



2016

ANNUAL REPORT

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CHAIRMAN'S REPORT

As we approach the end of an extremely challenging period in our history, there is much to be optimistic about as we return to normality heading into 2017.

We have shown unbelievable strength and resilience under the most extreme pressure and that is a great platform from which to launch our comeback as a football club.

Importantly, we are under no illusions about the hard work we have ahead of us. How successful we are will depend on how we all apply ourselves from now on, not what we have done up until now.

The events of the past few years have been very serious for Essendon Football Club, our members and particularly for the players involved. The effects will be with us for some time.

The recovery process is by no means over, our financial position is testament to that, but we have made great progress.

The board set five central priorities in response to the CAS decision earlier this year: assisting all suspended players, retention of the suspended players still at Essendon, ensuring on-field competitiveness in 2016, stabilising the Club's finances, and maintaining our heritage and reputation. We can all take great heart from the progress we have made in pursuing these objectives.

That progress has only been possible because of the amazing resolve, discipline and focus of the entire Essendon Football Club community. We haven't turned on each other. We haven't been distracted by the temptation to publicly re-fight the CAS decision, outrageous though it may have been. We've turned up to support our team, and still recorded strong attendance levels and membership numbers.

“
2016 HAS BEEN AN ENORMOUS CHARACTER TEST FOR ESSENDON FOOTBALL CLUB, AND WE HAVE PASSED THAT TEST WITH FLYING COLOURS.
 ”

2016 has been an enormous character test for Essendon Football Club, and we have passed that test with flying colours.

But it takes more than character to win games and premierships. Our comeback is only just getting started. As the process of healing and recovery continues, we must pursue improvement across all areas of activity, on-field and off-field, and not become prisoners of the challenges.

In particular, we must guard against the sense of entitlement and complacency that seeps into many successful organisations.

We must acknowledge and thank our senior coach John Worsfold and the entire coaching group. Woosha has led from the front all year and his influence has been felt throughout the entire Club.

Thank you to our players. So often this season, the players could have dropped their heads and said it's all too hard. But they didn't. Week in, week out, they competed. No one thought we would win a game. We won three games, including that memorable finish to our season against Carlton.

To our 10 short term recruits - James Kelly, Mathew Stokes, Matt Dea, James Polkinghorne, Ryan Crowley, Jonathan Simpkin, Mark Jamar, Sam Grimley, Nathan Grima and Sam Michael, on



behalf of everyone at the Essendon Football Club, thank you for the contribution you have made to our club this year.

Special thanks to Brendon Goddard for his outstanding leadership and contribution throughout an extremely challenging year.

In 2017, we welcome back our 10 returning players, a No.1 draft pick into the Club for the first time in our history and we look forward with renewed energy and excitement about the future.

On behalf of the entire Essendon family, I would like to formally acknowledge Jobe Watson. Jobe has remained unassailably dignified under the most extraordinary pressure over the past four years. He is a person of the highest integrity and character and has the total support and admiration of our membership, staff, players, executive and board.

I would also like to acknowledge our CEO, Xavier Campbell & the Executive Team at the Club, as well as the loyal & hardworking staff that make up the Essendon administration for the great job they have done all year.

To the Board and our Directors, thank you for your hard work and toil - as volunteers, we thank you for your ongoing service and commitment to the Club.

Thank you to our Commercial Partners, in particular our co-major partners: KIA and Fujitsu General.

Thank you to our coterie groups, in particular to the:

First 18 group	Essendon Executive Club
Essendonians	Coleman Club
Essendon Women's Network	Purple Bombers
Dick Reynolds Club	Coaches Club
Red & Blacks	Diamond Dons
Lawdons	Player and locker sponsors
Collins Street Dons	

Thank you also to our Past Players and Officials Association led by Barry Capuano, the Social Marketing Committee led by Emil Eugene, as well as all of our other volunteers who help at the Club throughout the year and on match day.

And finally to all of our incredible members, thank you, you are the backbone of our club and you should all be very proud of the loyalty and passion you have shown the Club and the players this year.

We would all acknowledge we have a lot of hard work ahead of us but there is a great sense of optimism and excitement about the future of the Essendon Football Club.



Lindsay Tanner
Chairman

CEO'S REPORT

Our financial result this year demonstrates the significant challenges we have faced as a direct result of the January 12 CAS decision.

Against the backdrop of these issues, the Club has worked extremely hard to minimise the short and long term financial impact on our organisation.

With the abnormal costs to our business now largely behind us, we are confident that our underlying business model, debt reduction plan and strategic priorities, will return Essendon to a position of strength in the coming years.

Despite the ongoing issues we have been dealing with, we have taken a number of important steps to ensure a positive future for our club both on and off the field and I am confident we can now transition into a new era with a strong sense of optimism and purpose.

The executive team, with the support of the Board, has laid the foundation for our comeback as a football club in line with our vision to be the most respected, inclusive and successful sporting club in Australia.

Our strategic plan and vision over the next 5 years will be underpinned by our core business priorities focusing on a number of key areas:

1. Deliver best practice member & supporter experience;
2. Identify & strengthen key commercial relationships;
3. Deliver genuine community outcomes, participation & engagement;
4. Develop & embed unique EFC football philosophy;
5. Responsible financial management & maximise investments;
6. Drive purposeful innovation;
7. Establish clear & enduring brand position;
8. Strengthen key stakeholder relationships; and
9. Create high performance people culture.

For us to move closer to achieving our vision in this new operating environment, we must continue to challenge, and where necessary, transform the way the Club operates whilst still challenging our investments and cost base.

If we can deliver on our strategic priorities, the Club will have a strong platform to deliver top 4 performances in all key on and off field measures.

We approach our decision making with an aim to make our people proud and be held accountable to our values of purpose in everything, everyone matters and no finish line.



The strength of our club is in our people, our members, our coteries, our sponsors and our fans. Each and every one of you has played a role in supporting our club through this difficult period.

I would like to acknowledge our commercial partners, in particular our co-major partners Fujitsu General and KIA Motors Australia. As a Club, we look forward to repaying the faith you have shown in us.

In the most challenging of circumstances, I'm extremely proud of the way we responded as a football club this year.

The results from our membership satisfaction survey were very encouraging. Across ten key measures of satisfaction, seven of the ten recorded our highest level on record and nine of the ten were equal or above the AFL average. This is particularly pleasing and a strong indication our club is heading in the right direction.

With the return of our players impacted by the CAS decision, the development and improvement of our emerging players and the enhanced culture of elite standards set within the football department under coach John Worsfold, I am confident we have the right people and program to deliver success for our club in the near future.

However, it is important to remember that success is not a given, it must be earned and we have never been in a more competitive environment than the AFL landscape right now. But that is a challenge we will embrace.

There is a lot to be excited about in 2017. We have a strong fixture, with many blockbuster games, including our Round 1 opener against Hawthorn as well as ANZAC Day, Country Game and Dreamtime at the G.

For so long we have asked each other when will the time arrive where we can attend a game free from the stress of off-field issues? Well, the storm is passing, the clouds have almost lifted. The smiles and joy that were constants when we fell in love with this club are returning. Our players are as committed as they ever have been. There will continue to be ups and downs but we can take pride in the knowledge that adversity has only made the Essendon family stronger.

Thank you for your ongoing support

Go Bombers

Xavier Campbell
Chief Executive Officer

FINANCE DIRECTOR'S REPORT

OPERATING RESULTS

The financial statements for the Club for the year ended 31 October 2016 are set out on the following pages, showing a net loss of \$9.8 million, following a loss in 2015 of \$1.3 million.

The pivotal event for the year was the decision by the Court of Arbitration for Sport to uphold WADA's appeal against the original AFL Tribunal decision in favour of our players. In addition to the devastating impact on the players concerned, the CAS decision had a number of direct and indirect financial effects, and this formed the backdrop to the Club's 2016 result. In broad terms, the deterioration in the loss compared to 2015 can be attributed to three key areas:

	\$
- The direct and indirect impact of the player suspensions on a downturn of operating revenues and a number of one off expenses	4,627,000
- The net cost of compensation claims and legal fees	4,460,966
- The non-cash cost of impairing certain assets at Windy Hill which are no longer in use	806,833
	9,894,799

These are described in more detail in the following sections.

1. Direct and indirect impact of player suspensions.

While the team which took the field in 2016 showed enormous spirit and gave us great cause to look to the future with confidence, the absence of the suspended players had implications for every area of our operations. In particular:

- Corporate sales and commercial partner net revenues were \$650,000 lower than 2015;
- While our members remained magnificently supportive, a reduction in high yielding memberships saw membership net revenue reduce by \$640,000
- Match receipts and stadium revenues reduced by \$1,060,000;
- The cost of the top-up program was \$1,517,000; and
- Revenue from coteries and fundraising was \$760,000 lower than in 2015.



2. Compensation claims and legal fees.

We are in the process of working through claims for compensation from the suspended players. Some of these have been settled and others are at different stages of the claims process. Our best estimate of the final outcome has been provided for in 2016.

3. Impairment of certain Windy Hill assets.

While the Club's presence at Windy Hill is ongoing, there are certain football related and administration assets which are no longer being used, which, in accordance with Accounting Standards, have been fully provided for. These leasehold improvements had a book value of \$806,833. The impairment has no cash impact.

FINANCIAL POSITION

At 31 October 2016, the net assets of the Club were \$27,453,599 (2015 \$37,278,974).

Gross borrowings were \$9,006,603, offset by cash at bank of \$2,904,392. We continue to have access to further undrawn facilities of \$3,928,397.

LOOKING AHEAD

From a financial viewpoint, we expect that the situation will stabilise during 2017, particularly as the suspended players return to add to the momentum which was being generated in the latter stages of the 2016 season. There will be some further costs which will add to our debt early in 2017, but we expect to be able to commence paying down debt from that point.

While debt levels are obviously higher than we would like, they would be even higher had it not been for the outstanding effort of our people, in all departments, who have controlled and in many cases reduced costs.

On behalf of the Board, I would like to thank all of our staff, our members, sponsors and other stakeholders for their support during 2016. We look forward to stronger performance in 2017, in terms of both football and finance.



Paul Brasher
Finance Director

DIRECTORS' REPORT

Your directors submit their report on Essendon Football Club (the "Company") for the financial year ended 31 October 2016.

1. DIRECTORS

The names of the directors in office at any time during or since the end of the year are:

L. Tanner <i>(Chairman)</i>	P. Brasher	D. Barham <i>(appointed 14 December 2015)</i>	P. Cousins	C. Heffernan
K. Lay <i>(appointed 14 December 2015)</i>	K. Lio	P. Little <i>(resigned 14 December 2015)</i>	S. Madden	A. Muir

All of these directors have been in office since the start of the financial year to the date of this report, unless otherwise stated.

2. PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the financial year was to conduct the Essendon Football Club and manage its affairs and to promote the Australian game of football, and there was no significant change in the nature of that activity during the financial year.

3. OBJECTIVES AND STRATEGIES OF THE COMPANY

Our objective is to be a thriving professional sporting club delivering consistent top 4 performance in all key on and off field measures.

The Company's short term (2017) objectives are to:

- Develop a clear football philosophy underpinned by strategic list management
- Rebuild the club's brand and reputation with focus on the club's history and heritage
- Build best practice member and supporter experience
- Strengthen key stakeholder relationships
- Re-establish the club as the benchmark community club
- Improve financial position
- Reinvigorate focus on innovation and growth

The Company's medium term (2018-2021) objectives are to:

- Deliver best practice member and supporter experience
- Further strengthen key commercial relationships
- Deliver genuine community outcomes, participation & engagement
- Embed unique EFC football philosophy and culture
- Maximise investments and return the club to a position of financial strength
- Drive and execute purposeful innovation to drive new revenues
- Proactively engage broader industry stakeholders
- Focus on maximising high performance culture

Our long term vision is to be the most inclusive, successful, and respected club on and off the field.

4. OPERATING RESULT

For the year ended 31 October 2016 the Company had an operating loss of \$9,825,375 (2015: loss \$1,336,354).

5. MEETINGS OF DIRECTORS

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors during the financial year are:

NAME OF DIRECTOR	DIRECTORS' MEETINGS		AUDIT, RISK & INTEGRITY COMMITTEE		NOMINATIONS & REMUNERATION COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
L. Tanner	17	16	1	1	-	-
D. Barham	15	15	-	-	-	-
P. Brasher	17	16	5	5	-	-
P. Cousins	17	17	5	4	-	-
C. Heffernan	17	17	-	-	-	-
K. Lay	14	13	4	3	2	2
C. Lio	17	17	-	-	2	2
P. Little	3	3	-	-	-	-
S. Madden	17	16	-	-	-	-
A. Muir	17	15	-	-	2	2

6. Information on Current Directors

LINDSAY TANNER - CHAIRMAN

Bachelor of Laws, Master of Arts

Lindsay joined the Board in 2015. He was MP for Melbourne in the Australian Parliament from 1993 to 2010 and Finance Minister from 2007 to 2010. Currently he works as a special advisor to Lazard, a financial advisory and asset management firm and is also a Board member for Virgin International Australia and chairs the Mitchell Institute for Health and Education Research. Lindsay was previously the Club's number one ticket holder from 2009-2010.

PAUL BRASHER - FINANCE DIRECTOR & DEPUTY CHAIRMAN

Bachelor of Economics (Hons), FCA, FAICD

Paul was appointed to the Board in October 2011 and is Deputy Chairman and Finance Director of the Club. He also serves as Chairman of the Audit, Risk & Integrity Committee and is a member of the Nominations & Remuneration Committee. Paul was a Partner in the accounting and professional services firm PricewaterhouseCoopers from 1982 to 2009. He chaired the Australian firm and was Chairman of the global Board of PwC from 2005 to 2009. Paul is Chairman of Incitec Pivot Limited and a Director of Amcor Limited. He was previously Chairman of the Reach Foundation and a number of other philanthropic organisations and a Board member of the Victorian Arts Centre Trust.

DAVID BARHAM

David was elected to the Board in December 2015. He has over 25 years' experience in the AFL industry having established the AFL's film and videotape library in the early 1990s. In 1996, David was the Executive Producer of "100 Years of Australian Football" for the Seven Network. For the following 10 years, David produced all of Ten's AFL programs, including 8 AFL Grand Finals. From late 2010 until the end of 2015 David was Head of Sport for the Ten Network. He now is the Ten Network's executive responsible for the Big Bash and the Australian F1 Grand Prix.

PAUL COUSINS

Paul was elected to the Board in December 2014. He is a member of the Club's Audit Risk & Integrity Committee and has been President of the VFL program since 2015. Following a successful stint in hospitality management, Paul spent several years in IT management and business development with an accounting and financial services firm before starting the small digital agency, Web Initiatives in 2004. Paul has spent the past 12 years managing a diverse client base, ranging from small to large business and government agencies focussing on website design and development, social media, marketing and web hosting.

CHRIS HEFFERNAN

Bachelor of Business (Admin), Master of Applied Finance

Chris joined the Board in October 2011 and is the Club's Football Director and a member of the List Management Committee. He played 170 senior AFL matches and was a member of the Club's 2000 premiership team. After retiring from football in 2007, Chris worked with Deutsche Bank's funds management business in New York for three years, before returning to Melbourne in 2011 to join Ernst & Young. Currently an Associate Director in the Mergers and Acquisitions team at Ernst & Young, Chris provides advice to large private and ASX listed companies on acquisitions, mergers, capital raisings and business divestments.

KEN LAY APM

BA (Pol Stud), GDip Pub Admin, HonLLD (Monash), FIPAA

Ken joined the Board in December 2015. He is a member of the Audit, Risk & Integrity and Nominations & Remuneration Committees and chairs the Gender Diversity Working Group. He was Chief Commissioner of Victoria Police from 2011 – 2015 in a career that spanned over 40 years with the force. In 2015, he was appointed as a founding member of the Council of Australian Governments Expert Advisory Panel on Family Violence as well as Chair of the Prime Minister's National Ice Task Force. Ken is currently Chair of the Ambulance Victoria Board and a Non Executive Director of Dixon Hospitality Ltd. He was awarded a Doctor of Laws (Honoris Causa) by Monash University for his service to the community in 2015. Ken was previously the Club's number one ticket holder in 2015.

CATHERINE (KATIE) LIO

Diploma of Business, Bachelor of Communications

Katie was elected to the Board in December 2014 and is a member of the Nominations & Remuneration Committee and Reconciliation Action Plan Working Group. She is currently the Digital Performance Manager at Sensis and previously worked in the Telstra Media Sport & Entertainment team. She has spent her career managing external and internal stakeholders, participating in and chairing steering committees, managing digital products and executing large and small scale marketing campaigns. Her present role entails being on the cusp of emerging technologies and harnessing them to enhance every aspect of customer experience.

SIMON MADDEN

Diploma of Teaching, Grad Dip. Special Ed.

Simon was elected to the Board in 2013. He played 378 games for the Club and played in the 1984 and 1985 premiership teams. He is a Life Member of the Essendon Football Club, the AFL and the AFL Players Association. He is also a member of the Essendon Hall of Fame and the AFL Hall of Fame. Originally a teacher, Simon has worked in business for 20 years. He runs his own business-coaching consultancy, Winning Pty Ltd, working in high performance, leadership development, team development and cultural improvement. He has previously been the President and a Director of the AFL Players Association.

ANDREW MUIR

Bachelor of Economics, Post Graduate Diploma of Financial Management, Advanced Management Program - Harvard Business School

Andrew joined the Board in 2015. He is Chair of the Nominations & Remuneration Committee. He is a successful business leader, thought leader and philanthropist with over 25 years of retail, leadership, strategic and management experience. He has served as Executive Chairman of The Good Guys since 2005 after serving as CEO of The Good Guys from 1993. Andrew is also founder and Director of the national Best Friends Pet Supercentres chain, JXT Global and ShoeBox Timeline - Life Sorted! Andrew is also the Chairman of The Good Foundation - promoting good health and nutrition, including operating Jamie's Ministry of Food Australia and Advisor and Principal Partner of Orange Sky Laundry providing mobile laundry services nationally to the Homeless.

7. Auditor independence

The Board of Directors, in accordance with advice from the Audit, Risk & Integrity Committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- The nature of all non-audit services is reviewed and approved by the Audit, Risk & Integrity Committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided does not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 31 October 2016:

	\$
Taxation services	34,195
Other assurance services	24,250
	<u>58,445</u>

Auditor's independence declaration

An independence declaration has been provided by the Company's auditor, Grant Thornton Audit Pty Ltd. This is set out on page 8 of this financial report.

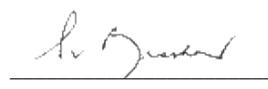
8. Members' guarantee

The Company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Company. At 31 October 2016 the number of members was 57,494 (2015: 60,819).

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



L. Tanner
Director



P. Brasher
Director

Signed this 11th day of November, 2016.

DIRECTORS' DECLARATION

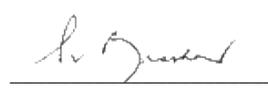
The Directors of the Company declare that:

- (1) The financial statements and notes, as set out on pages 9 to 15, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 October 2016 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (2) In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



L. Tanner
Director



P. Brasher
Director

Signed this 11th day of November, 2016.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ESSENDON FOOTBALL CLUB

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of the Essendon Football Club for the year ended 31 October 2016, I declare that, to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor's 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.



GRANT THORNTON Audit Pty Ltd
Chartered Accountants



A. J. Pititto
Partner - Audit & Assurance

Melbourne, 11 November 2016

INDEPENDENT AUDITOR'S REPORT

To the Members of Essendon Football Club,

We have audited the accompanying financial report of the Essendon Football Club (the "Company"), which comprises the statement of financial position as at 31 October 2016, the statement of profit or loss and other comprehensive income, statement of changes in member funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the Directors' declaration of the Company.

DIRECTORS' RESPONSIBILITY 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 the Corporations Act 2001. The Directors' responsibility also includes 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.

AUDITOR'S RESPONSIBILITY

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

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

INDEPENDENCE

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

AUDITOR'S OPINION

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

- a) giving a true and fair view of the Company's financial position as at 31 October 2016 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A. J. PITITTO
Partner - Audit & Assurance

Melbourne, 11 November 2016

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	2016	2015
		\$	\$
Revenues from operations	3(a)	53,499,545	58,202,992
Expenses from operations	3(b)	(63,324,920)	(59,539,346)
NET LOSS FROM OPERATIONS		<u>(9,825,375)</u>	<u>(1,336,354)</u>
OTHER COMPREHENSIVE INCOME			
Item that cannot be reclassified to profit or loss: Gains on property revaluation		-	200,000
OTHER COMPREHENSIVE INCOME FOR YEAR		<u>-</u>	<u>200,000</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(9,825,375)</u>	<u>(1,136,354)</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2016

	Note	2016	2015
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	14(a)	3,272,449	1,176,789
Trade and other receivables	4	862,082	1,856,906
Inventories	5	310,630	447,136
Other assets	6	801,113	741,971
TOTAL CURRENT ASSETS		<u>5,246,274</u>	<u>4,222,802</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	40,443,288	42,735,103
Intangible assets	8	2,127,794	2,495,098
TOTAL NON-CURRENT ASSETS		<u>42,571,082</u>	<u>45,230,201</u>
TOTAL ASSETS		<u>47,817,356</u>	<u>49,453,003</u>
CURRENT LIABILITIES			
Trade and other payables	9	4,775,016	4,265,632
Provisions	10	4,543,475	1,315,097
Income in advance	11	892,877	100,146
Other financial liabilities	12	784,236	666,761
TOTAL CURRENT LIABILITIES		<u>10,995,604</u>	<u>6,347,636</u>
NON-CURRENT LIABILITIES			
Provisions	10	174,033	122,684
Other financial liabilities	12	187,517	703,709
Borrowings	13	9,006,603	5,000,000
TOTAL NON-CURRENT LIABILITIES		<u>9,368,153</u>	<u>5,826,393</u>
TOTAL LIABILITIES		<u>20,363,757</u>	<u>12,174,029</u>
NET ASSETS		<u>27,453,599</u>	<u>37,278,974</u>
MEMBERS' FUNDS			
Accumulated funds		23,820,537	33,645,912
Asset revaluation reserve		3,633,062	3,633,062
TOTAL MEMBERS' FUNDS		<u>27,453,599</u>	<u>37,278,974</u>

**STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE YEAR
ENDED 31 OCTOBER 2016**

	Asset Revaluation Reserve	Accumulated Funds	Members' Funds
	\$	\$	\$
BALANCE AT 31 OCTOBER 2014	<u>3,433,062</u>	<u>34,982,266</u>	<u>38,415,328</u>
Loss for the year	-	(1,336,354)	(1,336,354)
Other comprehensive income	200,000	-	200,000
Total comprehensive loss	<u>200,000</u>	<u>(1,336,354)</u>	<u>(1,136,354)</u>
BALANCE AT 31 OCTOBER 2015	<u>3,633,062</u>	<u>33,645,912</u>	<u>37,278,974</u>
Loss for the year	-	(9,825,375)	(9,825,375)
Other comprehensive income	-	-	-
Total comprehensive loss	<u>-</u>	<u>(9,825,375)</u>	<u>(9,825,375)</u>
BALANCE AT 31 OCTOBER 2016	<u>3,633,062</u>	<u>23,820,537</u>	<u>27,453,599</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2016

	Note	2016	2015
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, sponsors, supporters and other operations		54,271,985	56,868,940
Receipts from grants and donations		870,431	1,694,746
Payments to suppliers, employees and players		(54,857,093)	(57,223,461)
Finance costs		(287,717)	(185,160)
Interest received		163,141	208,829
NET CASH FLOWS FROM OPERATING ACTIVITIES	14(b)	<u>160,747</u>	<u>1,363,894</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		(1,312,555)	(1,213,368)
Payments for gaming entitlements		(752,046)	(745,443)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(2,064,601)</u>	<u>(1,958,811)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,999,514	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		<u>3,999,514</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		2,095,660	(594,917)
Cash and cash equivalents at beginning of the financial year		1,176,789	1,771,706
CASH AT END OF THE FINANCIAL YEAR	14(a)	<u>3,272,449</u>	<u>1,176,789</u>

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. ESSENDON FOOTBALL CLUB

Essendon Football Club (the "Company") is an unlisted public company limited by guarantee, incorporated in Australia, with a registered office and principal place of business at 275 Melrose Drive, Melbourne Airport, Victoria 3045. The liability of each member of the Company is limited to \$20.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

The Financial Report of the Company was authorised for issue by the Directors on 11 November 2016. The Company is a not-for-profit entity for the purpose of preparing the financial statements.

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. Actual results may differ from these estimates.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Going concern basis of accounting

The financial report has been prepared on a going concern basis. This contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

At 31 October 2016 the Company had incurred an operating loss of \$9,825,375 and had net current liabilities, being current assets less current liabilities, of \$5,749,330 (2015: \$2,124,834).

The Directors have considered the position of the Company and consider that the going concern basis is appropriate for the preparation of the financial report due to the following factors:

- i) The 2017 forecasts show positive contributions and sufficient unused finance facilities to fund any cashflow shortfalls.
- ii) The Company's bankers ("Westpac" and "Bendigo Bank") have continued to provide financial support through to the date of this report. The finance facility from Westpac has a limit of \$10,000,000 (\$8,000,000 utilised at 31 October 2016). This limit was increased during the year from \$5,000,000 and has a fixed term that currently expires on 31 December 2017. The AFL provides a guarantee for the full amount of the Westpac facility. The finance facility from Bendigo Bank has a limit of \$2,935,000 (\$1,006,603 utilised at 31 October 2016). The facility has a fixed term that expires 30 June 2019.
- iii) The Company has available unused finance facilities of \$3,928,397 as disclosed in note 13 to the financial statements. and
- iv) The AFL has committed to provide additional financial support should it be required.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

(a) Adoption of new and revised accounting standards

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial performance or position of the Company.

No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. The Directors assess inventory balances for impairment annually.

(c) Financial instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets. Trade and other receivables of the Company fall into this category.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Trade and other payables of the Company fall into this category.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the profit or loss.

The carrying amount of financial assets, including unrecoverable trade receivables, is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are brought to account at cost or at independent or Directors' valuation, less, where applicable, any accumulated depreciation or amortisation and impairment losses.

Land

Freehold land is shown at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction). Land is revalued at a minimum of every three years based on a valuation by external independent valuers. Land is not depreciated.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2016

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Asset revaluation reserve

The asset revaluation reserve is used to record increases in the fair value of land and decreases to the extent such decreases relate to an increase on the same asset previously recognised in equity.

Plant and equipment/leasehold improvements

Plant and equipment and leasehold improvements are measured at cost less depreciation, amortisation and impairment losses.

The depreciable amounts of all fixed assets including leasehold improvements, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the Company, commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rate
Leasehold improvements	2% - 20%
Plant & equipment	10% - 33.3%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

(f) Impairment of assets

At each reporting date, the Company reviews the carrying values of its assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed.

(g) Employee entitlements

Provision is made for the Company's liability for employee entitlements and other obligations. Employee entitlements expected to be settled within one year (entitlements arising from wages and salaries and annual leave) have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Employee entitlements payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cash flows are discounted using market yields on high-quality bonds with terms to maturity that match the expected timing of cash flows. Probabilities have been applied in the calculation of long service leave entitlements in order to estimate the likelihood of an employee remaining with the Company until they are entitled to long service leave. These probabilities are based on historical trends and patterns. Employees with service in excess of 7 years have their long service leave liability included as a current liability as the Company does not have an unconditional right of deferral at balance date.

Contributions are made by the Company to complying superannuation funds and are charged as expenses when incurred.

(h) Income received in advance

Income is brought to account in the period to which it relates. Income received prior to 31 October 2016 which relates to future periods has been recorded as income received in advance.

(i) Income tax

Income Tax has not been provided for in the accounts of the Company, as the Company is an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act.

(j) Football expenses

Football expenses include football department related costs including total player payments, coaching and support staff remuneration, recruiting costs and costs in respect of the standalone VFL team.

(k) Revenue

Revenue is measured as the fair value of the consideration received/receivable. All amounts are net of returns, discounts, allowances and rebates.

Revenue is recognised when the amount can be reliably measured and it is probable that the future economic benefits will flow to the Company and the following additional criteria have been met:

- Revenue from the sale of goods is recognised upon the delivery of goods to customers, which is the date of the transfer of risks.
- Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
- Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.
- Fundraising donations which have been directly received by the Company are recognised on receipt.
- Grant income from the Australian Sports Foundation is recognised when the approved grant has been received by the Company.
- Any cost reimbursements are netted against the expense to which they relate and are not shown as revenue.

(l) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority, is classified as operating cash flows.

(m) Leases

Operating leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the Company are classified as operating leases.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Finance leases

Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred in the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2016

2. Statement of significant accounting policies (cont.)

(n) Intangible assets

Gaming entitlements

Gaming entitlements acquired are recorded at cost less accumulated amortisation and impairment.

Gaming entitlements have a finite useful life of 10 years commencing 16 August 2012. The gaming entitlements are amortised, on a straight line basis, over a 10 year period.

(o) Gaming liabilities

Gaming liabilities relate to instalment payments for the acquisition of gaming entitlements for the Windy Hill Venue and Melton Country Club. Gaming liabilities are included as non-current liabilities except those with maturities less than 12 months from the reporting date, which are classified as current.

Gaming liabilities are measured at amortised cost, using the effective interest method.

(p) Provisions, contingent liabilities and contingent assets

Provisions for legal disputes, onerous contracts or other claims are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain.

(q) Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may differ.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainty exists, as actual useful lives may differ from that estimated.

Liabilities arising from legal matters

Liabilities arising from legal matters are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of economic resources will be required from the Company and amounts can be estimated reliably. Such liabilities are estimated based on either objective evidence or where objective evidence is not available, management's best estimate. Timing or the amount of the outflow may still be uncertain.

Liabilities, net of any appropriate contributions, associated with claims made by current and former players, stemming from the ASADA/WADA investigation, have been recorded in the financial statements, based on management's best estimate after considering all relevant facts and appropriate external advice.



NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2016
3. RESULTS FROM OPERATIONS

	2016	2015
	\$	\$
(a) Revenue from ordinary activities		
(i) Operating revenue		
AFL annual distribution	9,824,470	9,090,840
Marketing revenue	12,493,197	15,118,311
Membership revenue	10,100,110	10,828,157
Merchandise - sale of goods	2,268,964	2,551,636
Match receipt revenue	216,850	905,628
Windy Hill Fitness Centre revenue	3,891,993	4,135,826
Venues revenue - sales of food and liquor	5,020,559	5,048,029
Venues revenue - other	8,519,447	8,538,875
Total operating revenue	<u>52,335,590</u>	<u>56,217,302</u>
(ii) Non-operating revenue		
Australian Sports Foundation grants	582,033	904,899
Donations revenue	288,398	789,847
Interest revenue	191,462	208,829
Rental income	102,062	82,115
Total non-operating revenue	<u>1,163,955</u>	<u>1,985,690</u>
Total revenue from operations	<u>53,499,545</u>	<u>58,202,992</u>
(b) Expenses from operations		
AFL Equalisation Levy	350,004	270,000
Administration expenses	3,235,103	3,265,255
ASADA/WADA related costs	4,921,584	460,618
Football expenses	22,981,249	23,030,232
IT expenses	674,563	706,439
Marketing expenses	7,561,363	9,506,720
Membership expenses	3,757,297	3,831,265
Merchandise - cost of sales	1,232,999	1,026,795
Rental expenses	295,406	281,040
Site expenses	3,240,081	3,163,952
Impairment expenses - Windy Hill leasehold improvements	806,833	-
Loss on disposal of assets	-	6,793
Windy Hill Fitness Centre expenses	2,812,198	3,085,939
Venue expenses	11,083,238	10,595,755
Financing costs	373,002	308,543
Total expenses from operations	<u>63,324,920</u>	<u>59,539,346</u>
Loss from operations	<u>(9,825,375)</u>	<u>(1,336,354)</u>
(c) Loss from operations above has been determined after:		
Charging/(crediting) as expenses:		
Depreciation of:		
- Plant and equipment	1,367,148	1,282,653
Amortisation of:		
- Leasehold improvements	1,705,525	1,644,934
- Intangibles	367,304	367,304
Impairment expenses - Windy Hill leasehold improvements	806,833	-
Doubtful debts provided for or written off	26,640	241,090
Doubtful debts recovered	-	(49,318)
Venue cost of sales - food and liquor	1,591,638	1,541,274
Employee expenses	18,113,161	19,576,374

4. TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Trade and sundry debtors	888,722	2,097,996
Less allowance for impairments	(26,640)	(241,090)
	<u>862,082</u>	<u>1,856,906</u>

Allowance for impairment of receivables

An allowance for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in administration expenses. A reconciliation of the movement in the allowance for impairment of trade receivables is shown below.

	2016	2015
	\$	\$
Opening balance	241,090	123,918
Additional allowance	26,640	241,090
Amounts used or recovered	(241,090)	(123,918)
Closing balance	<u>26,640</u>	<u>241,090</u>

5. INVENTORIES

	2016	2015
	\$	\$
Merchandise - at cost	196,522	323,489
Less provision for obsolescence	(44,532)	(53,829)
Food and liquor - at cost	158,640	177,476
	<u>310,630</u>	<u>447,136</u>

6. OTHER ASSETS

	2016	2015
	\$	\$
Prepaid expenses	<u>801,113</u>	<u>741,971</u>

7. PROPERTY, PLANT AND EQUIPMENT

	2016	2015
	\$	\$
Land - at independent valuation (a)	5,550,000	5,550,000
Plant and equipment - at cost	12,622,592	11,566,126
Accumulated depreciation	(6,560,505)	(5,193,357)
Accumulated impairment (b)	(11,903)	-
	<u>6,050,184</u>	<u>6,372,769</u>
Leasehold improvements - at cost	40,642,149	40,110,924
Accumulated amortisation	(11,004,115)	(9,298,560)
Accumulated impairment (b)	(794,930)	-
	<u>28,843,104</u>	<u>30,812,334</u>
Total property, plant and equipment	<u>40,443,288</u>	<u>42,735,103</u>

(a) An independent valuation of freehold land in Napier Street, Essendon, was undertaken on 12 October 2015 by P.W. Stokes CEA FAPI FREI. This valuation was based on the market value of the land at the time. The Directors have not commissioned a valuation of the land during the current financial year on the basis that market factors do not indicate a material change in fair value from the carrying value of the land.

(b) In accordance with the Accounting Standards, the vacated assets and space at Windy Hill, which are no longer being used for their original purpose by the football and administration departments, has now been impaired.

7. PROPERTY, PLANT AND EQUIPMENT (CONT.)

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the financial year:

2016	Land	Plant & equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Beginning of the year	5,550,000	6,372,769	30,812,334	42,735,103
Additions	-	1,056,466	531,225	1,587,691
Depreciation/ amortisation expense	-	(1,367,148)	(1,705,525)	(3,072,673)
Impairment	-	(11,903)	(794,930)	(806,833)
End of financial year	<u>5,550,000</u>	<u>6,050,184</u>	<u>28,843,104</u>	<u>40,443,288</u>

8. INTANGIBLE ASSETS

	2016	2015
	\$	\$
Gaming entitlements	3,673,039	3,673,038
Less accumulated amortisation	(1,545,245)	(1,177,940)
	<u>2,127,794</u>	<u>2,495,098</u>
Opening balance	2,495,098	2,862,402
Amortisation expense	(367,304)	(367,304)
Closing balance	<u>2,127,794</u>	<u>2,495,098</u>

9. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Current		
Trade creditors	1,638,441	1,277,667
Accruals and other liabilities	3,136,575	2,987,965
	<u>4,775,016</u>	<u>4,265,632</u>

10. PROVISIONS

	2016	2015
	\$	\$
Current		
Employee entitlements	2,275,532	1,315,097
Other	2,267,943	-
	<u>4,543,475</u>	<u>1,315,097</u>
Non-current		
Employee entitlements	<u>174,033</u>	<u>122,684</u>

11. INCOME RECEIVED IN ADVANCE

	2016	2015
	\$	\$
Trading income received in advance	<u>892,877</u>	<u>100,146</u>

12. OTHER FINANCIAL LIABILITIES

	2016	2015
	\$	\$
Current		
Gaming entitlement instalments	703,709	666,761
Finance lease liabilities	80,527	-
	<u>784,236</u>	<u>666,761</u>
Non-current		
Gaming entitlement instalments	-	703,709
Finance lease liabilities	187,517	-
	<u>187,517</u>	<u>703,709</u>

The Company's finance lease liabilities are secured by the related assets held under finance lease.

13. BORROWINGS

	2016	2015
	\$	\$
Non-current		
Borrowings	<u>9,006,603</u>	<u>5,000,000</u>
Unused limits/facilities	Amount of facility	Unused
	\$	\$
Westpac finance facility	10,000,000	2,000,000
Bendigo Bank finance facility	2,935,000	1,928,397
	<u>12,935,000</u>	<u>3,928,397</u>

Covenants

The Bendigo Bank facility requires the Company to maintain specific financial covenants and is secured by the freehold land assets of the Company.

14. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, the entity considers cash to include cash on hand, cash in banks and short-term investments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:

	2016	2015
	\$	\$
Cash on hand	368,057	328,711
Cash at bank	2,904,392	848,078
Total cash and cash equivalents	<u>3,272,449</u>	<u>1,176,789</u>

b) Reconciliation of net cash from operating activities to net loss:

	2016	2015
	\$	\$
Loss for the year	(9,825,375)	(1,336,354)
<i>Adjustments for:</i>		
Loss from disposal of fixed assets	-	6,793
Non-cash financing costs of investing activities	78,196	123,383
Non-cash financing costs of financing activities	7,089	-
Depreciation and amortisation	3,439,977	3,294,891
Impairment of non-current assets	806,833	-
<i>Changes in assets and liabilities:</i>		
Decrease in receivables and other assets	1,150,132	1,005,992
(Decrease)/increase in provision for doubtful debts	(214,450)	117,172
Decrease in inventory	145,803	274,524
Decrease in provision for obsolete stock	(9,297)	(126,286)
Increase/(decrease) in payables and income in advance	1,302,112	(2,003,792)
Increase in provisions	3,279,727	7,571
Net cash flows from operating activities	<u>160,747</u>	<u>1,363,894</u>



15. CAPITAL AND LEASING COMMITMENTS

Operating commitments

	2016	2015
	\$	\$
Payable:		
- not later than one year	626,658	529,165
- later than one year but not later than 5 years	2,456,287	2,197,233
- later than 5 years	3,588,961	4,228,579
	<u>6,671,906</u>	<u>6,954,977</u>

Operating commitments relate to the lease of Windy Hill precinct, Melton Country Club, Windy Hill Fitness Centre Equipment, and the High Performance Centre, along with an annual distribution to EFCSC Limited.

Capital commitments

There are no capital expenditure commitments at the end of the 2016 financial year (2015: \$nil).

16. CONTINGENT LIABILITIES

There are no contingent liabilities at the end of the financial year.

17. KEY MANAGEMENT PERSONNEL

	2016	2015
	\$	\$
Short term employee benefits	1,898,573	1,977,775
Post employment benefits	117,218	133,775
Key management personnel compensation included in employee expenses	<u>2,015,791</u>	<u>2,111,550</u>

18. SUBSEQUENT EVENTS

No matters or circumstances have arisen between the end of the financial year and the date of this report which have or may significantly affect the operations of the Company or the state of affairs of the Company in subsequent financial years.



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