



# 2018 FINANCIAL STATEMENTS

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GEELONG FOOTBALL CLUB LTD  
& ITS CONTROLLED ENTITIES



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## FINANCIAL STATEMENTS

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# DIRECTORS' REPORT

The Directors present their report together with the financial report of the Geelong Football Club Limited and its Controlled Entities ('the Club') for the year ended 31 October 2018, and the auditor's report thereon.

## 1. DIRECTORS

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

### COLIN BRUCE CARTER — PRESIDENT

|                        |   |
|------------------------|---|
| <i>Qualifications</i>  | <i>B.Com, MBA</i>   |
| Tenure                 | Geelong Football Club Limited Director appointed 30 July 2008, and President for eight years.   |
| Experience             | Colin joined the Board of Directors in July 2008 after previously serving from 1987 until 1993 when he stepped down on being appointed to the AFL Commission, a role he held until early 2008. Colin is currently a senior adviser to The Boston Consulting Group (BCG) and a director of Lendlease, the National Golf Club and The Australian Ballet Foundation. Until recently, he served on the boards of SEEK, Wesfarmers and World Vision. His career was with BCG as a consultant advising on strategy, organisation and governance issues. |
| Other Responsibilities | Member of Geelong Football Club Limited Corporate Governance Committee, Finance & Audit Committee and Remuneration Committee  |

### ROBERT JOHN GARTLAND — VICE PRESIDENT

|                        |   |
|------------------------|---|
| <i>Qualifications</i>  | <i>Cert. IV Business (Estate Agency Practice), CEA (REIV) MAICD</i>   |
| Tenure                 | Geelong Football Club Limited Director appointed 15 June 2007, and Vice President for five years  |
| Experience             | Bob has been a Director of the Geelong Cats since 2007, Vice President since 2014, chair of the Geelong Cats Honouring the Past Management Committee, a Foundation Member of the Geelong Cats Forever Bequest Club, Chair of the Geelong Cats History Society and a Life Member of the Geelong Football Club. Bob has received substantial recognition for his business achievements and was awarded 'Business of the Year' in the Geelong Business Excellence Awards. Bob has served on various business and community boards in the Geelong Region, is an Ambassador for Anam Cara Community Hospice and was awarded the Hitchcock Medal for services to the community. |
| Other Responsibilities | Chair of Geelong Football Club Limited Remuneration Committee   |

### JUSTIN TREMAYNE ANDREWS — DIRECTOR

|                        |   |
|------------------------|---|
| <i>Qualifications</i>  | <i>B.Com</i>  |
| Tenure                 | Geelong Football Club Limited Director appointed 31 July 2013   |
| Experience             | Justin brings a long history of success in sales and marketing to the Board. For six years Justin was the Managing Director of Luxottica Greater South Pacific. He was in charge of a portfolio of 27 famous brands including Oakley, Ray Ban, Vogue and Oliver Peoples in the Greater South Pacific region. Justin now resides with his family in New York City where he is a Senior Vice President for Luxottica and is responsible for business growth and strategy reporting back to the head offices in Italy. Luxottica has just merged with Essilor and EssilorLuxottica is listed in France. Justin and his family are long-time members of the Club. |
| Other Responsibilities | Member of Geelong Football Club Limited Remuneration Committee  |

**CRAIG MILTON DRUMMOND — DIRECTOR**

|                        |  |
|------------------------|--|
| <i>Qualifications</i>  | <i>B.Com, CA, S F Fin</i>  |
| Tenure                 | Geelong Football Club Limited Director appointed 1 August 2011<br>Geelong Football Club Foundation Pty Limited Director for five years   |
| Experience             | Craig Drummond joined Medibank in July 2016 as Chief Executive Officer. Medibank is a leading private health insurer and health services company committed to supporting the health and wellbeing of Australians. Craig has more than 30 years of experience in the financial sector including Group Executive Finance and Strategy at NAB from 2013 to 2016 and Chief Executive Officer and Country Head at Bank of America Merrill Lynch from 2009 to 2013. He also held various roles at Goldman Sachs JB Were from 1986 to 2009 including Chief Executive Officer. Craig is a Finance Committee member at Ian Potter Foundation and is a lifelong proud and passionate Geelong Cats supporter. |
| Other Responsibilities | Chairman of Geelong Football Club Limited Finance & Audit Committee  |

**HUGH GALBRAITH SEWARD — DIRECTOR**

|                        |   |
|------------------------|---|
| <i>Qualifications</i>  | <i>M.B, B.S, D.Obst, R.C.O.G, F.A.C.S.P, F.A.S.M.F, F.S.E.M (UK)</i>  |
| Tenure                 | Geelong Football Club Limited Director appointed 15 November 2010   |
| Experience             | Hugh was awarded a Member of the Order of Australia in 2017 for his services to Australian Football in the treatment and prevention of injuries. He was the Club's doctor for 25 years from 1982 to 2006. He is Chair of The Geelong College and the former Chief Executive Officer of the AFL Doctors Association. He is a Conjoint Senior Lecturer at Deakin University. Hugh continues to practice as a sports physician and general practitioner in Newtown. Hugh is a Life Member of the Geelong Football Club and the Australian Football League. |
| Other Responsibilities | Member of Geelong Football Club Limited Corporate Governance Committee  |

**KATE SPARGO — DIRECTOR**

|                        |   |
|------------------------|---|
| <i>Qualifications</i>  | <i>Bachelor of Laws (Hons), Bachelor of Arts, FAICD</i>   |
| Tenure                 | Geelong Football Club Limited Director appointed 1 May 2016   |
| Experience             | Kate has been a Director and Member of the Finance & Audit Committee for two and a half years. She has followed the Cats since working in the histopathology laboratory at Geelong Hospital. Kate is a director of CIMIC, Adairs, Xenith IP, Sonic Healthcare and Sigma Healthcare. As a Director, she is working to achieve sustainable programs to enhance workplace physical and mental wellbeing. At the Cats, player wellbeing, on and off the field and post football, is a special interest. She is excited about the forthcoming AFLW season and its role in further enhancing the club's culture. Her qualifications include Bachelor of Laws (Hons), Bachelor of Arts, FAICD. |
| Other Responsibilities | Member of the Finance & Audit Committee   |

**DIANA CLARE TAYLOR — DIRECTOR**

|                        |  |
|------------------------|--|
| <i>Qualifications</i>  | <i>LL.B (Hons), B.A, AICD Dip.</i>   |
| Tenure                 | Geelong Football Club Limited Director appointed 13 January 2010   |
| Experience             | Diana is a qualified lawyer, company director and consultant. Diana operates her own consulting business in the areas of workplace relations, governance, leadership and sport across a wide range of sectors, and on a part-time basis is the General Counsel for Netball Australia. Diana has close to 20 years of AFL, State and Community football administration experience with her previous roles including President of the Western Region Football League, Victorian Football League Tribunal member, Victorian Football League Appeal Board member and AFL Victoria Community Football Board member. Diana is also a Victorian Telstra Business Woman of the Year Award Winner (Private & Corporate), Chair of Anam Cara House Geelong, and is Board Member on the Geelong Authority, the Melbourne Convention and Exhibition Trust and the Barwon Sports Academy. |
| Other Responsibilities | Chair of Geelong Football Club Limited Corporate Governance Committee  |

**BRIAN CARLYLE COOK — CHIEF EXECUTIVE OFFICER AND DIRECTOR**

| <i>Qualifications</i>  | <i>M.Ed</i>  |
|------------------------|--|
| Tenure                 | Geelong Football Club Limited Chief Executive Officer for nineteen years<br>Geelong Football Club Limited Director appointed 21 December 2009<br>Chair of Geelong Football Club Foundation Pty Limited for five years  |
| Experience             | One of Australia's most respected sporting administrators. Since March 1999 Brian has overhauled the Club's operations, overseen a dramatic transformation in the Club's finances, and a redevelopment of GMHBA Stadium while leading the Club to three AFL Premierships. Brian has been awarded a number of honours including AFL Life Membership, Geelong Football Club Life Membership, the Eunice Gill Award for coaching services at a national level, the Australian Sports Medal, the Australian Sports Executive of the Year (2007) and the RJ Hickey award. Brian is also an Ambassador for Wombats Wish, Director and Chair of Barwon Health, Director of Slade Group and an Adjunct Professor at Deakin University. |
| Other Responsibilities | Member of Geelong Football Club Limited Corporate Governance Committee, Finance & Audit Committee and Remuneration Committee   |

**2. COMPANY SECRETARY**

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

**SIMON JAMES KELLEHER — COMPANY SECRETARY**

| <i>Qualifications</i>  | <i>B.Com, C.A &amp; AICD</i>  |
|------------------------|---|
| Tenure                 | Geelong Football Club Limited Chief Financial Officer (CFO) for five months.  |
| Experience             | Simon is a qualified Chartered Accountant and a member of the Australian Institute of Company Directors.<br><br>Prior to joining Geelong Football Club, Simon was a key Executive member of the Carlton Football Club as CFO since 2015. Simon has held several other positions in the Sports and Entertainment Industry including Group Financial Controller at the Victorian Racing Club and Group Finance Manager at ASX Listed entity Crown Resorts, in addition Simon has held a number of Directorship roles in related organisations and at Community Sport level.<br><br>In his role as CFO at the Geelong Football Club Simon also leads Club strategy, legal and risk, information technology, venue operations and the operations of the Club Foundation activities. |
| Other Responsibilities | Attends by invitation - Geelong Football Club Limited Finance & Audit Committee, Corporate Governance Committee, Remuneration Committee and Geelong Football Club Foundation Pty Ltd Board  |

**3. PRINCIPAL ACTIVITIES**

The principal activities of the Club are the playing and promotion of the game of Australian Rules Football and the operation of related facilities. The Club is a member of the Australian Football League. There has been no significant change in the nature of these activities during the year.

**4. OBJECTIVES & STRATEGIES OF THE CLUB****1. Nurture Our Club Culture**

- Be an employer of choice
- All staff values alignment is measured through the recruitment and selection process
- Club engagement is at least 80% in each survey
- Genuine aspiration to develop people
- All staff have an annual Performance and Development plan and have at least one review per year
- Identify staff to participate in further professional development programs
- We are collaborative in decision making

- We have great collaboration and diversity of thought through our departments and working groups
- We continue to review and improve stakeholder relationships
- We preserve and promote our 160 year history

## 2. Have Sustained On-Field Success

- Rate in the top 4 of AFL Clubs who look after their players the best each year (AFLPA Metric)
- Aim to spend 100% of Total Player Payments each season, work within the Soft Cap as per annual budget expectations and remain within regulations
- All players have a player action plan in place
- We have a well considered Club Appearance program in place
- Our partnership with Deakin University delivers the anticipated outcomes
- Support growth through the development of pathways programs
- We have a commitment to identifying and developing emerging player leaders
- Identify and develop opportunities in the digitisation, data and analytical space that address current and future needs of the club

## 3. Make a Difference in Our Community

- Our community to be proud of us
- We will advocate, lead and be a role model for positive change on social issues which are aligned to our Club values
- We will make a positive difference in our community by empowering young people to make good choices about their health and wellbeing
- The Club will have greater relevancy to more people through our involvement in the community
- All staff have access to a structured volunteer program to enable connections to the wider community
- We will partner with experts to create, review, revise and implement innovative community programs.

## 4. Build Financial Strength

- Always have a five year Strategic plan in place; supported by a five year budget
- Develop a sustainable business model by continuing to explore new and alternative revenue sources
- Our Club foundation will ensure our future is secure
- Become Australia's number one regional stadium through our strong partnership with Kardinia Park Stadium Trust and all levels of Government
- Our members and supporters are central to our decision-making
- Member satisfaction is at least 80% in each survey
- Optimise the financial return from our fixture
- Be debt free and have financial independence
- Maximise our stadium assets
- Ensure we comply with Risk management protocols
- Our technology and equipment is fit for purpose, flexible and upgraded to ensure that we remain an intelligent and modern workplace

## 5. OPERATING AND FINANCIAL REVIEW

- The Club is pleased to announce a consolidated comprehensive net profit of \$3,976,073 (FY17: comprehensive net loss \$339,849), with the Club operating result before depreciation, amortisation and asset gains \$2.8 million (FY17: \$1.9 million). The Club's net asset position is \$13.6 million (FY17: \$9.6 million). The following items were key contributors to the improved financial performance:
- Total revenue increased by 8.8% to \$62.9 million (FY17: \$57.8 million). The increase in Club revenues was primarily due to commercial revenues of \$35.7 million, increased from \$32.6 million in FY17. Attributable to this increase was the nine home games fixtured at GMHBA Stadium during the 2018 season coupled with the continued support from all our Club corporate partners, in particular our Major Partner Ford Motor Company.
- The Club would like to acknowledge and thank the continued contribution of its members, with Membership increasing by 16.0% to 65,419 (FY17: 56,577). Our members contributed to an average home game attendance of 34,206 (FY17: 35,111) and growth in our merchandise revenues increased 14.6% year on year to \$2.3 million. We acknowledge and thank our apparel partner Cotton On for their support and expertise in merchandise.
- Our club remains committed to a strong community presence and this year has seen our players involved in over 821 appearances and events throughout our communities. The Deakin Cats Community Centre has seen more than 100,000 people utilising this facility since it opened in 2013. We understand the impact the Club can have on people's lives and are proud of the work we do in this area.
- The FY18 result reflects a \$5.1 million asset gain, \$5.0 million relating to assets contributed during the financial year in relation to completion of Stage Four of GMHBA Stadium. The Club's vision for GMHBA Stadium is to provide our members, supporters and players with the very best possible facility and for the stadium to be used for other sports and events which will in turn greatly benefit the Geelong community. The Club continues to make significant investments into a range of assets and capital projects to ensure the long-term future of the Club. The Club will continue to work with the Kardinia Park Stadium Trust on Stage 5 to finish the Stadium and continue to lobby the AFL for a greater number of home games at GMHBA stadium.

## 2018 and beyond

Whilst the achievements in 2018 were below the high expectations set, the Board and management recognise that we have been extremely fortunate to experience a sustained period of on-field success and attract funding to redevelop GMHBA Stadium. Despite this success, we continue to face many challenges and are working hard to address them. The requirement for ongoing innovation and improvement across all areas of our business is critical to ensuring the long-term success of the Club. The Club is continually looking for new ways to grow our revenue and contain expenses so that we can continue to be well placed financially in a competitive environment that is changing at an unprecedented rate.

## 6. SIGNIFICANT EVENTS AFTER BALANCE DATE

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

## 7. ENVIRONMENTAL REGULATION

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

## 8. AUDITOR'S INDEPENDENCE DECLARATION

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration forms part of the Directors' report for the year ended 31 October 2018.

### *Non-audit services*

There were no non-audit services provided by the Club's auditor, Ernst & Young in the 2018 financial year.

## 9. DIRECTORS' MEETINGS

The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

| Director                                      | Directors' Meetings    | Corporate Governance Committee Meetings | Remuneration Committee Meetings | Finance & Audit Committee Meetings |
|---|------------------------|---|---------------------------------|------------------------------------|
|   | Number Attended - Held | Number Attended - Held                  | Number Attended - Held          | Number Attended - Held             |
| Colin Bruce Carter                            | 8 - 9                  | 3 - 3                                   | 2 - 2                           | 5 - 6                              |
| Robert John Gartland                          | 8 - 9                  | -                                       | 2 - 2                           | -                                  |
| Diana Clare Taylor                            | 8 - 9                  | 3 - 3                                   | -                               | -                                  |
| Hugh Galbraith Seward                         | 8 - 9                  | 3 - 3                                   | -                               | -                                  |
| Craig Milton Drummond                         | 9 - 9                  | -                                       | -                               | 5 - 6                              |
| Brian Carlyle Cook                            | 8 - 9                  | 2 - 3                                   | 2 - 2                           | 4 - 6                              |
| Kate Spargo                                   | 9 - 9                  | -                                       | -                               | 6 - 6                              |
| Justin Tremayne Andrews<br>(Leave of absence) | -                      | -                                       | -                               | -                                  |

## 10. INDEMNIFICATION AND INSURANCE OF OFFICERS

During the year the Club paid insurance premiums totalling \$8,092 in respect of Directors' and Officers' liability insurance. The policies do not specify the premium for individual Directors and Officers. The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against Directors and Officers in their capacity as Directors and Officers of the Club.

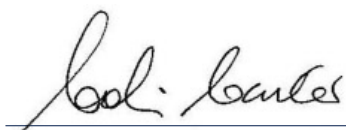
The Club has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of the Club or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract against a liability incurred for the costs or expenses to defend legal proceedings.

## 11. MEMBERS' GUARANTEE

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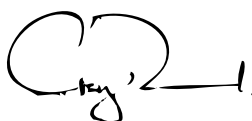
The Club is a company limited by guarantee and domiciled in Australia. Accordingly the liability of the members of the Company is limited. As stated in clause 7 of the Club's Memorandum of Association, each member of the Club undertakes to contribute to the assets of the Club in the event of it being wound up while they are a member or within one year afterwards for payment of the debts and liabilities of the Club contracted before they cease to be a member and of the costs, charges and expenses of winding up the Club and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding two dollars (\$2). At 31 October 2018 the number of members was 65,419 (2017: 56,577).

Signed in accordance with a resolution of Directors on this 26th day of November 2018.



**Colin Carter**

Director and President



**Craig Drummond**

Director



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

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

As lead auditor for the audit of Geelong Football Club Limited for the financial year ended 31 October 2018, I declare to the best of my knowledge and belief, there have been:

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

Ernst & Young

Ernst & Young

Matthew A. Honey  
Partner  
Melbourne  
26 November 2018

# CORPORATE GOVERNANCE STATEMENT

## POLICY

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

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

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

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

### The role of the Board

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

The Board's key responsibilities are to:

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

The Board's key functions include:

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

### Board composition and tenure

- The composition and tenure of the Board is governed by the Club's Constitution.
- The minimum number of Directors is seven and the maximum is nine. In addition, the CEO is a Director of the Club.
- A full Board election is conducted every three years with the next election set to take place in December 2019.

### Board committees

- The Board has established three committees to assist it in the discharge of the Board's role and responsibilities. The committees focus on specific responsibilities in greater detail than is possible for the Board as a whole.
- Each formally constituted committee has a written charter, approved by the Board.
- The Directors who are members of these committees are outlined in the Directors' report.
- The committees and their key roles are set out below:

### Corporate Governance committee

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

The key responsibilities of the Corporate Governance committee are:

- Board structure, effectiveness and succession
- Board operations and governance and relations with management
- Director performance
- Constitution currency and compliance
- Insurance & risk management

### Finance and Audit committee

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

The key responsibilities of the Finance and Audit committee are:

- Financial reporting
- Longer term financial strategies
- Accounting, financial and internal controls
- Appointment and independence of external auditors and the scope of external audit
- IT plans and strategies

### Remuneration committee

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

The key responsibilities of the Remuneration committee are:

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

### Relationship with management

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

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

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

### Board code of conduct

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

The code of conduct deals with:

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

### Communication with members

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

- The audited financial report is made available to all members on the Club's website
- An annual report is distributed to all members in December, reviewing the season's performance
- Regular emails are broadcast to those members who have provided their email addresses to the Club
- Members and supporters are communicated with electronically on Cats TV, Cats Twitter, Cats Instagram and the Cats Facebook page
- Club information is provided from time to time in various newspapers and on telephone recorded and on-hold messages
- The Club website [www.geelongcats.com.au](http://www.geelongcats.com.au) and App are regularly updated
- The Club Annual General Meeting is held each year before 31 January
- The Board and Executive management are always available to speak to members



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ending 31 October 2018

|  | NOTES  | 2018<br>\$          | 2017<br>\$          |
|--|--------|---------------------|---------------------|
| <b>INCOME</b>  |        |                     |                     |
| Revenue from Operating Activities  | 1(a)   | 60,142,055          | 55,294,320          |
| Revenue from Other Activities  | 1(b)   | 2,776,247           | 2,509,732           |
| <b>Total Revenue</b>   |        | <b>62,918,302</b>   | <b>57,804,052</b>   |
| Other income   | 1(d)   | 5,026,345           | -                   |
| <b>TOTAL INCOME</b>  |        | <b>67,944,647</b>   | <b>57,804,052</b>   |
| <b>EXPENSES</b>  |        |                     |                     |
| Commercial activities  |        | (22,587,334)        | (20,143,855)        |
| Football operations  |        | (25,861,711)        | (25,981,512)        |
| Foundations  |        | (1,192,670)         | (643,956)           |
| Finance and administration   |        | (4,742,601)         | (4,360,321)         |
| Marketing and media  |        | (2,282,333)         | (2,115,754)         |
| Facilities   |        | (2,225,407)         | (1,416,048)         |
| Depreciation and amortisation  | 2(b)   | (3,970,669)         | (2,479,107)         |
| Finance expenses   | 2(a)   | (1,190,547)         | (1,145,181)         |
| Asset gains / (written off/impaired)   |        | 95,272              | 36,058              |
| <b>Total expenses from ordinary activities</b>   |        | <b>(63,958,000)</b> | <b>(58,249,676)</b> |
| <b>Net profit/(loss) attributable to members<br/>of Geelong Football Club Limited</b>                                | 14     | <b>3,986,647</b>    | <b>(445,624)</b>    |
| <b>OTHER COMPREHENSIVE INCOME</b>  |        |                     |                     |
| Net fair value (losses)/gains on financial assets  | 14 (b) | (10,574)            | 105,775             |
| <b>Total Comprehensive Income/(Loss) for the period<br/>attributable to members of Geelong Football Club Limited</b> |        | <b>3,976,073</b>    | <b>(339,849)</b>    |

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

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 October 2018

|                                       | NOTES | 2018<br>\$        | 2017<br>\$        |
|---------------------------------------|-------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                 |       |                   |                   |
| Cash and cash equivalents             | 3     | 1,247,235         | 893,896           |
| Trade and other receivables           | 4     | 545,128           | 1,383,479         |
| Inventories                           | 5     | 757,695           | 632,409           |
| Financial assets                      | 22(h) | 1,568,280         | 1,570,649         |
| Other assets                          | 6     | 355,560           | 381,150           |
| <b>TOTAL CURRENT ASSETS</b>           |       | <b>4,473,898</b>  | <b>4,861,583</b>  |
| <b>NON CURRENT ASSETS</b>             |       |                   |                   |
| Other assets                          | 6     | 410,768           | 263,302           |
| Intangible assets                     | 7     | 13,812,181        | 15,478,145        |
| Plant and equipment                   | 8     | 12,605,151        | 8,637,355         |
| Finance lease assets                  | 9     | 21,106,112        | 8,978,134         |
| <b>TOTAL NON CURRENT ASSETS</b>       |       | <b>47,934,212</b> | <b>33,356,936</b> |
| <b>TOTAL ASSETS</b>                   |       | <b>52,408,110</b> | <b>38,218,519</b> |
| <b>CURRENT LIABILITIES</b>            |       |                   |                   |
| Trade and other payables              | 10    | 5,245,251         | 5,865,806         |
| Income received in advance            | 1(e)  | 1,644,618         | 1,666,933         |
| Interest bearing loans and borrowings | 11    | 1,000,000         | 670,000           |
| Finance lease liabilities             | 12    | 277,571           | 412,535           |
| Employee provisions                   | 13    | 1,479,039         | 1,259,720         |
| <b>TOTAL CURRENT LIABILITIES</b>      |       | <b>9,646,479</b>  | <b>9,874,994</b>  |
| <b>NON CURRENT LIABILITIES</b>        |       |                   |                   |
| Trade and other payables              | 10    | 594,278           | 799,886           |
| Income received in advance            | 1(e)  | 3,102,985         | 4,012,759         |
| Interest bearing loans and borrowings | 11    | 2,174,130         | 3,520,245         |
| Finance lease liabilities             | 12    | 23,019,945        | 10,271,735        |
| Employee provisions                   | 13    | 303,087           | 147,767           |
| <b>TOTAL NON CURRENT LIABILITIES</b>  |       | <b>29,194,425</b> | <b>18,752,392</b> |
| <b>TOTAL LIABILITIES</b>              |       | <b>38,840,904</b> | <b>28,627,386</b> |
| <b>NET ASSETS</b>                     |       | <b>13,567,206</b> | <b>9,591,133</b>  |
| <b>EQUITY</b>                         |       |                   |                   |
| Retained profits                      |       | 13,450,907        | 9,464,260         |
| Trust funds                           |       | 20                | 20                |
| Investment fluctuation reserve        |       | 116,279           | 126,853           |
| <b>TOTAL EQUITY</b>                   | 14    | <b>13,567,206</b> | <b>9,591,133</b>  |

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

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ending 31 October 2018

|   | NOTES | 2018               | 2017               |
|---|-------|--------------------|--------------------|
|   |       | \$                 | \$                 |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                       |       |                    |                    |
| Receipts from ordinary business (inclusive of GST)                |       | 66,249,373         | 64,266,344         |
| Payments to suppliers and employees (inclusive of GST)            |       | (63,031,624)       | (58,744,493)       |
| Interest paid   |       | (185,133)          | (212,468)          |
| <b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>        |       | <b>3,032,616</b>   | <b>5,309,374</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                       |       |                    |                    |
| Proceeds from sale of investments                                 |       | 1,053,269          | 655,137            |
| Proceeds from sale of plant and equipment                         |       | 3,227              | -                  |
| Proceeds from sale of Intangibles                                 |       | 424,000            | -                  |
| Payment for plant and equipment                                   |       | (785,679)          | (6,322,106)        |
| Payment for intangibles   |       | (57,145)           | (259,852)          |
| Payment for financial investments                                 |       | (1,061,474)        | (652,246)          |
| Interest received   |       | 67,636             | 76,776             |
| Dividends received  |       | 57,645             | 74,822             |
| <b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>        |       | <b>(298,521)</b>   | <b>(6,427,469)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                       |       |                    |                    |
| Repayment of borrowings   |       | (1,016,115)        | (1,734,858)        |
| Proceeds from borrowings  |       | -                  | 1,823,375          |
| Repayment of finance lease principal and interest                 |       | (1,364,641)        | (1,336,281)        |
| <b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>        |       | <b>(2,380,756)</b> | <b>(1,247,764)</b> |
| Net Increase/(decrease) in cash and cash equivalents held         |       | 353,339            | (2,365,859)        |
| Cash and cash equivalents at the beginning of the year            |       | 893,896            | 3,259,755          |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b> | 3     | <b>1,247,235</b>   | <b>893,896</b>     |

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ending 31 October 2018

|   | NOTES | RETAINED<br>PROFITS | TRUST FUNDS OF<br>CONSOLIDATED<br>FOUNDATIONS | INVESTMENT<br>FLUCTUATION<br>RESERVE | TOTAL<br>EQUITY   |
|---|-------|---------------------|---|--------------------------------------|-------------------|
|   |       | \$                  | \$  | \$                                   | \$                |
| <b>At 1 November 2017</b>                                   |       | <b>9,464,260</b>    | <b>20</b>                                     | <b>126,853</b>                       | <b>9,591,133</b>  |
| Profit/(loss) for the period                                |       | 3,986,647           | -   |                                      | 3,986,647         |
| Other comprehensive income/(loss)                           |       | -                   | -   | (10,574)                             | (10,574)          |
| <b>Total Comprehensive<br/>Income/(Loss) for the period</b> |       | <b>3,986,647</b>    | <b>-</b>                                      | <b>(10,574)</b>                      | <b>3,976,073</b>  |
| <b>At 31 October 2018</b>                                   | 14    | <b>13,450,907</b>   | <b>20</b>                                     | <b>116,279</b>                       | <b>13,567,206</b> |
| <b>At 1 November 2016</b>                                   |       | <b>9,909,884</b>    | <b>20</b>                                     | <b>21,078</b>                        | <b>9,930,982</b>  |
| Profit/(loss) for the period                                |       | (445,624)           | -   | -                                    | (445,624)         |
| Other comprehensive income/(loss)                           |       | -                   | -   | 105,775                              | 105,775           |
| <b>Total Comprehensive<br/>Income/(Loss) for the period</b> |       | <b>(445,624)</b>    | <b>-</b>                                      | <b>105,775</b>                       | <b>(339,849)</b>  |
| <b>At 31 October 2017</b>                                   | 14    | <b>9,464,260</b>    | <b>20</b>                                     | <b>126,853</b>                       | <b>9,591,133</b>  |

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



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 - REVENUE

### (a) Revenue from Operating Activities

|  | 2018              | 2017              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| AFL dividends and prize money            | 11,841,169        | 12,116,718        |
| Gaming, food and beverage                | 12,587,063        | 10,537,358        |
| Membership, seating and gate receipts    | 18,055,330        | 16,039,108        |
| Merchandise                              | 2,368,611         | 2,065,559         |
| Sponsorship, advertising and fundraising | 15,289,882        | 14,535,577        |
|  | <b>60,142,055</b> | <b>55,294,320</b> |

### (b) Revenue from Other Activities

|                          | 2018              | 2017              |
|--------------------------|-------------------|-------------------|
|                          | \$                | \$                |
| Grant revenue            | 130,000           | 182,000           |
| Philanthropic donations  | 2,083,004         | 1,780,957         |
| Interest revenue         | 67,636            | 76,776            |
| Dividends on investments | 57,645            | 74,665            |
| Other                    | 437,962           | 395,334           |
|                          | <b>2,776,247</b>  | <b>2,509,732</b>  |
| <b>TOTAL REVENUE</b>     | <b>62,918,302</b> | <b>57,804,052</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (c) Revenue Recognition

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

#### *(i) Sales Revenue*

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

#### *(ii) AFL Distributions and Match Returns*

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

#### *(iii) Membership Revenue*

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

#### *(iv) Advertising and Sponsorship Income*

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

#### *(v) Gaming Revenue*

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

#### *(vi) Grant Revenue*

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

#### *(vii) Non-reciprocal contributions*

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

### (d) Other income

As at 4 July 2018 the Club recognised leasehold improvements and plant and equipment assets located in the Club's exclusive leased areas that were transferred from the Kardinia Park Stadium Trust. All assets were recognised at fair value on the date of the acquisition and will be depreciated over their assigned useful lives. The recording of this transaction led to the Club recognising a \$5,026,345 contribution in the Statement of Comprehensive Income in accordance with AASB1004.

### (e) Income Received in Advance

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 2 - EXPENSES

The Consolidated Statement of Comprehensive Income includes the following specific expenses:

|  | 2018                | 2017                |
|--|---------------------|---------------------|
|  | \$                  | \$                  |
| <b>(a) Finance costs</b>                               |                     |                     |
| Interest paid on debts and borrowings                  | (185,133)           | (212,468)           |
| Finance charges payable under finance leases           | (931,261)           | (824,859)           |
| Deferred liability interest charge                     | (49,963)            | (77,508)            |
| Bank Fees  | (24,190)            | (30,346)            |
| <b>TOTAL FINANCE COSTS</b>                             | <b>(1,190,547)</b>  | <b>(1,145,181)</b>  |
| <b>(b) Depreciation and amortisation</b>               |                     |                     |
| Amortisation of intangible assets                      | (1,313,807)         | (968,935)           |
| Amortisation of leasehold improvements                 | (135,798)           | (41,230)            |
| Amortisation of finance lease asset                    | (868,684)           | (643,854)           |
| Depreciation of plant and equipment                    | (1,652,380)         | (825,088)           |
| <b>TOTAL DEPRECIATION, AMORTISATION AND WRITE OFFS</b> | <b>(3,970,669)</b>  | <b>(2,479,107)</b>  |
| <b>(c) Employee expenses</b>                           | <b>(33,486,795)</b> | <b>(32,051,817)</b> |
| <b>(d) Bad debts</b>                                   | <b>(14,022)</b>     | <b>(50,600)</b>     |
| <b>(e) Operating lease rentals</b>                     | <b>(1,536,824)</b>  | <b>(1,563,546)</b>  |

## NOTE 3 - CASH AND CASH EQUIVALENTS

## (a) Reconciliation of cash and cash equivalents

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

|                                      | 2018             | 2017           |
|--------------------------------------|------------------|----------------|
|                                      | \$               | \$             |
| Cash on hand                         | 151,690          | 140,871        |
| Cash at bank and short-term deposits | 1,013,750        | 594,579        |
| Cash held in managed funds           | 81,795           | 158,446        |
|                                      | <b>1,247,235</b> | <b>893,896</b> |

Cash at bank earns interest at floating rates based on daily deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Club, and earn interest at the respective short-term deposit rates.

Of the above cash and cash equivalents \$591 (2017: \$18,534) relates to Club donations received in the form of discretionary grants via the Football and Heritage Foundation in the current financial year from the Australian Sports Foundation which must be spent in accordance with the project purpose. This purpose is to upgrade GMHBA Stadium in the Kardinia Park precinct in the areas of player, training and spectator facilities (including debt reduction), purchase sports related equipment and assist in the cost of developing an exclusive training venue. The Club will use the funding to continue to invest in capital projects at GMHBA Stadium and provide elite training equipment for our players.

## (b) Cash and Cash Equivalents

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### NOTE 4 - TRADE AND OTHER RECEIVABLES

|  | 2018           | 2017             |
|--|----------------|------------------|
|  | \$             | \$               |
| <b>CURRENT</b>                           |                |                  |
| Trade receivables                        | 329,566        | 569,795          |
| Provision for doubtful debts             | (14,875)       | (50,600)         |
| <b>NET TRADE AND OTHER RECEIVABLES</b>   | <b>314,691</b> | <b>519,195</b>   |
| Accrued revenue                          | 57,244         | 446,628          |
| Other debtors                            | 173,193        | 417,656          |
|  | <b>230,437</b> | <b>864,284</b>   |
| <b>TOTAL TRADE AND OTHER RECEIVABLES</b> | <b>545,128</b> | <b>1,383,479</b> |

#### (a) Trade Receivables

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

#### (b) Other Receivables

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

#### (c) Collectability of Receivables

Collectability of trade and other receivables is reviewed on an ongoing basis by Club management. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised based on an expected loss model which takes into account the Club's experience in prior years with respect to collectability. The amount of the impairment is the receivable carrying amount compared to the present value of estimated future cash flows.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 5 - INVENTORIES**

|  | 2018           | 2017           |
|--|----------------|----------------|
|  | \$             | \$             |
| Merchandise and memorabilia  | 460,370        | 382,868        |
| Food and beverage  | 297,325        | 249,541        |
| <b>TOTAL INVENTORIES AT THE LOWER OF COST AND NET REALISABLE VALUE</b> | <b>757,695</b> | <b>632,409</b> |

**(a) Inventories**

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

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

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

**(b) Inventory expense**

Inventories recognised as cost of goods sold for the year ended 31 October 2018 totalled \$4,396,737 (2017: \$3,500,509).

**(c) Inventory impairment**

An impairment loss is recognised when there is objective evidence that inventories are being carried at an amount higher than net realisable value. Merchandise written down to its net realisable value and recognised as an expense in the current financial year totalled \$16,152 (2017: nil). This expense is recognised in commercial activities in the Consolidated Statement of Comprehensive Income.

**(d) Inventory gains/expense**

Merchandise stock loss recognised as an expense in the current financial year totalled \$10,826 (2017: \$19,049). This expense is recognised in commercial activities expenses in the Consolidated Statement of Comprehensive Income.

**NOTE 6 - OTHER ASSETS**

|                           | 2018           | 2017           |
|---------------------------|----------------|----------------|
|                           | \$             | \$             |
| <b>CURRENT</b>            |                |                |
| Prepayments               | 355,560        | 381,150        |
| <b>NON-CURRENT</b>        |                |                |
| Other debtors             | 410,768        | 263,302        |
| <b>TOTAL OTHER ASSETS</b> | <b>766,328</b> | <b>644,452</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 7 - INTANGIBLE ASSETS****(a) Carrying amounts of intangible assets measured at cost**

|  | NOTES           | 2018<br>\$        | 2017<br>\$        |
|--|-----------------|-------------------|-------------------|
| Leasehold rights at cost                           |                 | 17,090,545        | 17,201,320        |
| Less accumulated amortisation                      |                 | (4,874,924)       | (3,940,654)       |
| <b>NET CARRYING AMOUNT</b>                         | <b>(i)</b>      | <b>12,215,621</b> | <b>13,260,666</b> |
| Licences at cost                                   |                 | 1,701,075         | 2,400,583         |
| Less accumulated amortisation                      |                 | (1,074,099)       | (1,269,311)       |
| <b>NET CARRYING AMOUNT</b>                         | <b>(ii)</b>     | <b>626,976</b>    | <b>1,131,272</b>  |
| Software   |                 | 1,682,997         | 1,688,272         |
| Less accumulated amortisation                      |                 | (994,103)         | (825,610)         |
| <b>NET CARRYING AMOUNT</b>                         | <b>(iii)</b>    | <b>688,894</b>    | <b>862,662</b>    |
| <b>RIGHT TO ACQUIRE LAND AND BUILDINGS</b>         | <b>(iv)</b>     | <b>223,545</b>    | <b>223,545</b>    |
| <b>OTHER RIGHTS TO RECEIVE</b>                     | <b>(ii) (e)</b> | <b>57,145</b>     | <b>-</b>          |
| <b>TOTAL INTANGIBLE ASSETS NET CARRYING AMOUNT</b> |                 | <b>13,812,181</b> | <b>15,478,145</b> |

**(b) Reconciliation of carrying amounts (net of accumulated amortisation and impairment) at the beginning and end of the period:**

| Year ended 31<br>October 2018 | Right to<br>receive<br>Gaming<br>Entitlements | Software       | Leasehold<br>Rights | Licences         | Right to<br>Acquire Land<br>and Buildings | TOTAL             |
|-------------------------------|---|----------------|---------------------|------------------|---|-------------------|
|                               | \$  | \$             | \$                  | \$               | \$  | \$                |
| <b>At 1 November 2017</b>     | <b>-</b>                                      | <b>862,662</b> | <b>13,260,666</b>   | <b>1,131,272</b> | <b>223,545</b>                            | <b>15,478,145</b> |
| Additions                     | 57,145  | -              | 120,000             | -                | -   | 177,145           |
| Disposals / write offs        | -   | (2,280)        | (7,177)             | (310,011)        | -   | (319,468)         |
| Transfers to fixed assets     | -   | -              | (209,834)           | -                | -   | (209,834)         |
| Amortisation expense          | -   | (171,488)      | (948,034)           | (194,285)        | -   | (1,313,807)       |
| <b>At 31 October 2018</b>     | <b>57,145</b>                                 | <b>688,894</b> | <b>12,215,621</b>   | <b>629,976</b>   | <b>223,545</b>                            | <b>13,812,181</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 7 - INTANGIBLE ASSETS (CONTINUED)****(c) Intangible Assets**

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

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

**(d) Description of the Club's intangible assets*****(i) Right to Receive Gaming Entitlements***

In the 2018 financial year the Club paid a \$57,145 deposit in response to an offer from the Minister for Gaming for gaming entitlements that will be effective from 2022-2032. The deposit paid will be recouped in full from the purchasers of the existing entitlements and as such this amount will be held on the balance sheet as a Right to Receive until the entitlements are issued and transferred.

***(ii) Software***

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

***(iii) Leasehold rights***

Leasehold rights have been acquired via the Club's contributions to redevelopments at GMHBA Stadium and are being carried at cost less accumulated amortisation and accumulated impairment losses. Amounts relating to Stages 1, 2, 3, 4 and 5 have been capitalised and are being amortised using the straight line method over the remaining GMHBA Stadium lease term commencing at the completion of each stage of the development (28-40 years). These assets are subject to impairment testing on an annual basis or whenever there is an indication of impairment.

***(iv) Licences***

- The Club currently holds 150 gaming entitlements that have been recorded as licences and have a useful life of 10 years inline with their expiry. The asset was initially recorded at its present value and is subject to impairment testing on an annual basis or whenever there is an indication of impairment. During the year the Club disposed of 53 of its Geelong gaming entitlements to third parties, recognising a small gain in the Statement of Comprehensive Income. The Club is currently in negotiations to sell the remaining 17 Geelong entitlements, which will then leave the Club with only the 80 entitlements that are situated at The Brook Point Cook.
- The Club holds a gaming licence from the Victorian Casino and Gaming Authority to operate The Brook Point Cook. All costs associated with this acquisition were capitalised at cost and are being carried at cost less accumulated amortisation and accumulated impairment losses. The asset is being amortised using the straight line method over its useful life of ten years, which currently has one year remaining.

***(v) Right to acquire land and buildings***

The amount capitalised as a right to acquire land and buildings represents the fair value of the right to acquire land in Armstrong Creek through the Club's sponsorship with Villawood. The rights are being carried at fair value at date of acquisition less any accumulated impairment losses.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 8 - PLANT AND EQUIPMENT

|   | 2018              | 2017             |
|---|-------------------|------------------|
|   | \$                | \$               |
| <b>(a) Carrying amounts of plant and equipment measured at cost</b> |                   |                  |
| Leasehold improvements at cost                                      | 5,741,585         | 946,683          |
| Less accumulated amortisation                                       | (227,257)         | (90,390)         |
| <b>NET CARRYING AMOUNT</b>  | <b>5,514,328</b>  | <b>856,293</b>   |
| Plant and equipment at cost   | 11,333,440        | 11,779,048       |
| Less accumulated depreciation                                       | (4,242,617)       | (3,997,986)      |
| <b>NET CARRYING AMOUNT</b>  | <b>7,090,823</b>  | <b>7,781,062</b> |
| <b>TOTAL NET CARRYING AMOUNT</b>                                    | <b>12,605,151</b> | <b>8,637,355</b> |

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

|   | Leasehold<br>Improvements | Plant and<br>Equipment | Total              |
|---|---------------------------|------------------------|--------------------|
|   | \$                        | \$                     | \$                 |
| <b>For the year ended 31 October 2018</b> |                           |                        |                    |
| <b>Carrying amount at 1 November 2017</b> | <b>856,293</b>            | <b>7,781,062</b>       | <b>8,637,355</b>   |
| Additions                                 | 4,596,044                 | 1,265,843              | <b>5,861,887</b>   |
| Disposals / write offs                    | (12,045)                  | (303,702)              | <b>(315,747)</b>   |
| Transfers from Intangible assets          | 209,834                   | -                      | <b>209,834</b>     |
| Depreciation/amortisation expense         | (135,798)                 | (1,652,380)            | <b>(1,788,178)</b> |
| <b>Carrying amount at 31 October 2017</b> | <b>5,514,328</b>          | <b>7,090,823</b>       | <b>12,605,151</b>  |

As at 4 July 2018 the Club recognised leasehold improvements and plant and equipment assets located in the Club's exclusive leased areas that were transferred from the Kardinia Park Stadium Trust. All assets were recognised at fair value on the date of the acquisition and will be depreciated over their assigned useful lives. The recording of this transaction led to the Club recognising a \$5,026,345 contribution in the Statement of Comprehensive Income in accordance with AASB1004.

**(c) Estimation of useful lives of assets**

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

**(d) Impairment**

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### NOTE 8 - PLANT AND EQUIPMENT (CONTINUED)

#### (e) Plant and Equipment

##### (i) Owned Assets

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

##### (ii) Leased Assets

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

##### (iii) Subsequent Costs

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

##### (iv) Memorabilia

Over the years the Club has collected a considerable amount of memorabilia that is not recorded in this Financial Report. The memorabilia collection was valued in September 2018 at \$3,563,312 by Jardine Lloyd Thompson Pty Ltd. The next valuation will be undertaken in 2021.

##### (v) Depreciation

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

|                               | USEFUL LIVES |
|-------------------------------|--------------|
| Furniture & fittings          | 2-15 years   |
| Motor vehicles                | 4 years      |
| Computer equipment            | 3 - 5 years  |
| Gaming equipment              | 7 years      |
| Leasehold Improvements/Rights | 5-40 years   |

##### (vi) Disposal

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 9 - FINANCE LEASE ASSETS**

|  | 2018              | 2017             |
|--|-------------------|------------------|
|  | \$                | \$               |
| <b>(a) Carrying amounts of finance leased assets</b> |                   |                  |
| Finance lease asset - GMHBA Stadium                  | 22,601,745        | 9,657,431        |
| Less accumulated amortisation                        | (2,550,047)       | (2,037,582)      |
| <b>NET CARRYING AMOUNT</b>                           | <b>20,051,698</b> | <b>7,619,849</b> |
| Finance lease asset - gaming equipment               | 2,164,914         | 2,112,564        |
| Less accumulated amortisation                        | (1,110,500)       | (754,279)        |
| <b>NET CARRYING AMOUNT</b>                           | <b>1,054,414</b>  | <b>1,358,285</b> |
| <b>TOTAL NET CARRYING AMOUNT</b>                     | <b>21,106,112</b> | <b>8,978,134</b> |

**(b) Leases**

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

**(i) Finance lease commitments - Club as lessee**

The Club has lease agreements for the usage of GMHBA Stadium. The Club has determined that it retains substantially all the significant risks and rewards of ownership of GMHBA Stadium as the leases are for the major part of the economic useful lives of the leased assets. Thus the Club has classified this lease as a finance lease. The club agreed to a renegotiated Stadium lease in 2018 which has added \$12.94M in commitments over the term of the lease, which has not been extended. Lease payments are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss. Leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Club will obtain ownership by the end of the lease term.

**(ii) Operating lease commitments - Club as lessee**

The Club has lease agreements over the land and buildings at The Brook Point Cook and various items of office equipment. The Club has determined that it does not retain substantially all the significant risks and rewards of ownership of these leased items and thus the Club has classified these leases as operating leases. Lease payments for these leases are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 10 - TRADE AND OTHER PAYABLES**

|                                       | NOTES | 2018             | 2017             |
|---------------------------------------|-------|------------------|------------------|
|                                       |       | \$               | \$               |
| <b>CURRENT</b>                        |       |                  |                  |
| Trade payables                        | (c)   | 1,312,773        | 1,845,599        |
| Other creditors and accruals          |       | 3,932,478        | 4,020,207        |
|                                       |       | <b>5,245,251</b> | <b>5,865,806</b> |
| <b>NON-CURRENT</b>                    |       |                  |                  |
| Trade payables                        |       | -                | -                |
| Other creditors and accruals          | (d)   | 594,278          | 799,886          |
|                                       |       | <b>594,278</b>   | <b>799,886</b>   |
| <b>TOTAL TRADE AND OTHER PAYABLES</b> |       | <b>5,839,529</b> | <b>6,665,692</b> |

**(a) Recognition**

Trade and other payables are unsecured and are carried at amortised cost and are recognised for amounts to be paid in the future for goods or services received, whether or not they have been billed to the Club.

**(b) Terms and conditions**

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

**(c) Trade payables**

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

**(d) Other creditors and accruals**

The fair value of the liabilities has been calculated by discounting the expected future cash flows at the Club's implicit interest rate of 6.70%.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 11 - INTEREST BEARING LOANS AND BORROWINGS

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | \$               | \$               |
| <b>CURRENT</b>                                     |                  |                  |
| Bank loans (secured)                               | 1,000,000        | 670,000          |
|  | <b>1,000,000</b> | <b>670,000</b>   |
| <b>NON-CURRENT</b>                                 |                  |                  |
| Bank loans (secured)                               | 2,174,130        | 3,520,245        |
|  | <b>2,174,130</b> | <b>3,520,245</b> |
| <b>TOTAL INTEREST BEARING LOANS AND BORROWINGS</b> | <b>3,174,130</b> | <b>4,190,245</b> |

**(a) Interest Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

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

**(b) Financing facilities**

At 31 October 2018 the Club has the following loan facilities with the Bendigo Bank:

**(i) Players Stand loan**

The Club borrowed \$3,174,130 to finance Club contributions to the Players Stand Redevelopment which is subject to a variable rate of interest which is currently 5.25% (2017: 5.01%). At 31 October 2018, the balance remains at \$3,174,130. Annual fixed principal repayments will commence on 31 March 2019 and continue for a period of two years after the initial payment.

**(ii) Overdraft facility**

The Club has access to an overdraft facility with a limit of \$500,000 all year round. This limit temporarily increases to \$1,000,000 for the months of August to December.

**(c) Security for borrowings**

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

**(d) Defaults and breaches**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 12 - FINANCE LEASE LIABILITIES

|  | 2018              | 2017              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| <b>CURRENT</b>                             |                   |                   |
| Finance lease liability - GMHBA Stadium    | -                 | 86,055            |
| Finance lease liability - Gaming equipment | 277,571           | 326,480           |
|  | <b>277,571</b>    | <b>412,535</b>    |
| <b>NON-CURRENT</b>                         |                   |                   |
| Finance lease liability - GMHBA Stadium    | 22,138,144        | 9,167,823         |
| Finance lease liability - Gaming equipment | 881,801           | 1,103,912         |
|  | <b>23,019,945</b> | <b>10,271,735</b> |
| <b>TOTAL FINANCE LEASE LIABILITIES</b>     | <b>23,297,516</b> | <b>10,684,270</b> |

Leased liabilities are secured by the underlying leased assets.

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

The Club has finance leases for which the estimated future minimum lease payments amount to \$43,463,015 (2017: \$24,472,930) relating to the lease of GMHBA Stadium and gaming equipment. The GMHBA Stadium lease is a non-cancellable lease with an implicit interest rate of 5.3% and has a remaining lease term of 27 years. This lease was adjusted this year when the Club came to terms with KPST surrounding lease payments moving forward. The gaming lease has an implicit interest rate of 5.0% and remaining lease terms in the range of 1 to 5 years.

|  | 2018              | 2017              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Within one year                                    | 1,431,604         | 1,168,507         |
| Later than one year and not later than five years  | 6,810,503         | 4,581,181         |
| Later than five years                              | 35,220,908        | 18,723,242        |
| <b>MINIMUM LEASE PAYMENTS</b>                      | <b>43,463,015</b> | <b>24,472,930</b> |
| Less future finance charges                        | (20,165,499)      | (13,788,660)      |
| <b>TOTAL RECOGNISED AS LIABILITY AT 31 OCTOBER</b> | <b>23,297,516</b> | <b>10,684,270</b> |

The leased liabilities are secured by the underlying leased assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

## NOTE 13 - EMPLOYEE PROVISIONS

|                                  | 2018             | 2017             |
|----------------------------------|------------------|------------------|
|                                  | \$               | \$               |
| <b>CURRENT</b>                   |                  |                  |
| Provision for annual leave       | 704,020          | 588,120          |
| Provision for long service leave | 775,019          | 671,600          |
|                                  | <b>1,479,039</b> | <b>1,259,720</b> |
| <b>NON-CURRENT</b>               |                  |                  |
| Provision for long service leave | 155,621          | 147,767          |
| Other employee provisions        | 147,466          | -                |
|                                  | <b>303,087</b>   | <b>147,767</b>   |
| <b>TOTAL EMPLOYEE PROVISIONS</b> | <b>1,782,126</b> | <b>1,407,487</b> |

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

## NUMBER OF EMPLOYEES

|  |            |            |
|--|------------|------------|
| Number of full time equivalent ("FTE") employees at balance date | <b>163</b> | <b>153</b> |
|--|------------|------------|

## (a) Employee Provisions

*(i) Wages, salaries annual leave and sick leave*

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

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

*(ii) Long service leave*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at 31 October 2018 on high quality Corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

*(iii) Superannuation*

Contributions are charged as expenses when incurred, with contributions made by the Club to employee superannuation funds quarterly.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 14 - RETAINED EARNINGS AND RESERVES**

(a) Movements in retained earnings and reserves were as follows:

|  | 2018              | 2017             |
|--|-------------------|------------------|
|  | \$                | \$               |
| Balance 1 November 2017  | 9,591,133         | 9,930,982        |
| Net profit/(loss) attributable to members of the Geelong Football Club Limited | 3,986,647         | (445,624)        |
| Investment fluctuation reserve movement (b)                                    | (10,574)          | 105,775          |
| <b>BALANCE 31 OCTOBER 2018</b>   | <b>13,567,206</b> | <b>9,591,133</b> |

(b) Nature and purpose of reserves

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

**NOTE 15 - REMUNERATION OF KEY MANAGEMENT PERSONNEL**

(a) Compensation for key management personnel

|  | 2018             | 2017             |
|--|------------------|------------------|
|  | \$               | \$               |
| Short-term employee benefits           | 3,258,198        | 3,602,772        |
| Other short-term employee benefits (c) | 8,092            | 8,092            |
| <b>TOTAL COMPENSATION</b>              | <b>3,266,290</b> | <b>3,610,864</b> |

(b) Definition of key management personnel

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

**(i) Board of Directors**

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

|                       |  |
|-----------------------|--|
| Colin Bruce Carter    | Kate Spargo                                  |
| Robert John Gartland  | Justin Andrews (Leave of absence)            |
| Diana Claire Taylor   | Alastair Hamblin (Resigned 19 December 2017) |
| Hugh Galbraith Seward | Brian Carlyle Cook (Chief Executive Officer) |
| Craig Milton Drummond |  |

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

The names of the persons who were deemed to be key management personnel for all or part of the financial year are listed below:

|   |   |
|---|---|
| Senior Coach                                    | Chris Scott                             |
| Chief Financial Officer & Company Secretary     | Sue Clark (Resigned 16 March 2018)      |
| Chief Financial Officer & Company Secretary     | Simon Kelleher (Appointed 18 June 2018) |
| Chief Commercial Officer                        | Braith Cox (Appointed 1 February 2018)  |
| General Manager - Football                      | Simon Lloyd                             |
| General Manager - Food & Beverage               | Andre Smaniotto                         |
| General Manager - Community Development         | Sarah Albon                             |
| General Manager - Media, Digital & Broadcasting | Kevin Diggerson                         |
| General Manager - People and Culture            | Tracy Gilligan                          |

(c) Other short-term benefits

Other short-term benefits consist of Directors' and Officers liability insurance taken out by the Club on behalf of directors totalling \$8,092 (2017: \$8,092).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 16 - RELATED PARTIES****(a) Key management personnel total**

Details relating to key management personnel, including remuneration paid, are included in Note 15.

**(b) Transactions with key management personnel and their related parties**

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

| 31 OCTOBER 2018           | Sales to KMP   | Cost of KMP Sales in Expenses | Purchases from Related Entities | Other Revenue from KMP | Total          |
|---------------------------|----------------|-------------------------------|---------------------------------|------------------------|----------------|
|                           | \$             | \$                            | \$                              | \$                     | \$             |
| Corporate Sales (Revenue) | 123,922        | -                             | -                               | -                      | 123,922        |
| Donations (Revenue)       | -              | -                             | -                               | 344,167                | 344,167        |
| Other Sales (Revenue)     | -              | -                             | -                               | -                      | -              |
| Cost of Sales (Expense)   | -              | (61,961)                      | -                               | -                      | (61,961)       |
| Purchases (Expense)       | -              | -                             | (28,180)                        | -                      | (28,180)       |
|                           | <b>123,922</b> | <b>(61,961)</b>               | <b>(28,180)</b>                 | <b>344,167</b>         | <b>377,948</b> |

| 31 OCTOBER 2017           | Sales to KMP   | Cost of KMP Sales in Expenses | Purchases from Related Entities | Other Revenue from KMP | Total          |
|---------------------------|----------------|-------------------------------|---------------------------------|------------------------|----------------|
|                           | \$             | \$                            | \$                              | \$                     | \$             |
| Corporate Sales (Revenue) | 177,717        | -                             | -                               | -                      | 177,717        |
| Donations (Revenue)       | -              | -                             | -                               | 233,500                | 233,500        |
| Other Sales (Revenue)     | -              | -                             | -                               | -                      | -              |
| Cost of Sales (Expense)   | -              | (58,858)                      | -                               | -                      | (58,858)       |
| Purchases (Expense)       | -              | -                             | (10,537)                        | -                      | (10,537)       |
|                           | <b>177,717</b> | <b>(58,858)</b>               | <b>(10,537)</b>                 | <b>233,500</b>         | <b>281,822</b> |

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

Trade and other receivables recognised at reporting date in relation to key management personnel and their related parties was \$1,290 (2017: \$1,206)

Trade and other payables recognised at reporting date in relation to key management personnel and their related parties was \$8,823 (2017: \$0)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### NOTE 17 - COMMITMENTS FOR EXPENDITURE

#### (a) Operating lease payable commitments:

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

|  | 2018              | 2017              |
|--|-------------------|-------------------|
|  | \$                | \$                |
| Not later than 1 year                        | 1,445,002         | 1,506,405         |
| Later than 1 year but not later than 5 years | 6,068,566         | 5,933,773         |
| Later than 5 years                           | 9,763,142         | 11,344,213        |
|  | <b>17,276,710</b> | <b>18,784,391</b> |

The Club leases property, plant and equipment under non-cancellable operating leases contracted for but not recognised in the financial report with 1-20 year terms, typically with an option to renew the leases after expiry. Of the non-cancellable operating leases at 31 October 2018, \$17,221,199 (2017: \$18,585,046) relates to The Brook Point Cook gaming venue which has been taken out over a 20 year lease term.

#### (b) Remuneration commitments

The Club has contractual remuneration commitments extending beyond this financial period in respect of players, coaches and staff. The commitments as they stand at the time of preparing this report are detailed below. These figures include estimates of matches played and incentive payments for both players and coaches. The Club is not aware of any material contingent commitments that have not been recognised in this financial report.

|   | 2018              | 2017              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Not later than 1 year                         | 17,149,987        | 16,830,452        |
| Later than 1 year but not later than 2 years  | 12,548,957        | 11,059,964        |
| Later than 2 years but not later than 5 years | 7,389,026         | 5,001,314         |
|   | <b>37,087,970</b> | <b>32,891,730</b> |

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 18 - CLUB INFORMATION**

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

The registered office of the Club is:  
GMHBA Stadium  
Kardinia Park  
Geelong, Victoria, 3220

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

The financial report of the Club for the year ended 31 October 2018 was authorised for issue in accordance with a resolution of the Directors on 26 November 2018.

**NOTE 19 - INFORMATION RELATING TO GEELONG FOOTBALL CLUB LIMITED (PARENT)**

|   | 2018              | 2017              |
|---|-------------------|-------------------|
|   | \$                | \$                |
| Current assets  | 2,475,256         | 2,882,568         |
| <b>TOTAL ASSETS</b>   | <b>50,261,800</b> | <b>35,864,884</b> |
| Current liabilities   | 9,633,335         | 9,834,344         |
| <b>TOTAL LIABILITIES</b>                                      | <b>38,827,760</b> | <b>28,586,736</b> |
| <b>NET ASSETS</b>   | <b>11,434,040</b> | <b>7,278,148</b>  |
| Retained earnings   | 11,424,040        | 7,278,148         |
| <b>RETAINED EARNINGS</b>                                      | <b>11,434,040</b> | <b>7,278,148</b>  |
| Profit/(loss) of the Parent entity                            | 3,660,317         | (331,934)         |
| <b>TOTAL COMPREHENSIVE INCOME/(LOSS) OF THE PARENT ENTITY</b> | <b>3,660,317</b>  | <b>(331,934)</b>  |

**NOTE 20 - SUBSEQUENT EVENTS**

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

**NOTE 21 - ECONOMIC DEPENDENCY**

A significant portion of the income of the Club is derived from the holding of a licence issued by the Australian Football League.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 22 - COMPLIANCE AND RISK****(a) Significant Accounting Judgements, Estimates and Assumptions**

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

**(b) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Geelong Football Club Limited and its controlled entities as at and for the period ended 31 October 2018. These controlled entities include:

- Geelong Football Club Foundation Pty Ltd;
- Geelong Cats Football & Heritage Foundation; and
- Geelong Cats Community Foundation.

Controlled entities are those entities over which the Club has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Club controls another entity.

The financial statements of the controlled entities are prepared for the same reporting period as the Parent, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions, unrealised gains and losses resulting from intra-Club transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control was obtained by the Club and will cease to be consolidated from the date on which control is transferred out of the Club.

Investments in controlled entities held by Geelong Football Club Ltd are accounted for at cost in the separate financial statements of the parent less any impairment.

**(c) Going Concern**

The consolidated financial report has been prepared on the basis that the Club is a going concern, despite a net current asset deficiency of \$5,172,581 (2017: \$5,013,411). The small increase year on year relates to an increase in current employee provisions.

The going concern basis is considered appropriate as due to the seasonal nature of the Club's activities it expects to generate sufficient funds in the next quarter from membership, reserved seat sales, fundraising, gaming and sponsorship to meet its debts as and when they become due and payable and to continue to fund its ongoing operations.

The Club repaid \$1,016,115 of debt in 2018 and will repay another \$1,000,000 in March 2019. The Club continues to refine its Strategic Business Plan which sets out our short and long term financial strategies that have been developed to set the financial direction moving forward. With the Our Ambition commitments made and the execution of our Strategic Business Plan, we aim to pay off all Club debt, improve trading profitability and ensure long term viability. The Directors are confident that these strategies will be successful in allowing the Club to continue to participate in the Australian Football League.

**(d) Comparative Figures**

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

**(e) Members' Liability on Winding Up**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

**NOTE 22 - COMPLIANCE AND RISK (CONTINUED)****(f) Compliance with Australian Accounting Standards and Statutory Bodies**

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

**(i) Basis of Preparation**

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

**(ii) Currency**

The financial report is presented in Australian dollars.

**(iii) Statement of Compliance**

The Club applies AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards from Reduced Disclosure Requirements as the Club is a not-for-profit public Tier 2 entity.

As a result the Club prepares consolidated general purpose financial statements in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB - RDRs) (including Australian interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

**(iv) Changes in accounting policy and disclosures**

In the current year, the Club has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in any changes to the Club's accounting policies.

At the date of authorisation of the financial report, the following Standards and Interpretations were in issue but not yet effective.

The Club has commenced their analysis, but is yet to complete their full assessment of the impact to the financial report on initial application of the following standards:

| STANDARDS / INTERPRETATION                      | APPLICATION DATE FOR STANDARD | APPLICATION DATE FOR GROUP |
|---|-------------------------------|----------------------------|
| AASB 15 'Revenue from Contracts with Customers' | 1 January 2018                | 1 November 2018            |
| AASB 16 'Leases'                                | 1 January 2018                | 1 November 2019            |

All other accounting policies adopted are consistent with those of the previous financial year.

Other Australian Accounting Standards and interpretations that have recently been issued or amended but are not effective have not been adopted by the Club for the annual reporting period ended 31 October 2018.

**(v) Income Tax Status**

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### NOTE 22 - COMPLIANCE AND RISK (CONTINUED)

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#### **(g) Financial Assets**

The Club assesses at each balance date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred on a financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows. The discount rate used for financial assets carried at amortised cost is the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

#### **(h) Investment Fluctuation Reserve**

The Club has elected to early adopt AASB 9 Financial Instruments, requiring all equity investments to be valued at fair value through other comprehensive income and the investment fluctuation reserve is used to record increases and decreases in the fair value of equity investments.

#### **(i) GST Recognition**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office. The amounts reported for receivables and payables on the Consolidated Statement of Financial Position at balance date are inclusive of GST. The net amount of GST receivable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Consolidated Statement of Financial Position.

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

# DIRECTOR'S DECLARATION

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

In the opinion of the Directors:

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


- (a) comply with Australian Accounting Standards and Corporations Regulations 2001; and
- (b) give a true and fair view of the consolidated Club's financial position as at 31 October 2018 and of the performance for the year ended on that date;

**2. the Chief Executive Officer and the Chief Financial Officer have each declared that:**

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

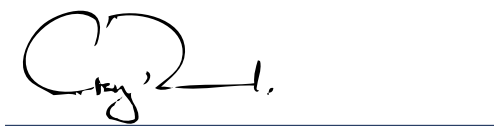
**3. there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.**

On behalf of the Board



**Colin Carter**

Director and President



**Craig Drummond**

Director

Geelong  
26 November 2018



Ernst & Young  
8 Exhibition Street  
Melbourne VIC 3000 Australia  
GPO Box 67 Melbourne VIC 3001

Tel: +61 3 9288 8000  
Fax: +61 3 8650 7777  
ey.com/au

## Independent Auditor's Report to the Members of Geelong Football Club Limited

### Opinion

We have audited the financial report of Geelong Football Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2018 and of its consolidated financial performance for the year ended on that date; and
- b) 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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 Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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 Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment 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 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 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.

*Ernst & Young*

Ernst & Young

A handwritten signature in black ink, appearing to read 'Matthew A. Honey', is written over a faint, stylized EY logo.

Matthew A. Honey  
Partner  
Melbourne  
26 November 2018



**Geelong Football Club Ltd**

GMHBA Stadium  
PO Box 461 Geelong VIC 3220

1300 462 287  
[geelongcats.com.au](http://geelongcats.com.au)  
ABN 67 005 150 81