

CELEBRATING **125** YEARS

COLLINGWOOD FOOTBALL CLUB

(A company limited by Guarantee)

ACN 006 211 196

2017 ANNUAL REPORT

31 October 2017



COLLINGWOOD FOOTBALL CLUB LIMITED

CONTENTS

Directors' report	2
Lead auditor's independence declaration	6
Consolidated Statement of Comprehensive Income	7
Consolidated Statement of Changes in Equity	8
Consolidated Statement of Financial Position	9
Consolidated Statement of Cash Flows	10
Notes to the Consolidated Financial Statements	11
Directors' declaration	30
Auditor's report	31

Collingwood Football Club Limited

Directors' report

To the Members of the Collingwood Football Club Limited (the "Company").

The directors present their report, together with the financial report of the Group, being the Company and its controlled entities, for the year ended 31 October 2017 and the auditor's report thereon.

Directors

The directors of the Group at any time during or since the end of the financial year were:

Mr E McGuire AM

President – Appointed 29 October 1998

Qualifications – Doctorate of Communications Honoris Casua (RMIT)

Experience – Director of McGuire Media Pty Ltd;; Director of Twenty3 Sport and Entertainment; President of Melbourne Stars; Board & Committee member for numerous charities

Mr A Waislitz

Vice President/Director – Appointed 29 October 1998

Qualifications – B.Ec., LL,B (Monash University Melbourne). Graduate Harvard Business School OPM Program (Boston USA)

Experience – Executive Chairman Thorney Investment Group, a private diversified investment company and Chairman of Thorney Opportunities and Thorney Technologies, both publicly listed investment companies.

Mr M Korda

Vice President/Director – Appointed 15 May 2007

Qualifications – Bachelor of Business; Registered Company Auditor, Liquidator and Official Liquidator.

Experience – Founder and Principal of the KordaMentha Group; Director of many various companies

Mr I McMullin

Director – Appointed 29 October 1998

Qualifications – Bachelor of Commerce (University of Melbourne)

Experience –Director – Fort Knox Self storage; Managing Director – McMullin Property; Director – McMullin Group of Companies;

Mr P Leeds

Director – Appointed 13 November 2007

Qualifications – Associate Fellow – Aust Institute of Management

Experience – Chairman Twenty3 Sport and Entertainment; Chairman Clip Board Pty Ltd;

Ms A Camplin OAM

Director – Appointed 16 December 2009

Qualifications – Bachelor of Information Technology (Swinburne University of Technology)

Experience – Deputy Chair Australian Sports Commission; Director Olympic Winter Institute of Australia; Director Royal Children's Hospital Foundation; Sports Performance Manager 2018 Australian Olympic team; Co-founder Finnan's Gift

Ms C Holgate

Director – Appointed 29 January 2016

Qualifications – Masters of Business Administration (University Westminster, London), Graduate Diploma – Marketing, Graduate Diploma – Purchasing & Supply, Graduate Diploma - Management

Experience – Chief Executive Officer & Managing Director of Australia Post, Chief Executive Officer & Managing Director of Blackmores, Chair Australia ASEAN council; Patron of Princes Trust.

Collingwood Football Club Limited

Directors' report (continued)

Directors meetings

The number of directors meetings held and the number of meetings attended by each of the directors during the financial year was as follows:

Directors	Directors Meetings ⁽¹⁾		Finance & Governance Committee Meetings ⁽¹⁾	
	No. of Meetings attended	No. of Meetings eligible to attend	No. of Meetings attended	No. of Meetings eligible to attend
Edward McGuire	9	9	-	-
Alex Waislitz	8	9	-	-
Mark Korda	9	9	8	8
Ian McMullin	9	9	8	8
Paul Leeds	8	9	7	8
Alisa Camplin	7	8	-	-
Christine Holgate	9	9	-	-

⁽¹⁾ Shows the number of meetings held and attended by each director during the period the director was a member of the Board or Committee

Note: E. McGuire, A. Waislitz, C. Holgate and A. Camplin attend Finance & Governance Committee meetings from time to time.

Principal activities

The principal activities of the Group during the course of the financial year were to conduct the operations of the Collingwood Football Club, to manage its affairs, and provide teams of athletes bearing the name of the Collingwood Football Club and conduct various community activities.

The Group owns and operates a travel agency plus owns and operates the leasehold of the Coach and Horses in Ringwood and The Club in Caroline Springs.

Review and result of operations

A full review of the various aspects of the operations is contained in the President's report published in the "In Black and White 2017 Year Book". In summary the key financial points of for 2017 are:

	2017	2016
	\$	\$
● Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)	1,656,235	1,694,221
● Loss after Interest, Taxes, Depreciation and Amortisation	(2,732,624)	(2,622,623)
● Net Cash Flows from operating activities	2,555,064	2,875,712
● The club has cash at bank of	10,158,018	10,438,512
● Club has debt of	1,600,000	2,000,000
● Club has Net Assets of	32,578,418	35,311,042

Dividends

The Articles of Association specifically prohibit the payment of dividends to members. No such dividends were declared or paid.

Collingwood Football Club Limited

Directors' report (continued)

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review. During the year, the Group secured a license to operate a team in the Victorian Football League Women's competition from the 2018 season. Both players and support staff will be secured for this team during the year.

Events subsequent to balance date

There has not arisen in the interval between the end of the financial year and the date of this report 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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years have been referred to in the report of the President published in the "In Black and White 2017 Year Book".

Directors' interests and benefits

Other than as outlined in the notes to and forming part of the financial statements, since the end of the previous financial year no director of the Company has received or become entitled to receive any benefits because of a contract made by the Group with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest. Directors are not remunerated by the Group for their services.

Indemnification and insurance of officers

Indemnification

Under the Articles of Association, the Board and all members thereof shall be indemnified by the Group against all costs, losses, expenses and liabilities incurred by the Board or any members thereof in the course of the business and it shall be the duty of the Board to pay and satisfy all such costs, losses, expenses and liabilities out of the funds of the Group.

Insurance premiums

During the financial year, the Group has paid premiums in respect of Directors' and Officers' liability in respect of directors, secretaries and officers of the Group for the year ended 31 October 2017. The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability, as such disclosure is prohibited under the terms of the contract.

Collingwood Football Club Limited

Directors' report (continued)

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 6 and forms part of the Directors' report for the year ended 31 October 2017.

Dated at Melbourne this 23rd day of November 2017.

Signed in accordance with a resolution of the Directors:



Edward McGuire
Director



Mark Korda
Director



Auditor's Independence Declaration

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

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

This declaration is in respect of Collingwood Football Club Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read "Paul Lewis", written over a light blue horizontal line.

Paul Lewis
Partner
PricewaterhouseCoopers

Melbourne
23 November 2017

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Collingwood Football Club Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 October 2017

	Note	2017	2016
		\$	\$
Revenue		77,709,877	71,421,542
Financial income		26,592	53,915
Total revenue and other income	3	<u>77,736,469</u>	<u>71,475,457</u>
Commercial activities, membership and match days expenses		(19,858,399)	(20,317,023)
Teams expenses		(28,366,146)	(22,959,708)
Function centres and gaming venue expenses		(16,849,485)	(16,154,867)
Other expenses		(7,955,742)	(7,346,523)
Operating lease rental expenses		(3,050,462)	(3,003,115)
Depreciation and amortisation expense	8 & 9	(4,278,186)	(4,173,973)
Financial expenses	4	<u>(110,673)</u>	<u>(142,871)</u>
		(2,732,624)	(2,622,623)
Profit on sale of asset		-	-
Profit/(Loss) before income tax		<u>(2,732,624)</u>	<u>(2,622,623)</u>
Income tax expense	2(g)	-	-
Profit/(Loss) for the year		<u>(2,732,624)</u>	<u>(2,622,623)</u>
Other comprehensive income		-	-
Total comprehensive income attributable to:			
Members of Collingwood Football Club		<u>(2,732,624)</u>	<u>(2,622,623)</u>

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

Collingwood Football Club Limited
Consolidated Statement of Changes in Equity
For the year ended 31 October 2017

	Settled Sum	Retained Earnings	Total Equity
Balance at 1st November 2015	10	37,933,655	37,933,665
Total comprehensive income for the period			
Profit/(Loss)	-	(2,622,623)	(2,622,623)
Other comprehensive income	-	-	-
Balance at 31st October 2016	<u>10</u>	<u>35,311,032</u>	<u>35,311,042</u>
Balance at 1st November 2016	10	35,311,032	35,311,042
Total comprehensive income for the period			
Profit/(Loss)	-	(2,732,624)	(2,732,624)
Other comprehensive income	-	-	-
Balance at 31st October 2017	<u>10</u>	<u>32,578,408</u>	<u>32,578,418</u>

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

Collingwood Football Club Limited
Consolidated Statement of Financial Position
As at 31 October 2017

	Note	2017 \$	2016 \$
Assets			
Cash and cash equivalents	5	10,158,018	10,438,512
Trade and other receivables	6	1,882,018	2,060,864
Inventories	7	146,483	195,982
Prepayments		961,477	916,012
Total current assets		<u>13,147,996</u>	<u>13,611,370</u>
Property, plant and equipment	8	32,959,174	35,368,438
Intangible assets	9	2,605,871	3,122,664
Total non-current assets		<u>35,565,045</u>	<u>38,491,102</u>
Total assets		<u>48,713,041</u>	<u>52,102,472</u>
Liabilities			
Trade and other payables	10	7,621,677	7,536,050
Employee benefits	12	2,333,708	2,515,685
Unearned income		3,823,179	3,650,504
Total current liabilities		<u>13,778,564</u>	<u>13,702,239</u>
Trade and other payables	10	-	15,967
Loans and borrowings	11	1,600,000	2,000,000
Employee benefits	12	284,692	361,470
Unearned income		471,367	711,754
Total non-current liabilities		<u>2,356,059</u>	<u>3,089,191</u>
Total liabilities		<u>16,134,623</u>	<u>16,791,430</u>
Net assets		<u>32,578,418</u>	<u>35,311,042</u>
Equity			
Settled sum		10	10
Retained earnings		32,578,408	35,311,032
Total equity		<u>32,578,418</u>	<u>35,311,042</u>

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

Collingwood Football Club Limited
Consolidated Statement of Cash Flows
For the year ended 31 October 2017

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Cash receipts in the course of operations		86,346,897	79,442,779
Cash paid in the course of operations		<u>(83,791,833)</u>	<u>(76,567,067)</u>
Net cash from operating activities		<u>2,555,064</u>	<u>2,875,712</u>
Cash flows from investing activities			
Acquisition of property, plant and equipment		(1,527,149)	(2,595,909)
Acquisition of software		(93,220)	(38,076)
Payment for gaming licences		-	(210,000)
Payment for gaming entitlements		(731,109)	(842,024)
Proceeds from sale of property, plant and equipment		-	-
Proceeds from sale of business		-	-
Net cash used in investing activities		<u>(2,351,478)</u>	<u>(3,686,009)</u>
Cash flows from financing activities			
Repayment of borrowings		(400,000)	-
Proceeds from borrowings		-	2,000,000
Interest received		26,593	53,915
Interest paid		<u>(110,673)</u>	<u>(142,871)</u>
Net cash from/(used in) financing activities		<u>(484,080)</u>	<u>1,911,044</u>
Net increase/(decrease) in cash and cash equivalents		(280,494)	1,100,747
Cash and cash equivalents at 1 November		<u>10,438,512</u>	<u>9,337,765</u>
Cash and cash equivalents at 31 October	5	<u>10,158,018</u>	<u>10,438,512</u>

The notes on pages 11 to 29 are an integral part of these consolidated financial statements.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

1 Collingwood Football Club Limited

Collingwood Football Club Limited (the “Company”), a not-for-profit entity, is a company limited by guarantee where statutory members guarantee its liabilities to the extent of \$10. The registered office of the Company is The Holden Centre, Olympic Park, Melbourne, Victoria. The consolidated financial statements of the Company as at and for the year ended 31 October 2017 comprise of the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interest in associates and jointly controlled entities.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year’s presentation.

2 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the directors on 23rd November 2017. The directors have the power to amend and reissue the financial statements.

(b) Basis of preparation

These consolidated financial statements are presented in Australian dollars, which is the Group’s functional currency. The consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated.

The preparation of consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- **Note 6 – Trade and other receivables**

Provisions are established for bad or doubtful receivables. Actual expenses in future periods may be different from the provisions established and any such differences would affect the future earnings of the Group.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

- Note 9 – Intangible assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). The recoverable amounts of cash generating units have been determined by value in use calculations.

(i) New and amended standards adopted by the group

None of the new standards and amendments to standards that are mandatory for the first time for the financial year beginning 1 November 2016 affected any of the amounts recognised in the current period or any prior period and are not likely to affect future periods. The group has not elected to apply any pronouncements to the annual reporting period beginning 1 November 2016.

(ii) New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 October 2017 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

AASB 15 Revenue from contracts with customers (Effective date: 1 January 2018)

The AASB has issued a new standard for the recognition of revenue. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer.

The Group will undertake a more detailed assessment of the impact over the next twelve months, however it is not expected to have a material impact on the Group's revenue recognition.

AASB 16 Leases (Effective date: 1 January 2019)

AASB 16 will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

AASB 16 will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will measure right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.

The Group will undertake a more detailed assessment of the impact over the next twelve months.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Group in the current or future reporting years and on foreseeable future transactions.

(iii) Comparative Financial information

Unless otherwise stated, the accounting policies adopted are consistent with those of the previous year. Comparative information is reclassified where appropriate to enhance comparability and provide more appropriate information to users.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(c) Basis of consolidation

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

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

(d) Revenue recognition

(i) Sales Revenue

Revenues are recognised in the consolidated statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. Sales revenue comprises revenue earned (net of returns and discounts) from commercial activities, function centres and gaming, AFL distributions, membership, match day activities and the sale of products or services to entities outside the Group

(ii) Travel Revenue

Commission revenue from the sale of airline tickets and travel packages is recognised on the following basis:

- When deposits are received commission revenue is recognised based on the cancellation fee; or
- When full payment has been received from the consumer and airline tickets or redeemable value vouchers have been issued or when the airline or travel package provider has been paid.
- Commission revenue is recognised on a net basis.

(iii) AFL distributions

AFL distributions are recognised as they are received.

(iv) Commercial activities, membership and match day

Commercial activities income is recognised when amounts are due and payable in accordance with the terms and conditions of the transactions.

Membership income is recognised throughout the duration of the AFL home and away season.

Match day gross income is recognised at the conclusion of each AFL home game.

(v) Function centres and gaming venues revenue

Sales comprise revenue earned (net of returns, discounts and allowances) from gaming machines and provision of food and beverage. Gaming, bar, bistro and function revenue is recognised as it is earned.

(vi) Members' payments in advance

These contributions relate to non-refundable 5 and 10 year membership plans that were first introduced in 2010. These members' plans have been continued to be offered each year. Contributions received in advance from members that relate to future years are included in unearned income. Appropriate amounts of the contributions are included as revenue in the years to which they relate.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

(vii) Grant income

Grant income, including contributions of assets, is recognised when the Group controls the contribution or right to receive the contribution, and it is probable that the economic benefits comprising the contributions will flow to the Group, and the amount of the contribution can be measured reliably.

(e) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Finance income and costs

Finance income comprises interest income on funds invested. Interest income is recognised as it is received in the profit and loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and unwinding of the discount on gaming entitlements. Borrowing costs are expensed as incurred and included in net financing costs.

(f) Goods and services tax

Revenue, 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 taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part 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 on the consolidated statement of financial position.

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

(g) Income tax

The Group is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see accounting policy (h)(v)) and impairment losses (see accounting policy (n)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. When 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.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in the profit or loss.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Other leases are classified as operating leases and the leased assets are not recognised in the Group's consolidated statement of financial position.

(iii) Subsequent costs

The cost of replacing a component 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 component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Memorabilia

Purchased

Items of memorabilia purchased are recorded at the cost of acquisition and memorabilia is reviewed on a periodic basis for impairment.

Memorabilia collections are kept under special conditions to limit physical deterioration and they are anticipated to have a very long and indeterminate useful life. No amount of depreciation has been recognised in respect of purchased memorabilia collections as their service potential has not, in any material sense, been consumed during the period.

Collected

Over the years the Group has also collected considerable memorabilia. This memorabilia is not recorded in the financial statements, but has been independently valued and will be reviewed on a periodic basis.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(v) Depreciation

Depreciation is based on the cost of an asset less its residual value for items of property, plant and equipment, including building extensions and leasehold property but excluding memorabilia. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that assets, that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The depreciation rates for the current and comparative year are as follows:

	<u>2017</u>	<u>2016</u>
Building Extensions	5%	5%
Leasehold Improvements	5-6%	5-6%
Furniture and Fittings	20%	20%
Plant and Equipment	20%	20%
Motor Vehicles	25%	25%
Memorabilia	0%	0%
Computer Hardware/Equipment	33%	33%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) Intangible Assets

Gaming licences and gaming entitlements that are acquired by the Group have finite lives and are measured at cost less accumulated amortisation and accumulated impairment losses (see accounting policy (n)).

The cost of gaming licences and gaming entitlements are calculated based on the present value of future cash flows, discounted at the market rate of interest at reporting date.

Software that is acquired by the Group and has a finite useful life is measured at cost less accumulated amortisation and accumulated impairment loss.

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 profit and loss as incurred.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(i) Intangible Assets (continued)

Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use. The estimated useful lives for the current and comparative year are as follows:

	<u>2017</u>	<u>2016</u>
Gaming entitlements	10 years	10 years
Gaming licences	16 years	16 years
Software	5 years	5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The remaining amortisation period for the gaming entitlements is 4 years and for gaming licence is 4 years.

(j) Non-derivative financial assets

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any direct attributable transactions costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

(m) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the consolidated statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method. Financial liabilities comprise trade and other payables.

(n) Impairment – Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

2 Statement of significant accounting policies (continued)

(n) Impairment – Financial assets (including receivables)

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(o) Employee benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, are measured on undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax and are expensed as the related service is provided. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

Superannuation plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Parent entity financial information

The financial information for the parent entity, Collingwood Football Club Limited, disclosed in note 14 has been prepared on the same basis as the consolidated financial statements.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

	2017 \$	2016 \$
3 Revenue and other income		
AFL distribution	10,939,471	8,888,484
Commercial activities	18,945,477	17,024,436
Function centres and gaming venues	22,887,896	21,656,298
Membership and match day	23,126,822	22,565,759
Other	1,810,211	1,286,565
Total revenue	<u>77,709,877</u>	<u>71,421,542</u>
Interest income	<u>26,592</u>	<u>53,915</u>
Total finance and other income	<u>26,592</u>	<u>53,915</u>
Total revenue and other income	<u>77,736,469</u>	<u>71,475,457</u>
4 Financial expense		
Interest expense	110,673	79,033
Unwind of discount on gaming entitlements	-	63,838
	<u>110,673</u>	<u>142,871</u>
5 Cash and cash equivalents		
Cash on hand	284,835	421,066
Client trust account ⁽¹⁾	144,078	180,438
Cash at bank	9,729,105	9,837,008
	<u>10,158,018</u>	<u>10,438,512</u>

⁽¹⁾ The cash shown as client trust account is held on behalf of customers until suppliers are paid on behalf of these customers.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

	2017 \$	2016 \$
6 Trade and other receivables		
<i>Current</i>		
Trade receivables	1,563,365	1,736,708
Less: Provision for impairment	(266,805)	(446,626)
	<u>1,296,560</u>	<u>1,290,082</u>
Other receivables	<u>585,458</u>	<u>770,782</u>
	<u>585,458</u>	<u>770,782</u>
	<u><u>1,882,018</u></u>	<u><u>2,060,864</u></u>
7 Inventories		
Merchandise, liquor, food, souvenirs and football equipment	<u>146,483</u>	<u>195,982</u>

In 2017 the write down of inventory to net realisable value amounted to \$30,335 (2016: \$NIL)

8 Property, plant and equipment

Collected memorabilia

In addition to purchased memorabilia, the Company has a significant collection of memorabilia which has been acquired over the years at no cost. An independent valuation during the current financial year was performed by Mr R. Milne, certified with the Department of Communications, who valued the memorabilia at \$12,559,474.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

8 Property, plant and equipment (continued)

Cost	Furniture and fittings	Leasehold improvements	Plant and equipment	Purchased memorabilia	Under Construction	Total
Balance as at 1 November 2016	1,945,710	35,649,019	7,262,661	412,022	122,150	45,391,562
Acquisitions	65,336	14,600	1,286,319	-	160,894	1,527,149
Transfers	-	-	-	-	-	-
Asset retirements	(281,186)	(50,716)	(709,601)	-	-	(1,041,503)
Balance as at 31 October 2017	1,729,860	35,612,903	7,839,379	412,022	283,044	45,877,208
Depreciation	Furniture and fittings	Leasehold improvements	Plant and equipment	Purchased memorabilia	Under Construction	Total
Balance as at 1 November 2016	1,155,362	4,986,598	3,881,164	-	-	10,023,124
Depreciation charge for the year	339,142	1,988,971	1,340,060	-	-	3,668,173
Transfers	-	-	-	-	-	-
Asset retirements	(266,208)	(6,940)	(500,115)	-	-	(773,263)
Balance as at 31 October 2017	1,228,296	6,968,629	4,721,109	-	-	12,918,034
Carrying amounts						
As at 1 November 2016	790,348	30,662,421	3,381,497	412,022	122,150	35,368,438
As at 31 October 2017	501,564	28,644,274	3,118,270	412,022	283,044	32,959,174

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2017

9 Intangible Assets

Cost	Software	Gaming Entitlements	Gaming Licence	Total
Balance as at 1 November 2016	751,955	3,810,008	2,604,237	7,166,200
Acquisitions	53,220	40,000	-	93,220
Transfers	-	-	-	-
Asset retirements	-	-	-	-
Balance as at 31 October 2017	805,175	3,850,008	2,604,237	7,259,420

Amortisation	Software	Gaming Entitlements	Gaming Licence	Total
Balance as at 1 November 2016	580,967	1,603,940	1,858,629	4,043,536
Amortisation for the year	103,343	385,760	120,910	610,013
Transfers	-	-	-	-
Asset retirements	-	-	-	-
Balance as at 31 October 2017	684,310	1,989,700	1,979,539	4,653,549

Carrying amounts				
As at 1 November 2016	170,988	2,206,068	745,608	3,122,664
As at 31 October 2017	120,865	1,860,308	624,698	2,605,871

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

	2017 \$	2016 \$
10 Trade and other payables		
<i>Current</i>		
Trade payables	4,543,510	4,289,323
Other payables and accruals	2,838,167	2,395,618
Gaming entitlements	-	731,109
Gaming licence	240,000	120,000
	<u>7,621,677</u>	<u>7,536,050</u>
<i>Non Current</i>		
Other payables and accruals	-	15,967
	<u>-</u>	<u>15,967</u>

11 Loans and borrowings

	2017 \$	2016 \$
<i>Bank Facilities</i>		
Loan Facility	5,000,000	5,000,000
Bank overdraft	250,000	250,000
Loan Facility utilised at reporting date	1,600,000	2,000,000

Bank facilities

The overdraft and loan facilities are secured by registered mortgage debenture over the whole of the Group's assets including all properties and members' payments in advance. Interest on any bank overdraft is charged at prevailing market rates. This facility was not used during the year.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

	2017	2016
	\$	\$
12 Employee benefits		
<i>Current</i>		
Employee benefits	<u>2,333,708</u>	<u>2,515,685</u>
<i>Non Current</i>		
Employee benefits	<u>284,692</u>	<u>361,470</u>

The Group has paid contributions of \$2,213,717 to defined contribution plans on behalf of employees for the year ended 31 October 2017 (2016: \$1,915,056)

	2017	2016
	\$	\$
13 Commitments		
<i>Leases</i>		
Operating leases and plant and equipment contracted but not provided for as payable:		
Within one year	3,309,127	3,078,876
One year or no later than five years	12,758,137	11,956,932
Later than five years	<u>34,076,041</u>	<u>31,001,646</u>
	<u>50,143,305</u>	<u>46,037,454</u>

The Company leases property, plant and equipment under operating leases expiring from one to fifteen years, typically with an option to renew the leases after they expire. In calculating the above commitments the Company has assumed a CPI of 2%, where a CPI increase is stipulated in the contract, and the exercise of certain options to renew. If these assumptions were excluded from the calculation the total commitments for minimum lease payments in relation to operating leases would be \$44,351,790 (2016: \$36,951,956).

Other commitments

Player Payments

Due to the contract terms varying considerably amongst players, it is not practical to reliably measure the future commitments under player contracts.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

13 Commitments (continued)

Guarantees

The nature and the amounts of the guarantees issued by the Group are detailed below:

	2017 \$	2016 \$
Guarantees issued for lease agreements	600,000	600,000
Guarantees issued for Pie in the Sky Trust	123,000	80,000
Guarantees issued for venue/gaming operations	184,007	184,007
	<u>907,007</u>	<u>864,007</u>

Guarantees issued for Pie in the Sky Trust have been provided to International Air Transport Association (IATA).

Capital Commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

	2017 \$	2016 \$
<i>Property, plant and equipment</i>		
Within one year	15,921	22,254
Later than one year, but not later than five years	-	15,921
	<u>15,921</u>	<u>38,175</u>

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

	2017 \$	2016 \$
14 Parent		
Results of the parent entity		
Profit/(Loss) for the period	(2,732,624)	(2,622,623)
Other comprehensive income	-	-
Total comprehensive income	<u>(2,732,624)</u>	<u>(2,622,623)</u>
Financial position of parent entity at year end		
Current Assets	12,904,117	14,122,389
Total Assets	48,469,162	52,613,491
Current Liabilities	13,415,602	14,094,175
Total Liabilities	15,771,447	17,183,152
Total Equity of the parent entity comprising of:		
Settled sum	10	10
Retained Earnings	32,697,705	35,430,329
Total Equity	<u>32,697,715</u>	<u>35,430,339</u>

Parent company contingencies

Guarantees

The nature and the amounts of the guarantees issued by the Company are detailed below:

	2017 \$	2016 \$
Guarantees issued for lease agreements	600,000	600,000
Guarantees issued for Pie in the Sky Trust	123,000	80,000
Guarantees issued for venue/gaming operations	184,007	184,007
	<u>907,007</u>	<u>864,007</u>

Guarantees issued for Pie in the Sky Trust have been provided to International Air Transport Association (IATA).

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2017

15 Key Management Personnel disclosures

The key management personnel (KMP) compensation was \$2,719,875 for the year ended 31 October 2017 (2016: \$2,579,712)

Directors are not remunerated by the Group for their services.

Other key management personnel disclosures

A number of KMP of the Group, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

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

The aggregate amounts of significant transactions recognised during the year relating to key management personnel and other related parties, for the Company and Group amounted to:

	2017 \$	2016 \$
<i>Transactions with KMP</i>		
Sales to KMP	545,979	439,566
Purchases from KMP	-	-
Receivables from KMP as at 31 October	-	-
Payables to KMP as at 31 October	-	-

Collingwood Football Club Limited
Notes to the Consolidated Financial statements
For the year ended 31 October 2017

		<i>Group interest</i>	
		2017	2016
		%	%
16	Group Entities		
	Name		
	<i>Parent Entity</i>		
	Collingwood Football Club Limited		
	<i>Subsidiaries</i>		
	Pie in the Sky Travel Pty Ltd	100	100
	Pie in the Sky Trust	100	100
	Collingwood Football Club Foundation Limited	100	100

17 Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 October 2017 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.

Directors' declaration

In the opinion of the directors of Collingwood Football Club Limited (the "Company"):

- (a) the financial statements and notes that are contained in pages 7 to 29, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 October 2017 and of its performance, as represented by the results of its operations and its cashflows for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – reduced disclosure requirements and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Edward McGuire
Director



Mark Korda
Director

Dated at Melbourne this 23rd day of November 2017.

Independent auditor's report

To the members of Collingwood Football Club Limited

Our opinion

In our opinion:

The accompanying financial report of Collingwood Football Club Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

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

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 31 October 2017
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report comprises the Directors' Report included in the annual report, but does not include the financial report and our auditor's report thereon.

PricewaterhouseCoopers, ABN 52 780 433 757

2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001

T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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

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

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

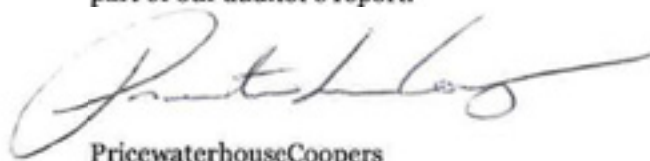
Responsibilities of the directors for the financial report

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

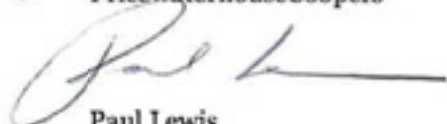
In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report. A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standard Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.



PricewaterhouseCoopers



Paul Lewis
Partner

Melbourne
23 November 2017



COLLINGWOOD FOOTBALL CLUB LIMITED

Holden Centre
Olympic Boulevard, Olympic Park,
Melbourne VIC 3000

PO Box 165 Abbotsford VIC 3067

ABN 89 006 211 196

T | +61 3 8412 0000
E | info@collingwoodfc.com.au
M | 1300 MAGPIE (1300 62 47 43)

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collingwoodfc.com.au



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