



ANNUAL FINANCIAL REPORT

HAWTHORN FOOTBALL CLUB LIMITED

YEAR ENDING 31 OCTOBER 2014

**Hawthorn Football Club Limited
and its controlled entities
ACN 005 068 851
Annual report
for the year ended
31 October 2014**

Hawthorn Football Club Limited and its controlled entities

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Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2014

The Directors present their report together with the financial report of Hawthorn Football Club Limited ("the Club") and the Group, (being the Club and its controlled entities), for the year ended 31 October 2014 and the auditor's report thereon.

Directors

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

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

* Resigned from the board 16 March 2014

** Appointed to the board 17 April 2014

*** Appointed to the board 21 March 2014

Principal activities

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

Dividends

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

Controlled Entities

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

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

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

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW

The Club is delighted to announce a net operating profit for the year ended 31 October 2014 of \$3,420,400 (Club 2013: \$3,118,672).

Upon leasing the freehold for WestWaters Hotel on 16 December 2010, Caroline Springs Joint Venture (CSJV) agreed to pay the landlord \$9.15m of Special Rent plus interest by 30 June 2015.

During the 2014 financial year the CSJV negotiated to retire the Special Rent early. On 28th February 2014, CSJV paid \$9.9m to extinguish the liability of \$11.16m, resulting in a gain of \$1.26m. The gain on early settlement of the loan is recorded within finance income in this year's statement of profit or loss.

Repayment of the special rent was funded by refinancing of the existing banking facility held with the Bank of Melbourne as well as by the joint venture owners contribution.

After including the one-off gain on disposal of the Special Rent the consolidated net operating profit attributable to the members of the group for the year ended 31 October 2014 is \$4,770,459 (Consolidated 2013 loss: \$891,075).

Short and long term objectives of the Club

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

Performance Management

The Club measures its performance by setting targets surrounding its strategic pillars, namely; Football Operations, Financial Management, Fan and Community Engagement, Commercial Operations, People and Facilities and Infrastructure. Management conducted a business wide strategic plan health check, where the club measured itself against the key objectives of the Club's "All for One" plan. This was presented to and accepted by the board of directors at its retreat in August 2014.

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Football

Hawthorn Football Club won the 2014 AFL Premiership with a 63-point win over the Sydney Swans and in doing so achieved back-to-back premierships 25 years after doing so in 1988-1989, which marked the first time the Hawks won premierships in consecutive seasons. The team's performance on Grand Final day against a very worthy opponent was simply outstanding and credit to all involved at our Club both on and off the field.

The team endured a number of on-field challenges throughout the season, which included significant injuries to senior players such as Mitchell (hamstring; 7 weeks), Gibson (pectoral muscle; 9 weeks), Rioli (hamstring; 12 weeks total), Sewell (hamstring; 11 weeks total) and Lake (calf and suspension; 7 weeks). By Round 18, Hawthorn had played seven debutants for the year, a figure almost unheard of at a club defending its premiership.

The Club also managed the sudden illness to Senior Coach Alastair Clarkson, who was admitted to hospital in May and was diagnosed with Guillain-Barré Syndrome – an inflammation of the nervous system. Clarkson missed an unprecedented five weeks and was replaced by Assistant Coach Brendon Bolton, who coached the team to five straight wins in Clarkson's absence.

The team finished second on the ladder at the end of the home-and-away rounds, earning the double chance, and chalked up a win over modern day rivals Geelong in the first qualifying final to give themselves a week off. Hawthorn withstood a fierce final quarter Port Adelaide comeback to win the second preliminary final by three points, catapulting the Club into its third AFL grand final in three years.

Hawthorn's VFL affiliate Box Hill Hawks also made the Grand Final, but fell short by 22 points. The Box Hill Hawks Development side also finished runners up.

The Club traded in highly regarded Saint Ben McEvoy for the 2014 season and upgraded rookies Jonathon Ceglar and Will Langford, who both played a crucial role in the Hawks' season. Hawthorn also added International Rookies Kurt Heatherley and Shem Tatupu to the rookie list. In addition, the Football Department continued the focus on drafting quality and talented young players through the recruitment of Billy Hartung (debuted Round 7), James Sicily, Derick Wanganeen (debuted Round 1), Dallas Willsmore, Zac Webster and Ben Ross. Demonstrating the squad's depth, Alex Woodward won the Liston Medal and Sam Grimley the VFL's leading goal kicking award, the Frosty Miller Medal.

A number of players have concluded their football careers at the Club and we sincerely thank them all for their contributions and wish them well in their future endeavours. In particular we would like to thank Brad Sewell: 2008 and 2013 premiership player and Peter Crimmins Medallist in 2007 for his 12 years of service and 200 AFL games.

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Tasmania

This year was the third year of the latest 5 year sponsorship agreement with the Tasmanian Government. The affiliation dates back to 2001 and the Club is proud to have established a wonderful relationship with the Tasmanian Government and broader community. We will continue to work closely with Tasmania to further enhance and develop this relationship in the coming years.

Facilities

The Club is committed to providing a best-practice training and administration centre for players, coaches and staff. The Board and management are looking at future options that may better suit the Club's strategic needs and requirements.

Commercial Ventures / Investments

The WestWaters Hotel and Entertainment Complex completed its 3rd full year of operations in 2014. The venue has established itself as a genuine market leader in the area with the highlight being winning the 'Best Large Enterprise Hospitality and Tourism Business' award at the City of Melton Business Excellence awards. Always evolving and striving to provide new offerings the venue opened a Patisserie Café in the second half of the year.

The Club's Vegas at Waverley Gardens venue had another strong year in 2014 and remains an important investment for the Club.

Sponsorship

In 2014 the Club's major partnerships continued with the Tasmanian Government, iiNet, BUPA and adidas, the Club's apparel sponsor. A new partnership commenced with the Victorian Responsible Gambling Foundation and the club was pleased to have Ricoh extend its agreement as naming rights sponsor of our facilities at Waverley Park. The Club looks forward to continuous harmonious relationships with these and our other sponsors over the years ahead.

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Corporate sales and Fundraising

The Club's Corporate Sales division performed strongly in 2014 with corporate home game and MCG suites profits increasing by 16%. HFC Corporate Hospitality offerings continue to be diverse with products such as Australian Open Tennis, Boxing Day Test, Spring Racing Carnival and various concerts on offer through the Club's website, www.hfccorporatehospitality.com.au.

The fundraising highlight of the year was the Club's major fundraiser held at the Crown Palladium in July – a reunion of the Club's 88/89 back to back premierships and hosted the premiership players from each year.

Membership & Merchandise

Membership has again continued its longstanding trend by continuing to grow, this year at an outstanding rate of 8.4% to 68,650 (2013: 63,353). This was the 8th year in a row the Club has broken its membership record and puts the Club on target towards our "All for One" goal of 80,000 members by 2017. Our Tasmanian members are an important component, with 8,740 members in 2014.

Merchandise revenue increased by 35% in 2014, reaching \$5.0m (2013: \$3.7m), which is a superb achievement in a back to back premiership year. The Glenferrie HawksNest was redeveloped during the year and relaunched in June 2014 strengthening our presence in Hawthorn heartland.

Match Day Attendances

Average attendances at Melbourne home games in 2014 were 49,572 (2013: 52,809), with the highlights of the season being Round 18 fixture against eventual Grand Finalists Sydney (72,768) and Round 22 against Geelong (72,216). The average attendance in Tasmania was 13,825.

Community

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

The Club supported a variety of charitable organisations in 2014, providing match-day experiences, fundraising initiatives and awareness campaigns to help spread their messages. This year's charities included; Starlight Children's Foundation (joint major charity partner), Beyondblue (joint major charity partner), Give Me 5 For Kids.

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Community (continued)

Cancer Council Tasmania, Beacon Foundation, Step Back Think, Zaidee's Rainbow Foundation, Kokoda Track Foundation, Victoria Police Blue Ribbon Foundation and Cystic Fibrosis Victoria.

Relationships with major charity partners Beyondblue and Starlight continue to develop. Our partnership with Beyondblue is into its ninth year as we work together to reduce the stigma associated with anxiety and depression. Our association with Starlight is gathering momentum particularly among the playing group with frequent hospital visits and awareness campaigns to raise money for children and families in need. The Club's Hawks Heroes membership program delivered 193 junior memberships to disadvantaged children associated with Starlight.

Community Programs in Melbourne, Tasmania and the Northern Territory are growing stronger with 'Hawks in Schools' in Victoria continuing to spread the Healthy Eating, Healthy Living message across 16 schools delivered in conjunction with Sports Education and Development Australia. The Club continues to work closely with the Tasmanian Government to deliver meaningful and effective programs across Tasmania including Community Camps, Tassie Hawks Cup / Netball Shield and a re-structured Tassie Hawks in Schools program run in conjunction with Move Well Eat Well.

Our Indigenous Partnerships Program with the region of Katherine in the Northern Territory has continued to grow, with players and staff again visiting the area in 2014 to engage with local children and schools to deliver healthy and active lifestyle messages. The Club also welcomed eight children and two carers from Ngukurr (a remote community 320 kilometres east of Katherine) to Melbourne for a six day cultural exchange experience in conjunction with Hawthorn Auskick.

Foundation

In 2014, the Foundation relaunched its Bequest Program. By leaving a bequest, members of this group will help Hawthorn remain strong well into the future. Bequestors will share a unique sense of belonging, knowing they're playing an important part in ensuring Hawthorn remains the Destination Club.

All bequests are invested into a fund that is managed by the Foundation ensuring that Hawthorn remains financially viable for the long term and has capital resources for both on and off-field support. Consistent with this approach the Club, the Foundation and the Vidor family (who made a substantial donation in memory of their father Raymond) have agreed to fund the redevelopment of the War Room where the Hawks game plans and match day strategies are developed. The redevelopment commenced in October and should be ready for our pre-season campaign.

The Hawthorn Football Club Foundation adopted a new investment policy in early 2014 which aims to maintain the capital value of the Foundation funds, along with the purpose to grow the long term corpus of funds at a rate in excess of inflation while providing annual cash distributions to support specific football activities of the Hawthorn Football Club.

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Foundation (continued)

Due to the key objective being to initially maintain the capital value of the funds the Club has invested into entirely defensive instruments; namely cash, term deposits and fixed interest investments.

In 2014, the Foundation received donations totalling \$462,131 (2013: \$318,756) and generated \$122,891 (2013: \$136,103) in investment earnings. These contributions have assisted in increasing the funds of the Foundation to \$4,133,362.

Over the next few years the strategy and operations of the Foundation will change, grow and develop as it responds to the funding needs of the Club and assists the delivery of the infrastructure and programs required to support continued on field success.

Significant changes in the state of affairs

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

Environmental regulation

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

Events subsequent to Balance Date

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

Indemnification and insurance of Officers and Auditors

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

The Club has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of the Club or a related body corporate:

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

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Information on Directors / Company Secretary

Name	Qualifications / Club Portfolio	Experience	Date appointed / Resigned
Directors:			
P A Newbold (President Since 14 Dec'11)	Chairperson of the Board, Bachelor of Economics, Bachelor of Laws	Company Director	16 June 2003
M K Ralston (Vice President)	Chairperson of HFC Foundation Committee, Member of FRMC, Director BHHFC, Bachelor of Economics	Management Consultant	22 August 2005
G L Harris (Former Vice President)	Former Chairperson of the CSJV	Founder and former Director Flight Centre	16 March 2014
R C Amos	Chairperson of the Marketing Sub-Committee, BA (Legal / Sociology), BA (Public Relations)	Managing Director Royce Communications (1996-present) Corporate communications Adviser / Company Director	5 June 2013
J H Dunstall	Former Chairperson of the Football Sub-Committee	Former HFC premierships player 269 AFL games, Media Commentator	16 March 2014
R J Garvey	Chairperson FRMC, Chairperson of the CSJV, Bachelor of Commerce, FCA, MBA	Chartered Accountant, Company Director / Consultant	18 October 2010
A D W Gowers	Chairperson of the Football Sub-Committee, BBus(Marketing), DFS(Financial Planning)	1991 HFC premierships player 140 AFL games, Succession & Financial Consultant	17 April 2014
A H Kaye AM	MB, BS, MD, FRACS	Neurosurgeon Professor of Surgery Head, Dept of Surgery The University of Melbourne Director, Dept of Neurosurgery The Royal Melbourne Hospital	21 February 2011
L J Kristjanson	BN, MN, PhD, GAICD, Chairperson of Project Steering Committee	Vice-Chancellor and President of Swinburne University	21 March 2014
B A Stevenson	Director HFC Foundation, Director of the CSJV	Motor Vehicle dealer Company Director, Former HFC premierships player 72 AFL games	28 June 2013
Company Secretary:			
T Silvers	Bachelor of Commerce Grad Dip (Acc), CPA	10 seasons of AFL industry experience	19 October 2011

Hawthorn Football Club Limited and its controlled entities

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 OCTOBER 2014

OPERATING AND FINANCIAL REVIEW (CONTINUED)

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

Name of Director	Directors' meetings	
	A	B
P A Newbold (President)	11	10
M K Ralston (Vice President)	11	10
G L Harris (former Vice President)	4	2
R C Amos	11	9
J H Dunstall	4	1
R J Garvey	11	10
A D W Gowers	7	7
A H Kaye	11	11
L J Kristjanson	7	7
B A Stevenson	11	9

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

B Number of meetings attended

Governance

Finance and Risk Management Committee

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

Caroline Springs Joint Venture

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

Other

The Club has management sub-committees which are responsible for Football, Marketing, Player Welfare, Integrity and Compliance, the HFC Foundation and a Project Steering committee. Individual Club directors chair meetings of these sub-committees.

Lead auditor's independence declaration

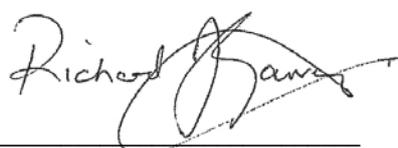
The Lead auditor's independence declaration is set out on page 12 and forms part of the Directors' report for the financial year ended 31 October 2014.

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



P A Newbold, Director

Dated at Melbourne 14 November 2014



R J Garvey, Director



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

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

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2014 there have been:

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

KPMG

KPMG

B W Szentirmay
Partner

Melbourne

14 November 2014

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

Liability limited by a scheme approved under Professional Standards Legislation.

Hawthorn Football Club Limited and its controlled entities

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2014

	Note	Consolidated		The Club	
		2014	2013	2014	2013
Continuing operations					
Revenue	4	67,663,161	64,772,874	53,603,479	50,939,062
Cost of sales		<u>(4,681,684)</u>	<u>(4,024,461)</u>	<u>(2,844,656)</u>	<u>(2,148,726)</u>
Gross Profit		62,981,477	60,748,413	50,758,823	48,790,336
Other Income	4	516,085	611,782	264,520	41,332
Sponsorship, membership & fundraising expenses		(10,331,134)	(10,682,007)	(10,280,932)	(10,605,625)
Employee and player expenses		(30,985,907)	(29,671,044)	(26,234,420)	(25,039,458)
Marketing expenses		(2,339,090)	(2,280,985)	(1,721,110)	(1,632,312)
Depreciation & amortisation		(2,179,797)	(2,160,196)	(1,205,991)	(1,195,134)
Venue management fees		(793,650)	(808,297)	(425,000)	(425,000)
Other football operations expenses		(2,793,581)	(2,652,483)	(3,002,780)	(2,710,088)
Impairment loss	13	-	(4,200,000)	-	-
Other expenses in respect to ordinary activities		<u>(9,684,280)</u>	<u>(9,082,176)</u>	<u>(5,072,576)</u>	<u>(4,401,951)</u>
		<u>(58,591,354)</u>	<u>(60,925,406)</u>	<u>(47,678,289)</u>	<u>(45,968,236)</u>
Results from operating activities		4,390,123	(176,993)	3,080,534	2,822,100
Finance income		1,599,458	341,368	358,647	337,319
Finance expenses		<u>(757,970)</u>	<u>(1,090,735)</u>	<u>(18,781)</u>	<u>(40,747)</u>
Net finance income/(expense)	5	<u>841,488</u>	<u>(749,367)</u>	<u>339,866</u>	<u>296,572</u>
Profit/(loss) before income tax		<u>5,231,611</u>	<u>(926,360)</u>	<u>3,420,400</u>	<u>3,118,672</u>
Income tax expense	3(p)	-	-	-	-
Net profit/(loss) for the year		<u>5,231,611</u>	<u>(926,360)</u>	<u>3,420,400</u>	<u>3,118,672</u>
Other comprehensive income					
Items that are or may be reclassified subsequently to the profit or loss					
Net change in fair value of available for sale investments		<u>100,573</u>	<u>380,746</u>	<u>100,573</u>	<u>380,746</u>
Total other comprehensive income for the year		<u>100,573</u>	<u>380,746</u>	<u>100,573</u>	<u>380,746</u>
Total comprehensive income for the year		<u>5,332,184</u>	<u>(545,614)</u>	<u>3,520,973</u>	<u>3,499,418</u>
Total profit attributable to:					
Members of Hawthorn Football Club		4,770,459	(891,075)	-	-
Minority Interests		<u>461,152</u>	<u>(35,285)</u>	-	-
		<u>5,231,611</u>	<u>(926,360)</u>	-	-
Total comprehensive income attributable to:					
Members of Hawthorn Football Club		4,871,032	(510,329)	-	-
Minority Interests		<u>461,152</u>	<u>(35,285)</u>	-	-
		<u>5,332,184</u>	<u>(545,614)</u>	-	-

The income statements are to be read in conjunction with the notes of the financial statements set out in pages 17 to 35.

Hawthorn Football Club Limited and its controlled entities

STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2014

Consolidated	Minority Interest	Retained earnings	Fair Value reserve	Total members' equity
	\$	\$	\$	\$
Opening balance 1 November 2012	<u>(624,559)</u>	<u>26,915,325</u>	<u>73,853</u>	<u>26,364,619</u>
Total comprehensive income for the year				
Total other comprehensive income	-	-	380,746	380,746
Profit/(loss) for the period	<u>(35,285)</u>	<u>(891,075)</u>	<u>-</u>	<u>(926,360)</u>
Total comprehensive income for the year	<u>(35,285)</u>	<u>(891,075)</u>	<u>380,746</u>	<u>(545,614)</u>
Closing balance at 31 October 2013	<u>(659,844)</u>	<u>26,024,250</u>	<u>454,599</u>	<u>25,819,005</u>
Opening balance at 1 November 2013	<u>(659,844)</u>	<u>26,024,250</u>	<u>454,599</u>	<u>25,819,005</u>
Total comprehensive income for the year				
Total other comprehensive income	-	-	100,573	100,573
Profit/(loss) for the period	<u>461,152</u>	<u>4,770,459</u>	<u>-</u>	<u>5,231,611</u>
Total comprehensive income for the year	<u>461,152</u>	<u>4,770,459</u>	<u>100,573</u>	<u>5,332,184</u>
Minority Equity contribution	<u>540,000</u>	<u>-</u>	<u>-</u>	<u>540,000</u>
Closing balance at 31 October 2014	<u>341,308</u>	<u>30,794,709</u>	<u>555,172</u>	<u>31,691,189</u>
For the year ended 31 October 2014 Club				
	\$	\$	\$	\$
Opening balance 1 November 2012	<u>-</u>	<u>22,981,684</u>	<u>73,853</u>	<u>23,055,537</u>
Total comprehensive income for the year				
Total other comprehensive income	-	-	380,746	380,746
Profit for the period	<u>-</u>	<u>3,118,672</u>	<u>-</u>	<u>3,118,672</u>
Total comprehensive income for the year	<u>-</u>	<u>3,118,672</u>	<u>380,746</u>	<u>3,499,418</u>
Closing balance at 31 October 2013	<u>-</u>	<u>26,100,356</u>	<u>454,599</u>	<u>26,554,955</u>
Opening balance at 1 November 2013	<u>-</u>	<u>26,100,356</u>	<u>454,599</u>	<u>26,554,955</u>
Total comprehensive income for the year				
Total other comprehensive income	-	-	100,573	100,573
Profit for the period	<u>-</u>	<u>3,420,400</u>	<u>-</u>	<u>3,420,400</u>
Total comprehensive income for the year	<u>-</u>	<u>3,420,400</u>	<u>100,573</u>	<u>3,520,973</u>
Closing balance at 31 October 2014	<u>-</u>	<u>29,520,756</u>	<u>555,172</u>	<u>30,075,928</u>

The income statements are to be read in conjunction with the notes of the financial statements set out in pages 17 to 35.

Hawthorn Football Club Limited and its controlled entities

STATEMENTS OF FINANCIAL POSITION

AS AT 31 OCTOBER 2014

	Note	Consolidated		The Club	
		2014	2013	2014	2013
		\$	\$	\$	\$
Current Assets					
Cash and cash equivalents	6	9,059,993	10,822,957	7,411,187	9,737,916
Trade & other receivables	7	2,096,266	2,918,415	1,987,300	2,763,728
Inventory	8	839,914	837,968	726,015	727,964
Other	10	844,045	986,547	728,997	968,660
Total current assets		12,840,218	15,565,887	10,853,499	14,198,268
Non Current Assets					
Investments	9	6,306,796	2,299,845	6,306,796	2,299,845
Investment property	11	3,808,870	3,883,867	3,808,870	3,883,867
Property, plant & equipment	12	14,898,784	14,606,509	10,653,405	10,420,346
Intangible assets	13	14,496,390	14,991,114	280,332	312,461
Trade & other receivables	7	-	-	5,751,084	4,291,084
Other	10	60,000	120,000	60,000	120,000
Total non-current assets		39,570,840	35,901,335	26,860,487	21,327,603
Total assets		52,411,058	51,467,222	37,713,986	35,525,871
Current Liabilities					
Payables	14	6,385,814	6,986,378	4,135,493	5,003,239
Interest bearing loans & borrowings	15	1,221,860	1,803,547	139,197	313,950
Employee entitlements	16	1,420,556	1,194,311	1,261,055	1,067,145
Other liabilities	17	2,020,297	2,294,205	1,920,032	2,249,425
Total current liabilities		11,048,527	12,278,441	7,455,777	8,633,759
Non Current Liabilities					
Payables	14	23,479	-	-	-
Interest bearing loans & borrowings	15	9,593,907	13,274,319	128,325	249,143
Employee entitlements	16	53,956	95,457	53,956	88,014
Total non-current liabilities		9,671,342	13,369,776	182,281	337,157
Total liabilities		20,719,869	25,648,217	7,638,058	8,970,916
Net assets		31,691,189	25,819,005	30,075,928	26,554,955
Members' Equity					
Reserves		555,172	454,599	555,172	454,599
Minority interest (CSJV)		341,308	(659,844)	-	-
Retained profits		30,794,709	26,024,250	29,520,756	26,100,356
Total members' equity		31,691,189	25,819,005	30,075,928	26,554,955

The income statements are to be read in conjunction with the notes of the financial statements set out in pages 17 to 35.

Hawthorn Football Club Limited and its controlled entities

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED 31 OCTOBER 2014

	Note	Consolidated		The Club	
		2014	2013	2014	2013
		\$	\$	\$	\$
Cash flows from operating activities					
Cash receipts in the course of operations		76,295,729	70,722,563	59,200,240	54,848,969
Cash payments in the course of operations		(68,310,695)	(62,896,426)	(54,645,104)	(49,485,383)
Net cash from operating activities		<u>7,985,034</u>	<u>7,826,137</u>	<u>4,555,136</u>	<u>5,363,586</u>
Cash flows from investing activities					
Interest received	5	276,580	271,727	273,842	267,678
Dividends received	5	83,761	82,532	83,761	82,532
Payments for property, plant & equipment		(2,194,857)	(1,826,577)	(1,465,116)	(1,250,316)
Payments for intangible assets		(498,360)	(459,533)	(64,828)	(59,016)
Investment in a controlled entity		-	-	(1,460,000)	-
Investment from a minority interest		540,000	-	-	-
Transfer to equity investment/managed funds		(4,000,000)	-	(4,000,000)	-
Proceeds from disposal of property, plant & equipment		84,807	47,519	-	47,519
Net cash (used in) from investing activities		<u>(5,708,069)</u>	<u>(1,884,332)</u>	<u>(6,632,341)</u>	<u>(911,603)</u>
Cash flows from financing activities					
Borrowing costs paid		(504,120)	(353,563)	(18,781)	(40,747)
Lease expenses paid		-	(744)	-	(744)
Proceeds from borrowings		8,941,000	-	-	-
Repayment of borrowings		(12,476,809)	(1,218,971)	(230,743)	(263,328)
Net cash (used in) financing activities		<u>(4,039,929)</u>	<u>(1,573,278)</u>	<u>(249,524)</u>	<u>(304,819)</u>
Net (decrease)/increase in cash & cash equivalents		<u>(1,762,964)</u>	<u>4,368,527</u>	<u>(2,326,729)</u>	<u>4,147,164</u>
Cash and cash equivalents at 1 November 2013		<u>10,822,957</u>	<u>6,454,430</u>	<u>9,737,916</u>	<u>5,590,752</u>
Cash and cash equivalents at 31 October 2014	6	<u>9,059,993</u>	<u>10,822,957</u>	<u>7,411,187</u>	<u>9,737,916</u>

The income statements are to be read in conjunction with the notes of the financial statements set out in pages 17 to 35.

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

1. Reporting entity

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

The financial report was authorised for issue by the Directors on 14 November 2014.

The Club is a not for profit entity.

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

2. Basis of preparation

(a) Statement of compliance

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

(b) Basis of measurement

Functional Currency

The financial report is presented in Australian dollars.

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

(c) Use of estimates and judgements

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

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

3 Significant accounting policies

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

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

3. Statement of significant accounting policies (continued)

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the group, such as CSJV and the Box Hill Hawks Football Club (BHHFC). Control exists when the Club has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the group's consolidated financial statements from the date that control commences until the date that control ceases.

The Club has adopted revised AASB3 Business Combinations (2008) and amended AASB127 Consolidated & Separate Financial Statements (2008) for business combinations occurring in the financial year starting 1 November 2009. All business combinations occurring on or after 1 November 2009 are accounted for by applying the acquisition method.

Under the accounting policy, acquisitions of a non controlling interest of itself are accounted for as transactions with equity holders in their capacity as equity holder by comparison to outsiders and no goodwill is recognised. To the extent an acquired interest when added to existing interests creates control, goodwill will be recognised.

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

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

Associates and jointly controlled entities (equity accounted investees)

Associates are those entities in which the group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. Associates and jointly controlled entities are accounted for using the equity method and are initially recognised at cost. The Club has no such investments.

(b) Property, plant and equipment

Owned Assets

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

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

Leased Assets

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

Statement of significant accounting policies (continued)

Subsequent costs

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

Depreciation

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

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

	2014	2013	Method of depreciation
Buildings	25-40	25-40	Straight line
Building improvements	5-40	5-40	Straight line
Plant and equipment	5-40	3-20	Straight line / Reducing balance
Building leasehold improvements	5-40	5-40	Straight line

Intangible assets

Goodwill

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

Subsequent measurement

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

3. Statement of significant accounting policies (continued)

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

Lease premium	40yrs
Gaming entitlements	10yrs

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

(d) Investments

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

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

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

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

(e) Investment property

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

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

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

(f) Trade and other receivables

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

3. Statement of significant accounting policies (continued)

(g) Inventories

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

(h) Cash

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

(i) Impairment

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

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

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

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

Calculation of impairment loss

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

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

3. Statement of significant accounting policies (continued)

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

Reversals of impairment

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

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

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

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

An impairment loss in respect of goodwill is not reversed.

(j) Interest-bearing borrowings

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

(k) Employee Entitlements

Defined contribution superannuation funds

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

Long Service Leave

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

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

3. Statement of significant accounting policies (continued)

Liabilities for wages, salaries and annual leave

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

(l) Provisions

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

(m) Trade and other payables

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

(n) Revenue

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

Sales Revenue

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

AFL distribution and prize money

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

Membership and match day revenue

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

Merchandise revenue

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

Marketing revenue

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

Accommodation revenue

Accommodation revenue is recognised as it is provided.

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

3. Statement of significant accounting policies (continued)

Gaming, bar and bistro revenue

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

(o) Expenses

Operating lease payments

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

Finance lease payments

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

(p) Income Tax

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

(q) Goods and services tax

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

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

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

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

(r) Segment reporting

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

(s) Finance revenue and expenses

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

(t) Changes in accounting policies

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

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

3. Statement of significant accounting policies (continued)

AASB 13 Fair Value Measurement (2011)

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurement of the Group's financial assets and liabilities.

AASB 119 Employee Benefits (2011)

In the current year, the Group adopted AASB 119 Employee Benefits (2011), which revised the definition of short-term employee benefits to benefits that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

As a result of the change, the annual leave liability for certain of the Group's employees is now considered to be an other long-term employee benefit, when previously it was a short-term benefit. The Group's obligation is determined as the amount of future benefit that employees have earned in return for their service in the current and prior periods discounted to determine its present value.

Remeasurements are recognised in profit or loss in the period in which they arise.

The Group has applied the new policy retrospectively in accordance with the transitional provision of the standard. There has not been sufficient impact to warrant any restatement.

(u) New accounting standards and interpretations not yet adopted

AASB 10 Consolidated Financial Statements and AASB 11 Joint Arrangements

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

In accordance with the transitional provisions of AASB 10, the Group assessed control for its investees at 1 November 2014 and confirmed that there is no impact to the consolidated financial statements.

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

AASB 9 Financial Instruments becomes mandatory for the Group's financial statements for the period beginning on or after 1 January 2017 and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

4. Revenue

	Consolidated		The Club	
	2014	2013	2014	2013
	\$	\$	\$	\$
AFL distribution and prize money	10,551,868	9,983,380	10,551,868	9,983,380
Membership income	10,691,860	9,731,397	10,686,596	9,726,768
Match day income	4,765,081	4,482,122	4,672,295	4,384,792
Marketing income	15,093,510	15,226,374	14,736,862	14,854,547
Merchandise income	5,044,275	3,770,066	5,040,574	3,768,421
Gaming, bar and bistro income	18,190,452	18,454,819	6,733,561	7,155,433
Accommodation income	2,098,100	2,051,532	-	-
Donations and special fundraising	820,805	681,885	774,514	674,422
Rental income from investment property	407,209	391,299	407,209	391,299
Total Revenue	67,663,161	64,772,874	53,603,479	50,939,062
Other income	516,085	611,782	264,520	41,332
Total revenue and other income	68,179,246	65,384,656	53,867,998	50,980,394

5. Finance income and expense

Interest income on bank deposits	276,580	271,727	273,842	267,678
Dividend income on available for sale investments	83,761	82,532	83,761	82,532
Gain on extinguishment of financial liability	1,258,795	-	-	-
Other	(19,678)	(12,891)	1,044	(12,891)
Finance Income	1,599,458	341,368	358,647	337,319
Interest expense	(757,970)	(1,090,735)	(18,781)	(40,747)
Finance expense	(757,970)	(1,090,735)	(18,781)	(40,747)
Net finance income/(expense)	841,488	(749,367)	339,866	296,572

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

6. Cash and cash equivalents

	Consolidated		The Club	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash on hand	816,092	831,836	369,556	415,608
Cash at bank	2,860,200	2,031,146	1,657,930	1,362,333
Short term deposit	5,383,701	7,959,975	5,383,701	7,959,975
	<u>9,059,993</u>	<u>10,822,957</u>	<u>7,411,187</u>	<u>9,737,916</u>

7. Trade and other receivables

Current

Trade receivables	1,751,385	2,801,882	1,661,711	2,655,501
Other debtors	<u>344,881</u>	<u>116,533</u>	<u>325,589</u>	<u>108,227</u>
	<u>2,096,266</u>	<u>2,918,415</u>	<u>1,987,300</u>	<u>2,763,728</u>

Non Current

Amount receivable from related parties

Loan to subsidiary – CSJV	-	-	2,881,021	1,421,021
Loan to subsidiary – CSFT	<u>-</u>	<u>-</u>	<u>2,870,063</u>	<u>2,870,063</u>
	<u>-</u>	<u>-</u>	<u>5,751,084</u>	<u>4,291,084</u>

8. Inventories

Current

Inventory	<u>839,914</u>	<u>837,968</u>	<u>726,015</u>	<u>727,964</u>
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9. Investments

Non-Current

Term deposits	1,300,000	-	1,300,000	-
Equity securities/managed funds	<u>5,006,796</u>	<u>2,299,845</u>	<u>5,006,796</u>	<u>2,299,845</u>
	<u>6,306,796</u>	<u>2,299,845</u>	<u>6,306,796</u>	<u>2,299,845</u>

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

10. Other assets

Current

Prepayments	<u>844,045</u>	<u>986,547</u>	<u>728,997</u>	<u>968,660</u>
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Non Current

Prepayments	<u>60,000</u>	<u>120,000</u>	<u>60,000</u>	<u>120,000</u>
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Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

11. Investment Property

	Consolidated	The Club
Cost	\$	\$
Balance at 1 November 2013	4,328,720	4,328,720
Acquisitions	-	-
Disposals	-	-
Balance at 31 October 2014	<u>4,328,720</u>	<u>4,328,720</u>
Depreciation		
Balance at 1 November 2013	444,854	444,854
Depreciation charge for the year	<u>74,996</u>	<u>74,996</u>
Balance at 31 October 2014	<u>519,850</u>	<u>519,850</u>
Carrying amounts		
At 1 November 2013	<u>3,883,867</u>	<u>3,883,867</u>
At 31 October 2014	<u>3,808,870</u>	<u>3,808,870</u>

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

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

12. Property, plant and equipment Consolidated reconciliation

	Land buildings & building improvements*	Plant and equipment	Building leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance at 1 November 2013	3,802,526	16,391,908	860,017	21,054,451
Acquisitions	18,154	1,833,452	143,719	1,995,325
Disposals	-	(152,150)	-	(152,150)
Balance at 31 October 2014	<u>3,820,680</u>	<u>18,073,210</u>	<u>1,003,736</u>	<u>22,897,626</u>
Depreciation				
Balance at 1 November 2013	(459,707)	(5,864,561)	(123,674)	(6,447,942)
Depreciation/amortisation charge for the year	(72,842)	(1,508,511)	(24,921)	(1,606,274)
Disposals	-	55,374	-	55,374
Balance at 31 October 2014	<u>(532,549)</u>	<u>(7,317,698)</u>	<u>(148,595)</u>	<u>(7,998,842)</u>
Carrying amounts				
At 1 November 2013	3,342,819	10,527,347	736,343	14,606,509
At 31 October 2014	<u>3,288,131</u>	<u>10,755,512</u>	<u>855,141</u>	<u>14,898,784</u>

Club reconciliation

	Land buildings & building improvements*	Plant and equipment	Building leasehold improvements	Total
Cost	\$	\$	\$	\$
Balance at 1 November 2013	3,447,811	11,380,021	754,059	15,581,891
Acquisitions	-	1,331,924	-	1,331,924
Disposals	-	-	-	-
Balance at 31 October 2014	<u>3,447,811</u>	<u>12,711,945</u>	<u>754,059</u>	<u>16,913,815</u>
Depreciation				
Balance at 1 November 2013	(459,707)	(4,637,821)	(64,017)	(5,161,545)
Depreciation/amortisation charge for the year	(72,841)	(1,007,173)	(18,851)	(1,098,865)
Disposals	-	-	-	-
Balance at 31 October 2014	<u>(532,548)</u>	<u>(5,644,994)</u>	<u>(82,868)</u>	<u>(6,260,410)</u>
Carrying amounts				
At 1 November 2013	2,988,104	6,742,200	690,042	10,420,346
At 31 October 2014	<u>2,915,263</u>	<u>7,066,951</u>	<u>671,191</u>	<u>10,653,405</u>

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2014

13. Intangible Assets

Consolidated reconciliation

	Goodwill	Lease premium	Gaming entitlements	Total
	\$	\$	\$	\$
Balance at 1 November 2013	8,237,046	9,150,000	2,695,327	20,082,373
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 October 2014	<u>8,237,046</u>	<u>9,150,000</u>	<u>2,695,327</u>	<u>20,082,373</u>
Amortisation and impairment				
Balance at 1 November 2013	(4,200,000)	(571,876)	(319,383)	(5,091,259)
Amortisation charge for the year	-	(228,751)	(265,973)	(494,724)
Impairment loss	-	-	-	-
Balance at 31 October 2014	<u>(4,200,000)</u>	<u>(800,627)</u>	<u>(585,356)</u>	<u>(5,585,983)</u>
Carrying amounts				
At 1 November 2013	4,037,046	8,578,124	2,375,944	14,991,114
At 31 October 2014	<u>4,037,046</u>	<u>8,349,374</u>	<u>2,109,971</u>	<u>14,496,390</u>

Club reconciliation

	Goodwill	Lease premium	Gaming entitlements	Total
	\$	\$	\$	\$
Balance at 1 November 2013	-	-	350,460	350,460
Acquisitions	-	-	-	-
Disposals	-	-	-	-
Balance at 31 October 2014	<u>-</u>	<u>-</u>	<u>350,460</u>	<u>350,460</u>
Amortisation and impairment				
Balance at 1 November 2013	-	-	(37,999)	(37,999)
Amortisation charge for the year	-	-	(32,129)	(32,129)
Impairment loss	-	-	-	-
Balance at 31 October 2014	<u>-</u>	<u>-</u>	<u>(70,128)</u>	<u>(70,128)</u>
Carrying amounts				
At 1 November 2013	-	-	312,461	312,461
At 31 October 2014	<u>-</u>	<u>-</u>	<u>280,332</u>	<u>280,332</u>

Goodwill

During the year ended 31 October 2013, goodwill attributed to the Club's investment in the CSJV was impaired by \$4.20m. No impairment was recorded in the current year, Goodwill remains at \$4.04m at a Group level as at 31 October 2014.

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

Lease premium

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

CSJV negotiated to fully repay the related lease premium liability during the 2014 financial year (refer note 15).

Gaming Entitlements

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

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

Payables

	Consolidated		The Club	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Trade payables	2,295,998	3,076,479	1,602,112	2,459,894
Other creditors and accruals	4,089,816	3,909,899	2,533,381	2,543,345
	<u>6,385,814</u>	<u>6,986,378</u>	<u>4,135,493</u>	<u>5,003,239</u>
Non-current				
Other creditors and accruals	<u>23,479</u>	-	-	-

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

15. Interest-bearing liabilities

Current

	Consolidated		The Club	
	2014	2013	2014	2013
	\$	\$	\$	\$
Bank loan – secured*	582,156	1,199,524	82,156	249,524
Gaming entitlements	526,309	497,957	57,041	64,426
Hire Purchase	113,395	106,066	-	-
	<u>1,221,860</u>	<u>1,803,547</u>	<u>139,197</u>	<u>313,950</u>

Non-current

Bank loan – secured*	8,740,000	875,375	-	63,375
Gaming entitlements	636,276	1,162,987	128,325	185,768
Other financing facilities – unsecured **	-	10,904,945	-	-
Hire Purchase	<u>217,631</u>	<u>331,012</u>	<u>-</u>	<u>-</u>
	<u>9,593,907</u>	<u>13,274,319</u>	<u>128,325</u>	<u>249,143</u>

Bank loan

* In 2014, CSJV Nominees refinanced the existing bank loan and used the funds to extinguish the special rent liability. A fixed and floating charge exists over the assets and undertaking of CSJV Nominees Pty Ltd. Interest is charged on these loans at fixed and variable rates. The loan balance at 31st October 2014 totalled \$9.24m.

* The Club has a secured loan balance of \$82,156 in relation to certain Vegas assets.

** Includes other loan facilities provided by third parties in respect to the leasehold premium at CSJV (refer note 13). The liability was fully repaid in 2014.

16. Employee provisions

Current

Provision for annual leave	792,545	760,962	641,028	633,796
Provision for long service leave	<u>628,011</u>	<u>433,349</u>	<u>620,027</u>	<u>433,349</u>
	<u>1,420,556</u>	<u>1,194,311</u>	<u>1,261,055</u>	<u>1,067,145</u>

Non-current

Provision for long service leave	<u>53,956</u>	<u>95,457</u>	<u>53,956</u>	<u>88,014</u>
	<u>53,956</u>	<u>95,457</u>	<u>53,956</u>	<u>88,014</u>

Defined contribution superannuation funds

The Club and Group makes contributions to a defined contribution superannuation fund. The amount recognised as an expense was Club \$1,464,398 (2013: \$1,210,253) and Group \$1,829,311 (2013: \$1,534,785) for the financial year ended 31 October 2014.

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

17. Other liabilities

	Consolidated		The Club	
	2014	2013	2014	2013
	\$	\$	\$	\$
Current				
Unearned revenue	2,020,297	2,294,205	1,920,032	2,249,425

The Club has unearned revenue relating to 2015 memberships and prepaid corporate function ticket sales.

18. Commitments

	Consolidated		The Club	
	2014	2013	2014	2013
	\$	\$	\$	\$
(a) Operating lease commitments				
Leases as lessee				
Non-cancellable operating lease rentals are payable:				
Within one year	2,550,178	2,325,873	588,230	430,270
Between one and five years	9,051,867	8,554,385	492,933	284,884
More than five years	2,626,462	4,877,843	-	-
	14,228,507	15,758,101	1,081,163	715,154

During the year \$2,561,962 was recognised as an expense in the statements of profit or loss and other comprehensive income in respect of operating leases (2013: \$2,665,712). Long term operating lease commitments relate to retail rental agreements in place for the WestWaters Entertainment Complex and the Waverley Gardens venue.

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

(b) Player commitments

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

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2013

Transactions with Directors

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

Key management personnel compensation

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

Consolidated		The Club	
2014	2013	2014	2013
\$	\$	\$	\$
<u>2,074,372</u>	<u>1,919,301</u>	<u>2,074,372</u>	<u>1,919,301</u>

Other related parties

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

The Club has a related party receivable totalling \$2,870,063 (2013: \$2,870,063) with CSFT, a wholly owned subsidiary. The amount is not repayable within twelve months, is non interest bearing and is unsecured.

The Club has a related party receivable totalling \$2,881,021 (2013: \$1,421,021) with CSJV of which it owns a 73% interest. The amount is not repayable within twelve months, is non interest bearing and is unsecured.

The Club also made operating payments totalling \$559,600 (2013: 446,650) to the BHHFC. These payments have been eliminated in the consolidated financial statements.

Hawthorn Football Club Limited and its controlled entities

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2014

20. Contributed equity and reserves

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

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

21. Group entities

The Club presents consolidated information which comprises the Club, HFC CSFT, BHHFC and HFC Foundation. The Club is the sole unit holder of CSFT. The CSFT holds the Club's interest in the CSJV, which became a subsidiary on 11 October 2010.

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

22. Hawthorn Foundation

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

23. Subsequent events

No other matters or circumstances have arisen since 31 October 2014 that will significantly affect, or may significantly affect, the operations of the group, the results of the operations, or the state of affairs of the group in subsequent years.

24. Other information

Registered office:

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

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

Directors' declaration

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

- (a) the financial statements and notes, set out on pages 13 to 35, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Club and the Group as at 31 October 2014 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 14th day of November 2014.

Signed in accordance with a resolution of the Directors:



P A Newbold

Director



R J Garvey

Director



Independent auditor's report to the members of Hawthorn Football Club Limited Report on the financial report

We have audited the accompanying financial report of Hawthorn Football Club Limited (the Club), which comprises the statements of financial position as at 31 October 2014, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 24 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration set out on pages 13 to 36 of the Club and the Group comprising the Club and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

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

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

Liability limited by a scheme approved under Professional Standards Legislation.



Independence

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

Auditor's opinion

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

- (a) giving a true and fair view of the Clubs's and the Group's financial position as at 31 October 2014 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

KPMG

B W Szentirmay
Partner

Melbourne

14 November 2014

Appendix 1

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

Once again, the 2014 year was significant for the Foundation.

2014 heralded the successful re-launch of Hawthorn's Bequest Club, Always Hawthorn. 12 inaugural members were inducted into Always Hawthorn at a function on Wednesday 27th August. Our hope is that Always Hawthorn will continue to grow and welcome new members, playing a pivotal role in ensuring the club remains financially viable, always.

The Foundation 500 club also welcomed 14 new members in 2014. An exclusive black-tie dinner, held at The Dome in Collins Street, unveiled the new vision for the Club and highlighted the fundamental role the Foundation will play in achieving this vision.

A key project of the Foundation is supporting the redevelopment of the War Room where the team game plans and strategies are developed. The funding for this included a donation from the Vidor family made in memory of their father Raymond. The redevelopment commenced in October and should be ready for Hawthorn's pre-season campaign.

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

During September the Foundation also orchestrated the laying of the remaining pavers around the John Kennedy Senior Statue. The Paver program is now closed as all pavers have been sold out.

On behalf of the Foundation, I would like to thank all donors for their ongoing support and generosity. The Foundation represents the future of the Club and its relentless pursuit in becoming the Destination Club.

I would also like to thank the Foundation Nominees for their invaluable assistance and contribution. Existing Nominees; Bruce Stevenson, Doug Battersby, Peter McKenzie and Charles Abbott. We welcomed two new Nominees during the year; Chris Voigt and Martin Jolly and we thank Guy Kurzmann who retired from the Board earlier in the year.

I would also like to acknowledge the contribution of the Foundation Ambassadors; Graham Arthur, Peter Hudson, David Parkin, Peter Knights and Sam Mitchell, all of whom have given their time and support without question.



Martin Ralston

Chairman

¹ The information contained in this Appendix does not form part of the audited statutory financial report of the Club for the year ended 31 October 2014. It has been prepared solely for the information of members and report users.

