by continuing to grow, this year at an outstanding rate of 6.2% to 72,924 (2014: 68,650). This was the 9<sup>th</sup> year in a row the Club has broken its membership record and includes 73% of members on *Hawks Direct*. Our Tasmanian members are an important component, with 8,947 members in 2015.

HFC's merchandise division recorded another strong result in 2015 with gross revenues exceeding \$4.68m. HawksNest operated 2 outlets during the year, including the Ricoh Centre at Waverley Park and Glenferrie Oval. The Club was also able to enhance its online presence throughout 2015, with HawksNest online accounting for 47% of total merchandise sales.

## Match Day Attendances

The Club recorded an average attendance of 52,783 across 7 Melbourne home games in 2015 (2014: 49,572). Season highlights included the Easter Monday blockbuster vs. Geelong (73,584) and the Round 18 fixture vs. Richmond (66,305). The average attendance across 4 home games in Tasmania was 13,851.

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

**OPERATING AND FINANCIAL REVIEW** (CONTINUED)

## Foundation

In 2015, the Club and the Foundation were pleased to announce a significant financial contribution to its Indigenous Program from Cathie Reid and Stuart Giles, founders of Epic Pharmacy and the recently unveiled, Epic Good Foundation. The unprecedented donation, of up to one million dollars over five years, is channelled towards cultivating, developing and ensuring the sustainability of Hawthorn's Indigenous Program.

2015 also saw the unveiling of the new John Kennedy War Room, funded by the Foundation. The redevelopment would not have been complete without the generous and valued support of the Vidor Family. A portion of the funds for the redevelopment were donated by the Vidor Family in memory of their late father Raymond, a former long standing board member of the Hawthorn Football Club.

Into the second year of the bequest program, the Always Hawthorn Bequest Club has more than doubled its members with 32 people committing to leaving a bequest and ensuring the Club remains financially viable for the long-term.

In 2015, the Foundation received donations totalling \$599,049 (2014: \$462,131) and generated \$201,987 (2014: \$122,891) in investment earnings. These contributions have assisted in increasing the funds of the Foundation to \$6,486,576.

The Foundation will also work with the Club over the next year to develop a fundraising strategy that will complement the redevelopment plans for the proposed new training and administration facility while providing annual cash distributions to support specific football activities of the Club.

## Community

The Club recognises its social responsibility to engage in community activities and to this end are involved in a variety of activities throughout Australia, in particular Melbourne, Tasmania and the Northern Territory.

As previously stated, the club announced a philanthropic donation of \$1m over 5 years to our Indigenous Program from Epic Good Foundation. The funding was put to immediate use, boosting existing programs and adding additional resources including an Indigenous AFL Trainee position shared between Dandenong Stingrays and Hawthorn Football Club. Our Indigenous Partnerships Program with the Northern Territory continues to grow, key highlights for 2015 include inviting affiliated club 'Big River Hawks' to Melbourne for the first time and partnering with Hawthorn Auskick to support six children and a carer from Barunga (a remote community 80 kilometres south-east of Katherine) to Melbourne for a six day cultural exchange experience.

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

**OPERATING AND FINANCIAL REVIEW** (CONTINUED)

## **Community (continued)**

Our major Community program Hawks in Schools expanded its reach to the Eastern Suburbs of Melbourne and has doubled its participation in one season. Hawks in Schools now operates in 33 schools spreading a Healthy Eating, Healthy Living message across Eastern Melbourne delivered in conjunction with Sports Education and Development Australia (SEDA). In Tasmania, the Club continues to work closely with the Tasmanian Government to deliver meaningful and effective programs across the state including Community Camps, Tassie Hawks Cup / Netball Shield and a Tassie Hawks in Schools program run in conjunction with Move Well Eat Well.

Hawthorn launched its multicultural program in 2015 with the main focus on engaging the local Asian community in and around Box Hill with activities such as delivering Multicultural Schools Programs at local Primary Schools and participation at annual Chinese New Year celebrations in the City of Whitehorse. The Club will be looking to rapidly expand this program in 2016 particularly around Multicultural Round.

Beyondblue, Starlight Children's Foundation, Cancer Council Tasmania and Give Me 5 for Kids remained the Club's chosen charity partners for 2015. The Club celebrated its 10th year of partnership with beyondblue working to reduce the stigma associated between anxiety and depression. In May the Club granted a Starlight wish to a Tasmanian child and released a video titled 'Alexander's Wish' documenting Alexander's experience with the Hawks. This video was a viral success generating over 40,000 views.

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

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

## **Environmental regulation**

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

## **Events subsequent to Balance Date**

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

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

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

**OPERATING AND FINANCIAL REVIEW** (CONTINUED)

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

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

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

# Hawthorn Football Club Limited and its controlled entities

## DIRECTORS' REPORT (CONTINUED)

### FOR THE YEAR ENDED 31 OCTOBER 2015

#### OPERATING AND FINANCIAL REVIEW (CONTINUED)

#### Information on Directors / Company Secretary

Name	Qualifications / Club Portfolio	Experience	Date Appointed / Resigned
<b>Directors:</b>			
P A Newbold (President Since 14 Dec '11)	Chairperson of the Board, Bachelor of Economics, Bachelor of Laws	Company Director	16 June 2003
R J Garvey (Vice President)	Chairperson FRMC, Chairperson of the CSJV, Bachelor of Commerce, FCA, MBA	Chartered Accountant, Company Director / Consultant	18 October 2010
M K Ralston (Former Vice President)	Former Chairperson of HFC Foundation Committee, Former Member of FRMC, Director BHHFC, Bachelor of Economics	Management Consultant	11 December 2014 (Retired)
R C Amos	Chairperson of the Marketing Sub-Committee, BA (Legal / Sociology), BA (Public Relations)	Managing Director Royce Communications (1996-present) Corporate communications Adviser / Company Director	5 June 2013
A D W Gowers	Chairperson of the Football Sub-Committee, BBus(Marketing), DFS(Financial Planning), AFA	1991 HFC premiership player 140 AFL games, Succession & Financial Consultant	17 April 2014
A H Kaye AM	MB, BS, MD, FRACS	Neurosurgeon Professor of Surgery Head, Dept of Surgery The University of Melbourne Director, Dept of Neurosurgery The Royal Melbourne Hospital	21 February 2011
L J Kristjanson	BN, MN, PhD, FAICD, Chairperson of the Training and Administration Facility Committee	Vice-Chancellor and President of Swinburne University	21 March 2014
P W Nankivell	Member of FRMC, Director of the CSJV, Bachelor of Commerce, Bachelor of Laws, Masters of Law	Lawyer – Consultant Thomson Geer, Company Director	11 December 2014 (Appointed)
B A Stevenson	Chairperson of the HFC Foundation, Director of the CSJV	Company Director, 1971 HFC premiership player, 72 AFL games	28 June 2013
<b>Company Secretary:</b>			
T Silvers	Bachelor of Commerce, Grad Dip (Acc), CPA, Director BHHFC	11 seasons of AFL industry experience	19 October 2011

# Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2015

## OPERATING AND FINANCIAL REVIEW (CONTINUED)

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

Name of Director	Directors' meetings	
	A	B
P A Newbold (President)	11	11
R J Garvey (Vice President)	11	10
M K Ralston (Former Vice President)	2	2
R C Amos	11	10
A D W Gowers	11	11
A H Kaye	11	11
L J Kristjanson	11	7
P W Nankivell	9	9
B A Stevenson	11	10

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

B Number of meetings attended

### Governance

#### Finance and Risk Management Committee

The Club's Finance and Risk Management Committee comprises: R Garvey (Chair), P Nankivell (Director), S Fox, T Silvers, A Singh and H Hogan (Executives) which meets monthly prior to the Board meetings, and is primarily responsible for reviewing the Club's financial position and providing recommendations to the Board.

#### Caroline Springs Joint Venture

The board of directors of CSJV Nominees Pty Ltd (the JV manager) comprises: R Garvey (Chair), P Nankivell, B Stevenson, E Gauci, J Gauci (Directors), T Silvers and H Hogan (Executives). The board meets bi-monthly to review and assess the operations of WestWaters Hotel and Entertainment Complex and provide strategic direction.

#### Training and Administration Facility Committee

The Club's Project Steering Committee comprises: L Kristjanson (Chair), A Newbold, R Garvey (Directors), S Fox, C Fagan, T Silvers, L Mirabella and K Brewer (Executives) which meets bi-monthly and is primarily responsible for providing strategic direction when reviewing and assessing options of relocating the Club's Training and Administration facility, and then providing recommendations to the board.

#### Other

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

#### Lead auditor's independence declaration

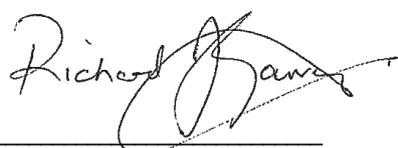
The Lead auditor's independence declaration is set out on page 14 and forms part of the Directors' report for the financial year ended 31 October 2015.

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



P A Newbold, Director

Dated at Melbourne 13 November 2015



R J Garvey, Director



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

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2015 there have been:

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

KPMG

KPMG

B W Szentirmay  
*Partner*

Melbourne

13 November 2015

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

Liability limited by a scheme approved under Professional Standards Legislation.

# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

### FOR THE YEAR ENDED 31 OCTOBER 2015

	Note	Consolidated		The Club	
		2015	2014	2015	2014
<b>Continuing operations</b>					
Revenue	4	70,986,527	67,663,161	56,536,544	53,603,479
Cost of sales		(4,293,156)	(4,681,684)	(2,396,940)	(2,844,656)
Gross Profit		66,693,371	62,981,477	54,139,604	50,758,823
Other Income	4	324,916	516,085	36,859	264,520
Sponsorship, membership & fundraising expenses		(11,069,969)	(10,331,134)	(10,943,250)	(10,280,932)
Employee and player expenses		(32,470,181)	(30,985,907)	(27,370,008)	(26,234,420)
Marketing expenses		(2,333,240)	(2,339,090)	(1,677,198)	(1,721,110)
Depreciation & amortisation		(2,356,728)	(2,179,797)	(1,318,499)	(1,205,991)
Venue management fees		(800,000)	(793,650)	(425,000)	(425,000)
Other football operations expenses		(2,671,892)	(2,793,581)	(2,856,918)	(3,002,780)
Other expenses in respect to ordinary activities		(10,015,439)	(9,684,280)	(4,895,016)	(5,072,576)
		<u>(61,392,533)</u>	<u>(58,591,354)</u>	<u>(49,449,030)</u>	<u>(47,678,289)</u>
<b>Results from operating activities</b>		5,300,838	4,390,123	4,690,574	3,080,534
Finance income		638,868	1,599,458	643,417	358,647
Finance expenses		(561,280)	(757,970)	(1,019)	(18,781)
<b>Net finance income</b>	5	<u>77,588</u>	<u>841,488</u>	<u>642,398</u>	<u>339,866</u>
<b>Profit before income tax</b>		<u>5,378,426</u>	<u>5,231,611</u>	<u>5,332,972</u>	<u>3,420,400</u>
Income tax expense	3(p)	-	-	-	-
<b>Net profit for the year</b>		<u><b>5,378,426</b></u>	<u><b>5,231,611</b></u>	<u><b>5,332,972</b></u>	<u><b>3,420,400</b></u>
<b>Other comprehensive income</b>					
<b>Items that are or may be reclassified subsequently to the profit or loss</b>					
Net change in fair value of available for sale investments		<u>(225,574)</u>	<u>100,573</u>	<u>(225,574)</u>	<u>100,573</u>
<b>Total other comprehensive income for the year</b>		<u>(225,574)</u>	<u>100,573</u>	<u>(225,574)</u>	<u>100,573</u>
<b>Total comprehensive income for the year</b>		<u>5,152,852</u>	<u>5,332,184</u>	<u>5,107,398</u>	<u>3,520,973</u>
<b>Total profit attributable to:</b>					
Members of Hawthorn Football Club		5,374,299	4,770,459	-	-
Minority Interests		<u>4,127</u>	<u>461,152</u>	-	-
		<u>5,378,426</u>	<u>5,231,611</u>	-	-
<b>Total comprehensive income attributable to:</b>					
Members of Hawthorn Football Club		5,148,725	4,871,032	-	-
Minority Interests		<u>4,127</u>	<u>461,152</u>	-	-
		<u>5,152,852</u>	<u>5,332,184</u>	-	-

The income statements are to be read in conjunction with the notes of the financial statements set out in pages 19 to 37.

# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2015

<b>Consolidated</b>	<b>Minority Interest</b>	<b>Retained earnings</b>	<b>Fair Value reserve</b>	<b>Total members' equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance 1 November 2013	<u>(659,844)</u>	<u>26,024,250</u>	<u>454,599</u>	<u>25,819,005</u>
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	100,573	100,573
Profit for the period	<u>461,152</u>	<u>4,770,459</u>	<u>-</u>	<u>5,231,611</u>
Total comprehensive income for the year	<u>461,152</u>	<u>4,770,459</u>	<u>100,573</u>	<u>5,332,184</u>
Minority Equity Contribution	<u>540,000</u>	<u>-</u>	<u>-</u>	<u>540,000</u>
Closing balance at 31 October 2014	<u>341,308</u>	<u>30,794,709</u>	<u>555,172</u>	<u>31,691,189</u>
Opening balance at 1 November 2014	<u>341,308</u>	<u>30,794,709</u>	<u>555,172</u>	<u>31,691,189</u>
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	(225,574)	(225,574)
Profit for the period	<u>4,127</u>	<u>5,374,299</u>	<u>-</u>	<u>5,378,426</u>
Total comprehensive income for the year	<u>4,127</u>	<u>5,374,299</u>	<u>(225,574)</u>	<u>5,152,852</u>
Closing balance at 31 October 2015	<u>345,435</u>	<u>36,169,008</u>	<u>329,598</u>	<u>36,844,041</u>
<b>For the year ended 31 October 2015 Club</b>	<b>Minority Interest</b>	<b>Retained earnings</b>	<b>Fair Value reserve</b>	<b>Total members' equity</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Opening balance 1 November 2013	<u>-</u>	<u>26,100,356</u>	<u>454,599</u>	<u>26,554,955</u>
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	100,573	100,573
Profit for the period	<u>-</u>	<u>3,420,400</u>	<u>-</u>	<u>3,420,400</u>
Total comprehensive income for the year	<u>-</u>	<u>3,420,400</u>	<u>100,573</u>	<u>3,520,973</u>
Closing balance at 31 October 2014	<u>-</u>	<u>29,520,756</u>	<u>555,172</u>	<u>30,075,928</u>
Opening balance at 1 November 2014	<u>-</u>	<u>29,520,756</u>	<u>555,172</u>	<u>30,075,928</u>
<b>Total comprehensive income for the year</b>				
Total other comprehensive income	-	-	(225,574)	(225,574)
Profit for the period	<u>-</u>	<u>5,332,972</u>	<u>-</u>	<u>5,332,972</u>
Total comprehensive income for the year	<u>-</u>	<u>5,332,972</u>	<u>(225,574)</u>	<u>5,107,398</u>
Closing balance at 31 October 2015	<u>-</u>	<u>34,853,728</u>	<u>329,598</u>	<u>35,183,326</u>

The statements of changes in equity are to be read in conjunction with the notes of the financial statements set out on pages 19 to 37.

# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2015

	Note	Consolidated		The Club	
		2015	2014	2015	2014
		\$	\$	\$	\$
<b>Current Assets</b>					
Cash and cash equivalents	6	14,631,827	9,059,993	12,656,503	7,411,187
Trade & other receivables	7	1,701,776	2,096,266	1,569,544	1,987,300
Inventory	8	1,022,446	839,914	902,165	726,015
Other	10	936,229	844,045	614,768	728,997
<b>Total current assets</b>		<b>18,292,278</b>	<b>12,840,218</b>	<b>15,742,980</b>	<b>10,853,499</b>
<b>Non Current Assets</b>					
Investments	9	7,938,448	6,306,796	7,938,448	6,306,796
Investment property	11	3,733,874	3,808,870	3,733,874	3,808,870
Property, plant & equipment	12	14,303,056	14,898,784	10,400,971	10,653,405
Intangible assets	13	14,001,667	14,496,390	248,203	280,332
Trade & other receivables	7	-	-	5,751,084	5,751,084
Other	10	-	60,000	-	60,000
<b>Total non-current assets</b>		<b>39,977,045</b>	<b>39,570,840</b>	<b>28,072,580</b>	<b>26,860,487</b>
<b>Total assets</b>		<b>58,269,323</b>	<b>52,411,058</b>	<b>43,815,560</b>	<b>37,713,986</b>
<b>Current Liabilities</b>					
Payables	14	7,686,604	6,385,814	4,901,442	4,135,493
Interest bearing loans & borrowings	15	1,253,399	1,221,860	124,220	139,197
Employee entitlements	16	1,629,590	1,420,556	1,443,265	1,261,055
Other liabilities	17	2,362,397	2,020,297	2,044,805	1,920,032
<b>Total current liabilities</b>		<b>12,931,990</b>	<b>11,048,527</b>	<b>8,513,732</b>	<b>7,455,777</b>
<b>Non Current Liabilities</b>					
Payables	14	38,401	23,479	-	-
Interest bearing loans & borrowings	15	8,336,389	9,593,907	-	128,325
Employee entitlements	16	118,502	53,956	118,502	53,956
<b>Total non-current liabilities</b>		<b>8,493,292</b>	<b>9,671,342</b>	<b>118,502</b>	<b>182,281</b>
<b>Total liabilities</b>		<b>21,425,282</b>	<b>20,719,869</b>	<b>8,632,234</b>	<b>7,638,058</b>
<b>Net assets</b>		<b>36,844,041</b>	<b>31,691,189</b>	<b>35,183,326</b>	<b>30,075,928</b>
<b>Members' Equity</b>					
Reserves		329,598	555,172	329,598	555,172
Minority interest (CSJV)		345,435	341,308	-	-
Retained profits		36,169,008	30,794,709	34,853,728	29,520,726
<b>Total members' equity</b>		<b>36,844,041</b>	<b>31,691,189</b>	<b>35,183,326</b>	<b>30,075,928</b>

The statements of financial position is to be read in conjunction with the notes to the financial statements set out on pages 19 to 37.

# Hawthorn Football Club Limited and its controlled entities

## STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2015

	Note	Consolidated		The Club	
		2015 \$	2014 \$	2015 \$	2014 \$
<b>Cash flows from operating activities</b>					
Cash receipts in the course of operations		79,179,177	76,295,729	62,773,272	59,200,240
Cash payments in the course of operations		(69,899,673)	(68,310,695)	(55,699,435)	(54,645,104)
<b>Net cash from operating activities</b>		<b>9,279,504</b>	<b>7,985,034</b>	<b>7,073,837</b>	<b>4,555,136</b>
<b>Cash flows from investing activities</b>					
Interest received	5	187,856	276,580	176,202	273,842
Dividends received	5	457,820	83,761	457,820	83,761
Payments for property, plant & equipment		(1,218,265)	(2,194,857)	(969,755)	(1,465,116)
Payments for intangible assets		(530,414)	(498,360)	(61,146)	(64,828)
Investment in a controlled entity		-	-	-	(1,460,000)
Investment from a minority interest		-	540,000	-	-
Transfer to equity investments/managed funds		(1,350,000)	(4,000,000)	(1,350,000)	(4,000,000)
Proceeds from disposal of property, plant & equipment		22,164	84,807	1,533	-
<b>Net cash used in investing activities</b>		<b>(2,430,839)</b>	<b>(5,708,069)</b>	<b>(1,745,346)</b>	<b>(6,632,341)</b>
<b>Cash flows from financing activities</b>					
Borrowing costs paid		(561,280)	(504,120)	(1,019)	(18,781)
Proceeds from borrowings		-	8,941,000	-	-
Repayment of borrowings		(715,551)	(12,476,809)	(82,156)	(230,743)
<b>Net cash used in financing activities</b>		<b>(1,276,831)</b>	<b>(4,039,929)</b>	<b>(83,175)</b>	<b>(249,524)</b>
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>		<b>5,571,834</b>	<b>(1,762,964)</b>	<b>5,245,316</b>	<b>(2,326,729)</b>
<b>Cash and cash equivalents at 1 November 2014</b>		<b>9,059,993</b>	<b>10,822,957</b>	<b>7,411,187</b>	<b>9,737,916</b>
<b>Cash and cash equivalents at 31 October 2015</b>	6	<b>14,631,827</b>	<b>9,059,993</b>	<b>12,656,503</b>	<b>7,411,187</b>

The statements of cash flows are to be read in conjunction with the notes to the financial statements set out on pages 19 to 37.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 1. Reporting entity

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

The financial report was authorised for issue by the Directors on 13 November 2015.

The Club is a not for profit entity.

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

### 2. Basis of preparation

#### (a) Statement of compliance

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

#### (b) Basis of measurement

##### Functional Currency

The financial report is presented in Australian dollars.

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

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

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

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

### 3 Significant accounting policies

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

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

#### (a) Basis of Consolidation

##### Subsidiaries

Subsidiaries are entities controlled by the group, such as CSJV and the Box Hill Hawks Football Club. Control exists where either parent entity is exposed, or has rights to, variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. A parent entity has power over the subsidiary, when it has existing rights to direct the relevant activities of the subsidiary. The relevant activities are those which significantly affect the subsidiary's returns. The ability to approve the operating and capital budget of a subsidiary and the ability to appoint key management personnel are decisions that demonstrate that the group has the existing rights to direct the relevant activities of a subsidiary.

Subsidiaries are included in the consolidated financial statements from the date control commences until the date control ceases. Where the group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests. The effects of all transactions between entities within the group have been eliminated.

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

##### Joint arrangements, associates and jointly controlled entities (equity accounted investees)

Joint arrangements exist when two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control..

Associates are entities in which the Group holds significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control. If the group holds 20 per cent or more of the voting power of an entity, it is presumed that the group has significant influence, unless it can be clearly demonstrated that this is not the case. Significant influence can also arise when the group has less than 20 per cent of voting power but it can be demonstrated that the group has the power to participate in the financial and operating policy decisions of the associate. Investments in associates are accounted for using the equity method as described above

The Club has no such investments.

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

##### Owned Assets

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

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

##### Leased Assets

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

#### Subsequent costs

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

#### Depreciation

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

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

	2015	2014	Method of depreciation
Buildings	25-40	25-40	Straight line
Building improvements	5-40	5-40	Straight line
Plant and equipment	5-40	3-20	Straight line / Reducing balance
Building leasehold improvements	5-40	5-40	Straight line

#### (c) Intangible assets

##### Goodwill

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

##### *Subsequent measurement*

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

##### Other intangible assets

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

##### Subsequent expenditure

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

##### Amortisation

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

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

Lease premium	40yrs
Gaming entitlements	10yrs

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

#### (d) Investments

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

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

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

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

#### (e) Investment property

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

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

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

#### (f) Trade and other receivables

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

#### (g) Inventories

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

#### (h) Cash

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

#### (i) Impairment

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

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

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

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

#### Calculation of impairment loss

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

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

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

#### Reversals of impairment

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

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

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

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

An impairment loss in respect of goodwill is not reversed.

#### (j) Interest-bearing borrowings

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

#### (k) Employee Entitlements

##### Defined contribution superannuation funds

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

##### Long Service Leave

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

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

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

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

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

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

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

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

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

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

#### **Sales Revenue**

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

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

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

#### **Donations**

Donations are recognised at the fair value of the contribution received or receivable.

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

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

#### **Merchandise revenue**

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

#### **Marketing revenue**

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

#### Accommodation revenue

Accommodation revenue is recognised as it is provided.

#### Gaming, bar and bistro revenue

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

#### (o) Expenses

##### Operating lease payments

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

##### Finance lease payments

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

#### (p) Income Tax

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

#### (q) Goods and services tax

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

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

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

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

#### (r) Segment reporting

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

#### (s) Finance revenue and expenses

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

#### (t) Changes in accounting policies

Except for where identified below, the Group has consistently applied its accounting policies for the years presented in these consolidated financial statements.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

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

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, in accordance with the transitional provisions.

#### **AASB 10 Consolidated Financial Statements**

In the current year, the Group adopted AASB 10 Consolidated Financial Statements, which introduced a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

The change has not significantly impacted the Group's consolidated financial statements.

### (u) New accounting standards and interpretations not yet adopted

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

AASB 9 Financial Instruments becomes mandatory for the Group's financial statements for the period beginning on or after 1 January 2018 and could change the classification and measurement of financial assets, and the measurement of impairment on financial instruments. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

#### **AASB 15 Revenue from Contracts with Customers**

AASB 15 Revenue from Contracts with Customers, which modifies the determination of when to recognise revenue and how much revenue to recognise, and becomes applicable for the period beginning and or after 1 January 2018. The core principle is that an entity recognises revenue to depict the transfer of promised goods and services to the customer of an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 4. Revenue

	Consolidated		The Club	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Operating revenue</b>				
AFL distribution and prize money	10,415,840	10,551,868	10,415,840	10,551,868
Membership income	11,691,422	10,691,860	11,688,463	10,686,596
Match day income	4,515,057	4,765,081	4,393,626	4,672,295
Marketing income	15,732,142	15,093,510	15,310,400	14,736,862
Merchandise income	4,691,941	5,044,275	4,689,088	5,040,574
Gaming, bar and bistro income	18,358,614	18,190,452	6,687,877	6,733,561
Accommodation income	2,230,261	2,098,100	-	-
Donations and fundraising	927,752	820,805	927,752	774,514
Rental income from investment property	423,498	407,209	423,498	407,209
<b>Total operating revenue</b>	<b>68,986,527</b>	<b>67,663,161</b>	<b>54,536,544</b>	<b>53,603,479</b>
Non operating revenue*	2,000,000	-	2,000,000	-
<b>Total revenue</b>	<b>70,986,527</b>	<b>67,663,161</b>	<b>56,536,544</b>	<b>53,603,479</b>
Other income	324,916	516,085	36,859	264,520
<b>Total revenue and other income</b>	<b>71,311,443</b>	<b>68,179,246</b>	<b>56,573,403</b>	<b>53,867,998</b>

\* The Club received a specific donation of \$2m towards its Dingley facility project during the year (2014: nil).

### 5. Finance income and expense

Interest income on bank deposits	187,856	276,580	176,202	273,842
Dividend income on available for sale investments	457,820	83,761	457,820	83,761
Gain on extinguishment of financial liability	-	1,258,795	-	-
Net profit/(loss) on disposal of PP&E	(6,808)	(19,678)	9,395	1,044
Finance Income	638,868	1,599,458	643,417	358,647
Interest expense	(561,280)	(757,970)	(1,019)	(18,781)
<b>Finance expense</b>	<b>(561,280)</b>	<b>(757,970)</b>	<b>(1,019)</b>	<b>(18,781)</b>
<b>Net finance income</b>	<b>77,588</b>	<b>841,488</b>	<b>642,398</b>	<b>339,866</b>

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 6. Cash and cash equivalents

	Consolidated		The Club	
	2015	2014	2015	2014
	\$	\$	\$	\$
Cash on hand	862,353	816,092	437,129	369,556
Cash at bank	3,482,759	2,860,200	2,132,659	1,657,930
Short term deposit	10,286,715	5,383,701	10,086,715	5,383,701
	<u>14,631,827</u>	<u>9,059,993</u>	<u>12,656,503</u>	<u>7,411,187</u>

### 7. Trade and other receivables

#### Current

Trade receivables	1,467,769	1,751,385	1,355,023	1,661,711
Other debtors	<u>234,007</u>	<u>344,881</u>	<u>214,521</u>	<u>325,589</u>
	<u>1,701,776</u>	<u>2,096,266</u>	<u>1,569,544</u>	<u>1,987,300</u>

#### Non Current

Amount receivable from related parties

Loan to subsidiary – CSJV	-	-	2,881,021	2,881,021
Loan to subsidiary – CSFT	<u>-</u>	<u>-</u>	<u>2,870,063</u>	<u>2,870,063</u>
	<u>-</u>	<u>-</u>	<u>5,751,084</u>	<u>5,751,084</u>

### 8. Inventories

#### Current

Inventory	<u>1,022,446</u>	<u>839,914</u>	<u>902,165</u>	<u>726,015</u>
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### 9. Investments

#### Non-Current

Term deposits	1,550,000	1,300,000	1,550,000	1,300,000
Equity securities/managed funds	<u>6,388,448</u>	<u>5,006,796</u>	<u>6,388,448</u>	<u>5,006,796</u>
	<u>7,938,448</u>	<u>6,306,796</u>	<u>7,938,448</u>	<u>6,306,796</u>

These investments are made up of Term Deposits, Corporate Bonds, Fixed Interest investments and Equities which are invested in line with the Club's investment policy.

### 10. Other assets

#### Current

Prepayments	<u>936,229</u>	<u>844,045</u>	<u>614,768</u>	<u>728,997</u>
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#### Non Current

Prepayments	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>60,000</u>
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# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 11. Investment Property

	<b>Consolidated</b>	<b>The Club</b>
<b>Cost</b>	<b>\$</b>	<b>\$</b>
Balance at 1 November 2014	4,328,720	4,328,720
Acquisitions	-	-
Disposals	-	-
Balance at 31 October 2015	<u>4,328,720</u>	<u>4,328,720</u>
<b>Depreciation</b>		
Balance at 1 November 2014	519,850	519,850
Depreciation charge for the year	<u>74,996</u>	<u>74,996</u>
Balance at 31 October 2015	<u>594,846</u>	<u>594,846</u>
<b>Carrying amounts</b>		
At 1 November 2014	<u>3,808,870</u>	<u>3,808,870</u>
At 31 October 2015	<u>3,733,874</u>	<u>3,733,874</u>

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

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2015

### 12. Property, plant and equipment Consolidated reconciliation

	Land buildings & building improvements*	Plant and equipment	Building leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance at 1 November 2014	3,820,679	18,073,210	1,003,736	22,897,625
Acquisitions	-	1,217,628	638	1,218,266
Disposals	-	(64,382)	-	(64,382)
Balance at 31 October 2015	<u>3,820,679</u>	<u>19,226,456</u>	<u>1,004,374</u>	<u>24,051,509</u>
<b>Depreciation</b>				
Balance at 1 November 2014	(532,549)	(7,317,698)	(148,595)	(7,998,842)
Depreciation/amortisation charge for the year	(72,871)	(1,686,042)	(28,123)	(1,787,036)
Disposals	-	37,425	-	37,425
Balance at 31 October 2015	<u>(605,420)</u>	<u>(8,966,315)</u>	<u>(176,718)</u>	<u>(9,748,453)</u>
<b>Carrying amounts</b>				
At 1 November 2014	<u>3,288,130</u>	<u>10,755,512</u>	<u>855,141</u>	<u>14,898,784</u>
At 31 October 2015	<u>3,215,259</u>	<u>10,260,141</u>	<u>827,656</u>	<u>14,303,056</u>

### Club reconciliation

	Land buildings & building improvements*	Plant and equipment	Building leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance at 1 November 2014	3,447,811	12,711,945	754,059	16,913,815
Acquisitions	-	969,755	-	969,755
Disposals	-	(32,432)	-	(32,432)
Balance at 31 October 2015	<u>3,447,811</u>	<u>13,649,268</u>	<u>754,059</u>	<u>17,851,138</u>
<b>Depreciation</b>				
Balance at 1 November 2014	(532,548)	(5,644,994)	(82,868)	(6,260,410)
Depreciation/amortisation charge for the year	(72,871)	(1,119,679)	(18,851)	(1,211,401)
Disposals	-	21,644	-	21,644
Balance at 31 October 2015	<u>(605,419)</u>	<u>(6,743,029)</u>	<u>(101,719)</u>	<u>(7,450,167)</u>
<b>Carrying amounts</b>				
At 1 November 2014	<u>2,915,263</u>	<u>7,066,951</u>	<u>671,191</u>	<u>10,653,405</u>
At 31 October 2015	<u>2,842,392</u>	<u>6,906,239</u>	<u>652,340</u>	<u>10,400,971</u>

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

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2015

### 13. Intangible Assets

#### Consolidated reconciliation

	Goodwill	Lease premium	Gaming entitlements	Total
	\$	\$	\$	\$
Balance at 1 November 2014	8,237,046	9,150,000	2,695,327	20,082,373
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 October 2015	<u>8,237,046</u>	<u>9,150,000</u>	<u>2,695,327</u>	<u>20,082,373</u>

#### Amortisation and impairment

Balance at 1 November 2014	(4,200,000)	(800,627)	(585,356)	(5,585,983)
Amortisation charge for the year	-	(228,750)	(265,973)	(494,723)
Balance at 31 October 2015	<u>(4,200,000)</u>	<u>(1,029,377)</u>	<u>(851,329)</u>	<u>(6,080,706)</u>

#### Carrying amounts

At 1 November 2014	4,037,046	8,349,374	2,109,971	14,496,390
At 31 October 2015	<u>4,037,046</u>	<u>8,120,623</u>	<u>1,843,998</u>	<u>14,001,667</u>

#### Club reconciliation

	Goodwill	Lease premium	Gaming entitlements	Total
	\$	\$	\$	\$
Balance at 1 November 2014	-	-	350,460	350,460
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 October 2015	<u>-</u>	<u>-</u>	<u>350,460</u>	<u>350,460</u>

#### Amortisation and impairment

Balance at 1 November 2014	-	-	(70,128)	(70,128)
Amortisation charge for the year	-	-	(32,129)	(32,129)
Balance at 31 October 2015	<u>-</u>	<u>-</u>	<u>(102,257)</u>	<u>(102,257)</u>

#### Carrying amounts

At 1 November 2014	-	-	280,332	280,332
At 31 October 2015	<u>-</u>	<u>-</u>	<u>248,203</u>	<u>248,203</u>

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### Lease premium

As part of commercial arrangements in respect to the acquisition of the WestWaters Hotel & Entertainment Complex in 2010, the CSJV entered into an agreement to pay \$9.15m as a lease premium for access to the site. The premium is amortised over the 40 years of the joint venture's rental option period.

### Gaming Entitlements

On 10 May 2010 the Club entered into an agreement to acquire gaming machine entitlements at a total cost of \$412,500 for the Vegas at Waverley Gardens venue. The entitlements are for 10 years and commenced on 16 August 2012. The Club paid a 5% deposit of \$20,625 in June 2010 with the balance payable over 4 years in quarterly instalments from August 2012. In 2014 a deed of variation of payment was executed, reducing the quarterly instalments and extending them by 6 months to August 2017.

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

## 14. Payables

	Consolidated		The Club	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Current</b>				
Trade payables	2,762,244	2,295,998	1,727,502	1,602,112
Other creditors and accruals	4,924,360	4,089,816	3,173,940	2,533,381
	<u>7,686,604</u>	<u>6,385,814</u>	<u>4,901,442</u>	<u>4,135,493</u>
<b>Non-current</b>				
Other creditors and accruals	<u>38,401</u>	<u>23,479</u>	-	-

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2015

### 15. Interest-bearing liabilities

#### Current

	Consolidated		The Club	
	2015	2014	2015	2014
	\$	\$	\$	\$
Bank loan – secured*	500,000	582,156	-	82,156
Gaming entitlements	632,170	526,309	124,220	57,041
Hire Purchase	121,229	113,395	-	-
	<u>1,253,399</u>	<u>1,221,860</u>	<u>124,220</u>	<u>139,197</u>

#### Non-current

Bank loan – secured*	8,240,000	8,740,000	-	-
Gaming entitlements	-	636,276	-	128,325
Hire Purchase	96,389	217,631	-	-
	<u>8,336,389</u>	<u>9,593,907</u>	<u>-</u>	<u>128,325</u>

#### Bank loan

\* In 2014, CSJV Nominees refinanced the existing bank loan and used the funds to extinguish the special rent liability. A fixed and floating charge exists over the assets and undertaking of CSJV Nominees Pty Ltd. Interest is charged on these loans at fixed and variable rates. The loan balance at 31st October 2015 totalled \$8.74m.

\* The Club had a secured loan balance of \$82,156 in relation to certain Vegas assets in 2014. This was fully repaid in 2015.

### 16. Employee provisions

#### Current

Provision for annual leave	922,124	792,545	756,556	641,028
Provision for long service leave	707,466	628,011	686,709	620,027
	<u>1,629,590</u>	<u>1,420,556</u>	<u>1,443,265</u>	<u>1,261,055</u>

#### Non-current

Provision for long service leave	118,502	53,956	118,502	53,956
	<u>118,502</u>	<u>53,956</u>	<u>118,502</u>	<u>53,956</u>

#### Defined contribution superannuation funds

The Club and Group makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was Club \$1,526,822 (2014: \$1,464,398) and Group \$1,912,650 (2014: \$1,829,311) for the financial year ended 31 October 2015.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 17. Other liabilities

	Consolidated		The Club	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>Current</b>				
Unearned revenue	<u>2,362,397</u>	<u>2,020,297</u>	<u>2,044,805</u>	<u>1,920,032</u>

The Club has unearned revenue relating to 2016 memberships and prepaid corporate function ticket sales.

### 18. Commitments

	Consolidated		The Club	
	2015	2014	2015	2014
	\$	\$	\$	\$
<b>(a) Operating lease commitments</b>				
<b>Leases as lessee</b>				
Non-cancellable operating lease rentals are payable:				
Within one year	2,634,105	2,550,178	638,423	588,230
Between one and five years	10,589,470	9,051,867	1,883,371	492,933
More than five years	<u>4,435,465</u>	<u>2,626,462</u>	<u>1,860,786</u>	-
	<u>17,659,040</u>	<u>14,228,507</u>	<u>4,382,580</u>	<u>1,081,163</u>

During the year \$2,715,197 was recognised as an expense in the statements of profit or loss and other comprehensive income in respect of operating leases (2014: \$2,561,962). Long term operating lease commitments relate to retail rental agreements in place for the WestWaters Entertainment Complex and the Waverley Gardens venue.

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

#### (b) Player commitments

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

#### (c) Capital commitments

The Club has no capital commitments in relation to the Dingley Training facility or other projects at 31 October 2015.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 19. Related parties

#### Transactions with Directors

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

#### Key management personnel compensation

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

	Consolidated		The Club	
	2015	2014	2015	2014
	\$	\$	\$	\$
Salaries and incentives	<u>2,131,557</u>	<u>2,074,372</u>	<u>2,131,557</u>	<u>2,074,372</u>

#### Other related parties

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

The Club has a related party receivable totalling \$2,870,063 (2014: \$2,870,063) with CSFT, a wholly owned subsidiary. The amount is not repayable within twelve months, is non interest bearing and is unsecured.

The Club has a related party receivable totalling \$2,881,021 (2014: \$2,881,021) with CSJV of which it owns a 73% interest. The amount is not repayable within twelve months, is non interest bearing and is unsecured.

The Club also made operating payments totalling \$484,009 (2014: 559,600) to the BHHFC. These payments have been eliminated in the consolidated financial statements.

# Hawthorn Football Club Limited and its controlled entities

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

### 20. Contributed equity and reserves

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

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

### 21. Group entities

The Club presents consolidated information which comprises the Club, HFC CSFT, BHHFC, HFC Foundation and HFC Land.

The Club is the sole unit holder of HFC Land Trust. HFC Land Pty Ltd is the trustee, which became a subsidiary on 8 May 2015.

The Club is the sole unit holder of CSFT. The CSFT holds the Club's interest in the CSJV, which became a subsidiary on 11 October 2010.

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

### 22. Hawthorn Foundation

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

### 23. Subsequent events

No other matters or circumstances have arisen since 31 October 2015 that will significantly affect, or may significantly affect, the operations of the group, the results of the operations, or the state of affairs of the group in subsequent years.

### 24. Other information

Registered office:

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

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

## Directors' declaration

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

- (a) the financial statements and notes, set out on pages 15 to 37, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Club and the Group as at 31 October 2015 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 13<sup>th</sup> day of November 2015.

Signed in accordance with a resolution of the Directors:



P A Newbold  
*Director*



R J Garvey  
*Director*



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

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

We have audited the accompanying financial report of Hawthorn Football Club (the Club), which comprises the statements of financial position as at 31 October 2015, and statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration set out on pages 15 to 38 of the Club and the Group comprising the Club and the entities it controlled at the year's end or from time to time during the financial year.

#### *Directors' responsibility for the financial report*

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

#### *Auditor's responsibility*

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

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

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.



*Independence*

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

*Auditor's opinion*

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

- (a) giving a true and fair view of the Club's and the Group's financial position as at 31 October 2015 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

KPMG

B W Szentirmay  
*Partner*

Melbourne

13 November 2015

## Appendix 1

### HFC Foundation Report (a division of Hawthorn Football Club Limited)

Once again, 2015 was a significant year for the Foundation.

The announcement of the Club's conditional offer to purchase a 28 hectare site in Dingley was monumental for the Foundation. Should it eventuate, the Dingley site will allow for the development of a world-class training and administrative facility which will provide greater prospects for members' interaction, community engagement and future expansion. The role the Foundation will play in partially funding the development will be significant.

The announcement of a donation of up to a million dollars over five years for the club's Indigenous Program was a first for the Foundation. The innovative partnership with Stuart Giles and Cathie Reid encompasses sustainable foresight and unsurpassed loyalty. Through initiatives such as these, Hawthorn hopes to generate lasting relationships with indigenous communities and help bring about real change nationally.

The Foundation 500 club welcomed 10 new members in 2015. All donors were invited to attend events throughout the year to thank them for their considerable donation.

During the year, a Movie Night was held at the Rivoli Theatre for donors and their families, with HFC management, players and football staff all joining in the fun with their families.

Foundation 500 members were also privy to an address by the General Manager of Football Operations, Chris Fagan, held in the inner sanctum of Hawthorn's change rooms at the MCG, prior to the semi-final against Adelaide. The night provided the perfect opportunity to get together and discuss how momentous it would be for the Club to win back-to-back-to-back Premierships and create history. The dream was realised only two weeks later.

A black-tie dinner, held at the National Gallery of Victoria, provided donors with an exclusive insight into the plans and requirements for the possible redevelopment at Dingley. The night also highlighted the fundamental role the Foundation will play in building and achieving the vision.

This year, we were delighted to announce Past President, Ian Dicker, as the inaugural Patron of the Foundation. Ian will play an important role within the Foundation with his extensive networks and unwavering affection of Hawthorn Football Club, its members and supporters. Ian's experience and dedication to the club will ensure the Foundation is well positioned to generate the support and funds required to ensure Hawthorn will survive and thrive forever.

I would also like to thank the Foundation Nominees for their invaluable contribution over the year. Existing Nominees; Doug Battersby, Peter McKenzie, Chris Voigt and Martin Jolly. We also welcomed three new Nominees during the year; Scott Patterson, Geoff Sammons and Geraldine Farrell and we thank Martin Ralston and Charles Abbott who retired from the Board at the end of last year.

An important element of the Foundation, and one which adds significant credibility and respect to our brand, is the involvement of our Foundation Ambassadors. Graham Arthur, David Parkin, Peter Hudson, Peter Knights and Sam Mitchell all give their time and support without question. We acknowledge their tireless commitment and thank them for their passion and loyalty.

The Foundation is not about yesterday or today, it's about ensuring that there is a tomorrow, always.



Bruce Stevenson  
Chairman

<sup>1</sup> The information contained in this Appendix does not form part of the audited statutory financial report of the Club for the year ended 31 October 2015. It has been prepared solely for the information of members and report users.

