COLLINGWOOD FOOTBALL CLUB LIMITED

(A COMPANY LIMITED BY GUARANTEE)

ACN 006 211 196

ANNUAL FINANCIAL REPORT

31 OCTOBER 2018

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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 2018 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
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.
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;
Mr P Licuria	**Director** – Appointed 16 February 2018 **Qualifications** – Masters of Business Administration – Victoria University; Graduate Diploma – Business Management – Swinburne University **Experience** – Chief Executive Officer of Alffie; Relationship Director at Westpac; Collingwood Foundation board member; former AFL player

Ms J Sizer	**Director** – Appointed 16 February 2018 **Qualifications** – Bachelor of Commerce – University of Ballarat; Certified Practicing Accountant **Experience** – Co-CEO and Co-owner, PwC's indigenous consulting; Board member Australian Institute for Aboriginal and Torres Strait Islander Studies, Board member Wathaurong Glass
Mr I McMullin	**Director** – Appointed 29 October 1998 Resigned 16 February 2018
Ms A Camplin OAM	**Director** – Appointed 16 December 2009 Resigned 16 February 2018

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 Meetings[1]		**Finance & Risk Committee Meetings**[1]	
Directors	No. of Meetings attended	No. of Meetings eligible to attend	No. of Meetings attended	No. of Meetings eligible to attend
Edward McGuire	11	11	-	-
Alex Waislitz	8	11	-	-
Mark Korda	10	11	6	6
Paul Leeds	11	11	6	6
Christine Holgate	11	11	-	-
Paul Licuria	7	8	-	-
Jodie Sizer	8	8	5	5
Alisa Camplin	3	3	-	-
Ian McMullin	3	3	-	-

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, provide teams of athletes bearing the name of the Collingwood Football Club and Magpies Netball 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.

[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, P.Licuria and C. Holgate attend Finance & Risk Committee meetings from time to time.
A.Camplin & I.McMullin were replaced by P.Licuria & J.Sizer at the AGM in Feb 2018.

Review and result of operations

A full review of the Collingwood Football Club operations is contained in the President's report published in the "In Black and White 2018 Year Book". A summary of the key financial information is as follows:

	2018	2017
	$	$
Earnings before interest, taxes, depreciation and amortisation (EBITDA) [2]	4,267,949	1,656,235
Profit/(Loss) after interest, taxes, depreciation and amortisation	112,052	(2,732,624)
Net cash flows from operating activities	4,248,663	2,555,064
The club has cash and cash equivalents of	9,162,317	10,158,018
Club has debt of	1,600,000	1,600,000
Club has net assets of	32,690,470	32,578,418

Dividends

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

State of affairs

During the year CFC entered into a contract of sale with Melbourne Racing Club (MRC) to sell the leasehold for "The Coach & Horses" in Ringwood and "The Club" in Caroline Springs.

It is anticipated that the sale will be completed early in the 2019 financial 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

The financial accounts for the 2019 year will include the operating result of the "The Coach & Horses" in Ringwood and "The Club" in Caroline Springs, until the sale to Melbourne Racing Club (MRC). In addition to the results, the 2019 financial accounts will include the profit on sale of the venues to MRC.

[2] EBITDA is calculated as net profit plus adding back interest, depreciation and amortisation expense.

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 Group 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 2018. 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.

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 2018.

Dated at Melbourne this 28th day of November 2018.

Signed in accordance with a resolution of the Directors:

Edward McGuire
Director

Mark Korda
Director

Deloitte Touche Tohmatsu
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The Board of Directors
Collingwood Football Club
PO Box 165
Abbotsford VIC 3067

28 November 2018

Dear Board Members

Auditor's Independence Declaration to Collingwood Football Club Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Board of Directors of Collingwood Football Club Limited.

As lead audit partner for the audit of the financial report of Collingwood Football Club Limited for the year ended 31 October 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Anneke Du Toit
Partner
Chartered Accountants
Melbourne

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2018

	Note	2018 $	2017 $
Revenue		82,047,535	77,709,877
Financial income		26,476	26,592
Total revenue and other income	3	82,074,011	77,736,469
Commercial activities, membership and match days expenses		(21,475,336)	(19,858,399)
Teams expenses		(30,592,495)	(28,366,146)
Function centres and gaming venue expenses		(16,255,157)	(16,849,485)
Other expenses		(6,253,475)	(7,955,742)
Operating lease rental expenses		(3,229,599)	(3,050,462)
Depreciation and amortisation expense	9 & 10	(4,062,440)	(4,278,186)
Financial expenses	4	(93,457)	(110,673)
		112,052	(2,732,624)
Profit on sale of asset		-	-
Profit/(Loss) before income tax		112,052	(2,732,624)
Income tax expense	2(g)	-	-
Profit/(Loss) for the year		112,052	(2,732,624)
Other comprehensive income		-	-
Total comprehensive income attributable to: Members of Collingwood Football Club		112,052	(2,732,624)

The notes on pages 11 to 28 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 October 2018

	Settled Sum	Retained Earnings	Total Equity
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)
Balance at 31st October 2017	10	32,578,408	32,578,418
Balance at 1st November 2017	10	32,578,408	32,578,418
Total comprehensive income for the period			
Profit/(Loss)	-	112,052	112,052
Balance at 31st October 2018	**10**	**32,690,460**	**32,690,470**

The notes on pages 11 to 28 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 31 October 2018

	Note	2018 $	2017 $
Assets			
Cash and cash equivalents	5	9,162,317	10,158,018
Trade and other receivables	6	2,801,774	1,882,018
Inventories	7	136,359	146,483
Prepayments		1,114,967	961,477
Assets classified as held for sale	8	8,193,974	-
Total current assets		21,409,391	13,147,996
Property, plant and equipment	9	28,392,296	32,959,174
Intangible assets	10	89,983	2,605,871
Total non-current assets		28,482,279	35,565,045
Total assets		49,891,670	48,713,041
Liabilities			
Trade and other payables	11	6,497,111	7,621,677
Loans and borrowings	12	1,600,000	-
Employee benefits	13	2,671,744	2,333,708
Unearned income		5,718,883	3,823,179
Total current liabilities		16,487,738	13,778,564
Loans and borrowings	12	-	1,600,000
Employee benefits	13	348,005	284,692
Unearned income		365,457	471,367
Total non-current liabilities		713,462	2,356,059
Total liabilities		17,201,200	16,134,623
Net assets		32,690,470	32,578,418
Equity			
Settled sum		10	10
Retained earnings		32,690,460	32,578,408
Total equity		**32,690,470**	**32,578,418**

The notes on pages 11 to 28 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 October 2018

	Note	2018 $	2017 $
Cash flows from operating activities			
Cash receipts in the course of operations		91,122,326	86,346,897
Cash paid in the course of operations		(86,873,663)	(83,791,833)
Net cash from operating activities		4,248,663	2,555,064
Cash flows from investing activities			
Acquisition of property, plant and equipment		(4,997,739)	(1,527,149)
Acquisition of software		(179,644)	(93,220)
Payment for gaming entitlements		-	(731,109)
Net cash used in investing activities		(5,177,383)	(2,351,478)
Cash flows from financing activities			
Repayment of borrowings		-	(400,000)
Interest received		26,476	26,593
Interest paid		(93,457)	(110,673)
Net cash from/(used in) financing activities		(66,981)	(484,080)
Net increase/(decrease) in cash and cash equivalents		(995,701)	(280,494)
Cash and cash equivalents at 1 November		10,158,018	10,438,512
Cash and cash equivalents at 31 October	5	9,162,317	10,158,018

The notes on pages 11 to 28 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 October 2018

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 2018 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:

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 28th November 2018. The directors have the power to amend and reissue the financial statements.

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.

Note 9 – Intangible assets

The Group tests annually whether intangibles 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.

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 2017 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 2017.

New standards and interpretations not yet adopted

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 October 2018 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 9 *Financial instruments* (Effective date: 1 January 2018)

AASB 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets (e.g. trade debtors), and new general hedge accounting requirements. The standard allows an irrevocable option to designate realised and unrealised gains through OCI for equities not held for trading, removing the need to test for impairment.

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 finances 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.

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.

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.

Revenue recognition

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

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.

AFL distributions

AFL distributions are recognised as they are received.

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.

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.

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.

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.

Expenses

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.

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.

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.

Income tax

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

Property, plant and equipment

Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see accounting policy "Depreciation") and impairment losses (see accounting policy "Impairment – Financial assets").

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.

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.

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.

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.

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:

	2018	**2017**
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.

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 “Impairment – Financial assets”).

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.

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:

	2018	**2017**
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 3 years and for gaming licence is 3 years.

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.

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.

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.

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.

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.

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.

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.

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.

Parent entity financial information

The financial information for the parent entity, Collingwood Football Club Limited, disclosed in note 15 has been prepared on the same basis as the consolidated financial statements.

	2018 $	2017 $

3. Revenue and other income

	2018 $	2017 $
AFL distribution	11,424,087	10,939,471
Commercial activities	21,670,974	18,945,477
Function centres and gaming venues	22,897,421	22,887,896
Membership and match day	23,871,536	23,126,822
Other	2,183,517	1,810,211
Total revenue	82,047,535	77,709,877
Interest income	26,476	26,592
Total revenue and other income	82,074,011	77,736,469

4. Financial expense

	2018 $	2017 $
Interest expense	93,457	110,673

5. Cash and cash equivalents

	2018 $	2017 $
Cash on hand	363,138	284,835
Client trust account[3]	106,391	144,078
Cash at bank	8,692,788	9,729,105
	9,162,317	10,158,018

[3] The cash shown as client trust account is held on behalf of customers until suppliers are paid on behalf of these customers.

	2018 $	2017 $
6. Trade and other receivables		
Current		
Trade receivables	2,700,543	1,563,365
Less: Provision for impairment	(118,155)	(266,805)
	2,582,388	1,296,560
Other receivables	219,386	585,458
	2,801,774	1,882,018
7. Inventories		
Merchandise, liquor, food, souvenirs and football equipment	136,359	146,483

8. Assets classified as held for sale

A contract of sale has been signed for The Club Caroline Springs and Coach & Horses and both venues are now presented as assets classified as held for sale. The contract of sale was signed on 10 July 2018, with the sale expected to complete early in new financial year.

Property, plant & equipment	6,077,296	-
Intangibles	2,116,679	-
	8,193,975	-

9. 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 was performed by Mr R. Milne, certified with the Department of Communications, in the 2017 financial year for $12,559,474.

	Furniture and fittings	Leasehold improvements	Plant and equipment	Purchased memorabilia	Under Construction	Total
Cost						
Balance as at 1 November 2017	1,729,860	35,612,903	7,839,379	412,022	283,044	45,877,208
Acquisitions	74,847	38,471	905,663	-	3,978,758	4,997,739
Transfers to Assets classified as held for sale	(353,796)	(89,504)	(3,866,279)	-	(4,261,802)	(8,571,381)
Asset retirements	-	-	(71,592)	-	-	(71,592)
Balance as at 31 October 2018	1,450,911	35,561,870	4,807,171	412,022	-	42,231,974
Depreciation						
Balance as at 1 November 2017	1,228,296	6,968,629	4,721,109	-	-	12,918,034
Depreciation charge for the year	182,570	1,997,158	1,303,857	-	-	3,483,585
Transfers to Assets classified as held for sale	(262,150)	(12,652)	(2,219,281)	-	-	(2,494,083)
Asset retirements	-	-	(67,858)	-	-	(67,858)
Balance as at 31 October 2018	1,148,716	8,953,135	3,737,827	-	-	13,839,678
Carrying amounts						
As at 1 November 2017	501,564	28,644,274	3,118,270	412,022	283,044	32,959,174
As at 31 October 2018	302,195	26,608,735	1,069,344	412,022	-	28,392,296

10. Intangible Assets

	Software	Gaming Entitlements	Gaming Licence	Total
Cost				
Balance as at 1 November 2017	805,175	3,850,008	2,604,237	7,259,420
Acquisitions	40,329	139,315	-	179,644
Transfers to Assets classified as held for sale	-	(3,989,323)	(2,604,237)	(6,593,560)
Asset retirements	-	-	-	-
Balance as at 31 October 2018	845,504	-	-	845,504
Amortisation				
Balance as at 1 November 2017	684,310	1,989,700	1,979,539	4,653,549
Amortisation for the year	71,211	386,734	120,910	578,855
Transfers to Assets classified as held for sale	-	(2,376,434)	(2,100,449)	(4,476,883)
Asset retirements	-	-	-	-
Balance as at 31 October 2018	755,521	-	-	755,521
Carrying amounts				
As at 1 November 2017	120,865	1,860,308	624,698	2,605,871
As at 31 October 2018	89,983	-	-	89,983

11. Trade and other payables

	2018 $	2017 $
Current		
Trade payables	3,900,078	4,543,510
Other payables and accruals	2,447,033	2,838,167
Gaming licence	150,000	240,000
	6,497,111	7,621,677
	-	-

12. Loans and borrowings

	2018 $	2017 $
Bank Facilities		
Loan Facility	4,200,000	5,000,000
Bank overdraft	250,000	250,000
Loan Facility utilised at reporting date	1,600,000	1,600,000

Bank facilities

The overdraft and loan facilities are secured by general security agreements 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. Loan facility expires on 15th April 2019.

13. Employee benefits

	2018 $	2017 $
Current		
Employee benefits	2,671,744	2,333,708
Non Current		
Employee benefits	348,005	284,692

The Group has paid contributions of $2,230,317 to defined contribution plans on behalf of employees for the year ended 31 October 2018 (2017: $2,213,717).

14. Commitments

	2018 $	2017 $
Leases		
Operating leases and plant and equipment contracted but not provided for as payable:		
Within one year	3,479,171	3,309,127
One year or no later than five years	14,314,255	12,758,137
Later than five years	65,965,464	34,076,041
	83,758,890	50,143,305

The Group 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 Group 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 $65,348,029 (2017: $44,351,790).

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.

Guarantees

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

	2018 $	2017 $
Guarantees issued for lease agreements	600,000	600,000
Guarantees issued for Pie in the Sky Trust	43,000	123,000
Guarantees issued for venue/gaming operations	353,590	184,007
	996,590	907,007

Capital Commitments

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

	2018 $	2017 $
Property, plant and equipment		
Within one year	696,409	15,921
Later than one year, but not later than five years	-	-
	696,409	15,921

15. Parent

	2018 $	2017 $
Results of the parent entity		
Profit/(Loss) for the period	(1,169)	(2,732,624)
Other comprehensive income	-	-
Total comprehensive income	(1,169)	(2,732,624)
Financial position of parent entity at year end		
Current Assets	21,160,580	12,986,803
Total Assets	49,462,859	48,551,848
Current Liabilities	16,148,162	13,363,634
Total Liabilities	16,810,738	15,718,558
Total Equity of the parent entity comprising of:		
Settled sum	10	10
Retained Earnings	32,832,111	32,833,290
Total Equity	32,832,121	32,833,300

Parent company contingencies

Guarantees

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

	2018	2017
	$	$
Guarantees issued for lease agreements	600,000	600,000
Guarantees issued for Pie in the Sky Trust	43,000	123,000
Guarantees issued for venue/gaming operations	353,590	184,007
	996,590	907,007

16. Key Management Personnel disclosures

The key management personnel (KMP) compensation was $1,978,130 for the year ended 31 October 2018 (2017: $2,719,875)

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:

	2018	2017
	$	$
Transactions with KMP		
Sales to KMP	124,113	545,979
Purchases from KMP	(215,222)	-
Receivables from KMP as at 31 October	-	-
Payables to KMP as at 31 October	-	-

17. Group entities

	Group interest	
	2018	**2017**
	$	**$**
Name		
Parent Entity		
Collingwood Football Club Limited		
Subsidiaries		
Pie in the Sky Travel Pty Ltd	100	100
Pie in the Sky Trust	100	100
Collingwood Football Club Foundation Limited	100	100

18. Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 October 2018 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 28, 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 2018 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 28th day of November 2018.

Deloitte.

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Independent Auditor's Report to the members of Collingwood Football Club

Opinion

We have audited the financial report of Collingwood Football Club (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 October 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the Directors' declaration.

In our opinion, the accompanying financial report of the Collingwood Football Club is 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 2018 and of their financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Company, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 October 2018, but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the Directors are responsible for assessing the 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group's to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Anneke Du Toit
Partner
Chartered Accountants
Melbourne 28 November 2018

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