



EVERYONE MATTERS

PURPOSE IN EVERYTHING

NO FINISH LINE

2018 FINANCIAL REPORT



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CHAIRMAN'S REPORT

There is no doubt the AFL competition has never been more even across the 18 teams.

In the end, our disappointing start to the year made it difficult to chase down the rest of the pack and despite a strong and promising finish to the season we were not good enough to play finals football.

However, there were several highlights on field that made our organisation incredibly proud. Our inspiring captain, Dyson Heppell, notched up his 150th AFL game milestone and continues to lead from the front, both on and off the field.

Our new recruits including our reigning Crichton Medallist Devon Smith, Adam Saad and Jake Stringer integrated well into the football program, each contributing strongly on-field during the year, week in and week out.

The talent of our emerging youngsters was on show via our debutants in Matt Guelfi, Jordan Ridley, Dylan Clarke and Kobe Mutch, while exciting defender Aaron Francis earned our Club's sole Rising Star nomination in Round 22.

We farewelled great people from our football club – and with that we acknowledge the outstanding contributions of Brendon Goddard, Jackson Merrett, Josh Green, Matt Dea, Matthew Leuenberger and Travis Colyer (who will continue his playing career at Fremantle).

Off the field, our pioneer Kevin Sheedy was elevated to Legend status in the Australian Football League Hall of Fame in May, joining the illustrious group of Legends across the competition, just ten years after he was inducted into football royalty.

Further, Michael Long's incredible playing career and work to empower indigenous Australians was honoured in bronze at the entrance to The Hangar earlier this year – the statue immortalising his inspiring legacy.

“
WE ARE MUCH MORE THAN JUST AN AFL TEAM.
”

But we are much more than just an AFL team.

This year, we proudly launched our inaugural VFLW team, and I congratulate all involved in establishing the foundations of a successful football program. We were delighted when history was made in October, when 18-year-old key forward Danielle Ponter became the first Essendon VFL Women's player to be drafted onto an AFL Women's list.

We also entered a team in the newly established Australian Wheelchair Football League. The side finished in fourth spot overall, while we also proudly acquired an e-sports team, who made the finals in their debut season.

As our members are no doubt proud of these organisational achievements, in turn we are continually proud of them. This year, we recorded our highest-ever number of members – significantly surpassing last year's record by over 10,000. Recording an overall number of 79,318, we look forward to breaking through the 80,000 member mark in 2019. The contribution, the loyalty and the passion our members continue to show is unrivalled. You are the lifeblood of our football club and we thank you for your support.

In consecutive years, we had one million fans attend our games and we proudly participated in our traditional blockbuster games across ANZAC Day and Dreamtime at the 'G as well as the more recently established Powercor Country Festival game.

We are a financially strong football club. This year, we take great pride in announcing a profit of \$2,321,871. Importantly we have further reduced our debt and done so quicker than initially anticipated.

We continue to focus on investment across non-traditional revenue streams, as well as strategic partnerships to strengthen the future of our football club, highlighted through our partnership with RMIT University.

At both a Federal and State Government level, discussions continue regarding the Club's proposed development and subsequent expansion of our facility, The Hangar. Excitingly, the projected expansion will include dormitory facilities which will be the first of its kind in the AFL, servicing Paralympic athletes, as well as our next generation academy participants with a focus on indigenous players from the Northern Territory – strengthening our overall commitment to establish pathways for girls and boys from the remote communities of the Tiwi Islands and West Arnhem Land.

Proudly, the new development of The Hangar will be the first permanent, physical home for the historic Australian Indigenous Sports Hall of Fame, as well as a business accelerator centre for new commercial opportunities, and we will look to re-create the Essendon Hall of Fame and Museum. We envisage the development will be completed by 2021, which will align with the Essendon Football Club's 150th year anniversary celebrations. We will continue to advise our members first of these updates as they come to hand.

We remain proud of our extensive work in the community throughout Australia, supporting major partners including Challenge and The Long Walk, and across our multicultural programs.

After seven years of a strong partnership, we acknowledge KIA Australia for their support and warmly welcome Amart Furniture who join Fujitsu as the two co-major partners of our proud football club.

Our thanks also to our valued coteries, supporter groups and volunteers. We arguably lay claim to having the biggest and strongest supporter network across the AFL and the dedication shown by all is unparalleled.

I take this opportunity to acknowledge the commitment of the Essendon Board, and the tireless work of the Club's Executive team and administration staff under the leadership and guidance of Chief Executive Officer, Xavier Campbell.

Internally, we know the hard work isn't over. In fact, it's just beginning.

We have laid strong foundations yet acknowledge there will continue to be challenges ahead. However, with challenges come opportunities, and next season is an incredibly exciting opportunity to continue our climb back up the AFL ladder.

We head into season 2019 with a great sense of optimism.

Go the Mighty Bombers.



Lindsay Tanner

FINANCE DIRECTOR’S REPORT

The year ended, 31 October 2018 was another very successful one for the club from a financial viewpoint. The headline result – a net profit of \$2,321,871 – is significantly below last year’s reported profit, but to get a better understanding of our performance it is necessary to consider movements in the underlying profit, after adjusting for what can be described as non-operating items, and to also have regard to the very significant cash generated by the business in 2018. The following table illustrates these points.

	2018 \$000	2017 \$000
Net profit per the financial statements	2,322	5,054
Less Grants and Donations		
- Normal	(394)	(160)
- Capital campaign	(626)	(3,973)
Gain on sale of Beyond Sport	(650)	-
ASADA/WADA related costs	-	406
Profit before non-operating items	652	1,327
Add Depreciation and Amortisation	3,349	3,455
Cash profit from operations	4,001	4,782

Some of the more significant movements affecting the operating result were as follows:

- Increase in membership revenues, net of expenses, of \$1.6 million. This reflected the increase in our member numbers from 67,768 to 79,318 and was helped further by reduced costs relating to member expenses as a result of the new agreement with Marvel Stadium.
- A net increase of \$0.8 million in marketing revenues, including sponsorships and match day revenues.
- A reduction of \$0.8 million in AFL distributions.
- Increase in player payments of \$0.6 due to the new collective bargaining agreement.
- Costs of \$0.3 million relating to the first year of our VFLW team.
- Additional investment in our football academies of \$0.2 million.
- Reduction in merchandise income of \$0.2 million, which includes changeover costs in relation to the change of a co-major
- Strategic consulting costs of \$0.2 million in relation to maximising commercial revenue opportunities.

Financial position

At 31 October 2018 the net assets of the Club were \$36.0 million, compared with \$32.5 million in 2017. The increase is made up of our profit for the year plus a revaluation of our carparks at Windy Hill by \$1.25 million.

Borrowings at 31 October 2018 amounted to \$3.9 million, although at the same time we had cash at bank of \$3.985 million. The exceptionally high cash balance is the result of the timing of 2019 member subscription receipts, with \$2.7 million received on the last day of the year, which in the previous year were not received until immediately after balance date.

It should also be remembered that our borrowings have been reduced by \$4.6 million received to date earmarked for the next stage of the Tullamarine development. A better understanding of our “real” borrowing position at 31 October 2018 can be gleaned from the following:

	2018 \$000	2017 \$000
Borrowings per the balance sheet	(3,900)	(6,900)
Cash on hand	3,985	2,037
Abnormally high membership receipts in advance	(2,700)	-
Net (borrowings)/cash	(2,615)	(4,863)
Less Cash received from capital campaign	(4,600)	(3,973)
Adjusted borrowings	(7,215)	(8,836)

While borrowings will increase as we embark upon the extension of our Tullamarine facility, our cash flows are very strong and leave us well placed to pay down our “old” debt in about 3 years and service additional debt incurred for the capital project.

Governance

The Audit, Risk & Integrity Committee, which I chair in my role as Finance Director, met four times during the year and involved people from all parts of the club, as well as a number of external experts, in our oversight of the club’s governance. The charter of the Audit, Risk & Integrity Committee, together with the major features of our governance systems, can be found on the club’s website at essendonfc.com.au/our-club/efc-board.

Conclusion

Members can be assured that your club is in a strong financial position and has the capacity not only to underpin our on-field efforts in 2019, but also to invest for consistent success in the years ahead. I would like to thank all who have contributed to this, including staff, members, sponsors and other stakeholders. It has been a wonderful team effort.



Paul Brasher

Finance Director

DIRECTORS’ REPORT

Your Directors present their report on Essendon Football Club (the “Company”) for the year ended 31 October 2018.

1. DIRECTORS

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

L. Tanner <i>(Chairman)</i>	P. Brasher	D. Barham	P. Cousins <i>(resigned 18 December 2017)</i>	C. Heffernan <i>(resigned 17 December 2017)</i>	K. Lay
C. Lio	S. Madden	A. Muir	M. Verner Green <i>(appointed 18 December 2017)</i>	S. Wellman <i>(appointed 18 December 2017)</i>	

All of the directors have been in office since the start of the financial year, unless stated otherwise.

2. PRINCIPAL ACTIVITY

The principal activity of the Company during the course of the financial year was to conduct the Essendon Football Club and manage its affairs and to promote the Australian game of football. There were no significant changes in the nature of the principal activities during the financial year.

3. OBJECTIVES AND STRATEGIES OF THE COMPANY

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

The Company’s short term (2019) objectives are to:

- Execute our football strategy to drive performance
- Build best practice member and supporter experience
- Continue to re-establish the club as the benchmark community club
- Improve financial position while continuing to invest in strategic initiatives as well as our training and administration facilities
- Further strengthen key stakeholder relationships
- Continue to focus on innovation and growth

The Company’s medium term (2020-2022) objectives are to:

- Deliver best practice member and supporter experience
- Embed the EFC football strategy and culture, to deliver sustained success
- Maximise and leverage key commercial relationships
- Deliver best practice community outcomes, participation & engagement
- Maximise investments and return the club to a position of financial strength
- Drive and execute purposeful innovation to deliver new revenues
- Proactively engage broader industry stakeholders
- Focus on maximising high performance culture accross the entire business

We are Always Striving to make our people proud.

4. OPERATING RESULT

For the year ended 31 October 2018 the Company had an operating profit of \$2,321,871 (2017: \$5,054,186).

5. MEETINGS OF DIRECTORS

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

NAME OF DIRECTOR	DIRECTORS’ MEETINGS		AUDIT, RISK & INTEGRITY COMMITTEE MEETINGS		NOMINATIONS & REMUNERATION COMMITTEE MEETINGS		REMUNERATION COMMITTEE	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended
L. Tanner	13	13	-	-	-	-	-	-
D. Barham	13	13	2	2	-	-	-	-
P. Brasher	13	12	4	4	-	-	2	2
P. Cousins	2	2	2	2	-	-	-	-
M. Verner Green	11	11	-	-	-	-	-	-
C. Heffernan	2	1	-	-	-	-	-	-
K. Lay	13	11	4	4	3	3	2	2
C. Lio	13	13	-	-	3	3	2	2
S. Madden	13	11	-	-	-	-	-	-
A. Muir	13	11	-	-	3	3	2	2
S. Wellman	11	11	-	-	-	-	-	-

6. INFORMATION ON CURRENT DIRECTORS

LINDSAY TANNER – CHAIRMAN

Bachelor of Laws, Master of Arts

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

PAUL BRASHER – FINANCE DIRECTOR & DEPUTY CHAIRMAN

Bachelor of Economics (Hons), FCA, FAICD

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

DAVID BARHAM

David was elected to the Board in December 2015. He has almost 40 years experience in the Television industry. David has been responsible for the broadcast of 9 AFL Grand Finals for the Ten and Seven Networks, as either a producer, Executive Producer and Head of Sport. David has also been responsible for Commonwealth Games Broadcasts from India and Scotland, Olympics from Sochi in Russia as well as 6 Australian Grands Prix. Over the past 6 years David has produced 5 years of the Big Bash for Ten and was recently appointed by Seven as Head of Cricket. David is one of the most experienced television executives in Australia.

MELISSA VERNER GREEN

Melissa joined the Board in December 2017 and is Chair of the Women's Football Committee, a member of the Essendon Executive Club and the Essendon Women's Network coterie groups. Melissa is a customer focused commercial leader with over 26 years experience in the media and advertising industry and is currently National Agency Lead at Facebook Australia. She is a thought leader, helping Marketers understand the digital revolution, with the current opportunity of mobile and technology. Following a successful 15 year career in radio including Triple M Football, she joined Fairfax Digital in 2010 as their State Sales Manager (VIC) then later became Sales Director at Fairfax Media where she led the digital transformation of the sales team. She has previously held a Victorian Board Member position at Starlight Children's Foundation.

KEN LAY AO APM

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

Ken joined the Board in December 2015. He is a member of the Audit, Risk & Integrity and Nominations & Remuneration Committees and chairs the Gender Diversity Working Group. He was Chief Commissioner of Victoria Police from 2011 – 2015 in a career that spanned over 40 years with the force. In 2015, he was appointed as the Chair of the Council of Australian Governments Expert Advisory Panel on Family Violence as well as Chair of the Prime Minister's National Ice Task Force. Ken is currently Chair of the Ambulance Victoria Board, a Director of the National Heavy Vehicle Regulator, a Director of the Alannah and Madeline Foundation, and a former Non-Executive Director of Dixon Hospitality Ltd. He was awarded an Officer of the Order of Australia in the 2017 Australia Day Awards for services to policing and the community. He was awarded a Doctor of Laws (Honoris Causa) by Monash University for his service to the community in 2015. Ken was previously the Number One Ticket Holder in 2015.

CATHERINE (KATIE) LIO

MAICD

Katie was elected to the Board in December 2014 and is a member of the Nominations Committee, Remuneration Committee, Womens Football Committee and Reconciliation Action Plan Committee. She is currently driving digital innovation and user experience in her role as Head of Digital at the White Pages, having previously delivered large scale digital initiatives within sport & entertainment from her role at Telstra Media.

SIMON MADDEN

Diploma of Teaching, Grad Dip. Special Ed.

Simon was elected to the Board in 2013. He played 378 games for the Club and played in the 1984 and 1985 premierships teams. He is a life member of the Essendon Football Club, the AFL and the AFL Players' Association. He is also a member of the Essendon Hall of Fame and the AFL Hall of Fame. Originally a teacher, Simon has worked in business for 21 years. He runs his own business-coaching consultancy, "Simon Madden Consulting" specializing in "Sustainable High Performance". He has previously been the President and a Director of the AFL Players Association.

ANDREW MUIR

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

Andrew joined the Board in 2015. He is chair of the Nominations & Remuneration Committee. He is a successful business leader, entrepreneur and philanthropist with over 25 years of retail, leadership, strategic and management experience. He served as Executive Chairman of The Good Guys from 2005 to 2017 after being CEO of The Good Guys from 1993. Andrew is also Founder and Director of the national Best Friends Pet Supercentres chain, JXT Global and Momatu. Andrew is also the Founder and Director of The Good Foundation - promoting good health and nutrition, including operating Jamie's Ministry of Food Australia, and Advisor to Orange Sky Laundry providing mobile laundry services nationally to the Homeless.

SEAN WELLMAN

B.App Science (Podiatry), Diploma of Business management and Finance.

Sean was elected on the Board in December 2017 and is football governance director of the club. He has been involved in the AFL industry for over 20 years as a coach (assistant) and player. He played 212 AFL games and was part of the clubs 2000 Premiership team and is a club life member. More recently he was a partner in the Waterside Group, who owned and operated hotels in Melbourne from 2004 to 2017. Sean currently runs his own Mortgage Broker business, Wellman Finance.

7. AUDITOR INDEPENDENCE

A copy of the Auditor's Independence Declaration as required under s.307C of the Corporations Act 2001 is included in page 7 of this financial report.

8. MEMBERS' GUARANTEE

The Company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of \$20 towards meeting any outstanding obligations of the Company. At 31 October 2018 the number of members was 79,318 (2017: 67,768).

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


L. Tanner
Director


P. Brasher
Director

Signed this 9th day of November 2018

DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (1) The financial statements and notes, as set out on pages 8 to 22, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company as at 31 October 2018 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (2) in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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


L. Tanner
Director


P. Brasher
Director

Signed this 9th day of November 2018



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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Essendon Football Club for the year ended 31 October 2018, I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT Pty Ltd
Chartered Accountants



A. J. Pititto
Partner - Audit & Assurance

Melbourne, 9 November 2018

INDEPENDENT AUDITOR'S REPORT

To the Members of Essendon Football Club,

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

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- a) giving a true and fair view of the Company's financial position as at 31 October 2018 and of its performance for the year ended on that date; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

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 Company in accordance with 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 comprises the information included in the Company's annual report for the year ended 31 October 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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

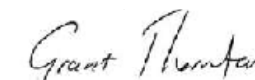
The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001. The Directors' responsibility also includes such internal control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

In preparing the financial report, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



A. J. PITITTO
Partner - Audit & Assurance

Melbourne, 9 November 2018

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2018**

	Note	2018 \$	2017 \$
Revenues from operations	3(a)	65,092,072	65,165,407
Expenses from operations	3(b)	(62,770,201)	(60,111,221)
NET PROFIT FROM OPERATIONS		2,321,871	5,054,186
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Revaluation of land		1,250,000	-
OTHER COMPREHENSIVE INCOME FOR YEAR		1,250,000	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3,571,871	5,054,186

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2018

	Note	2018 \$	2017 \$
CURRENT ASSETS			
Cash and cash equivalents	14(a)	3,985,467	2,036,791
Trade and other receivables	4	1,358,008	1,250,101
Inventories	5	323,466	297,633
Other assets	6	1,786,065	1,531,131
TOTAL CURRENT ASSETS		7,453,006	5,115,656
NON-CURRENT ASSETS			
Other assets	6	139,450	-
Property, plant and equipment	7	39,427,996	38,486,397
Intangible assets	8	1,393,187	1,760,491
TOTAL NON-CURRENT ASSETS		40,960,633	40,246,888
TOTAL ASSETS		48,413,639	45,362,544
CURRENT LIABILITIES			
Trade and other payables	9	2,594,388	2,746,276
Provisions	10	1,847,038	1,856,823
Income in advance	11	3,786,067	1,054,666
Other financial liabilities	12	80,527	80,527
Borrowings	13	-	6,900,000
TOTAL CURRENT LIABILITIES		8,308,020	12,638,292
NON-CURRENT LIABILITIES			
Provisions	10	99,500	109,477
Other financial liabilities	12	26,463	106,990
Borrowings	13	3,900,000	-
TOTAL NON-CURRENT LIABILITIES		4,025,963	216,467
TOTAL LIABILITIES		12,333,983	12,854,759
NET ASSETS		36,079,656	32,507,785
MEMBERS' FUNDS			
Accumulated funds		26,597,517	24,902,090
Asset revaluation reserve		4,883,062	3,633,062
Future capital funding reserve		4,599,077	3,972,633
TOTAL MEMBERS' FUNDS		36,079,656	32,507,785



STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE YEAR ENDED 31 OCTOBER 2018

	Future Capital Funding Reserve \$	Asset Revaluation Reserve \$	Accumulated Funds \$	Total Members' Funds \$
BALANCE AT 31 OCTOBER 2016	-	3,633,062	23,820,537	27,453,599
Profit for the year	-	-	5,054,186	5,054,186
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	5,054,186	5,054,186
Transfer to future capital funding reserve	3,972,633	-	(3,972,633)	-
BALANCE AT 31 OCTOBER 2017	3,972,633	3,633,062	24,902,090	32,507,785
Profit for the year	-	-	2,321,871	2,321,871
Other comprehensive income	-	1,250,000	-	1,250,000
Total comprehensive income	-	1,250,000	2,321,871	3,571,871
Transfer to future capital funding reserve	626,444	-	(626,444)	-
BALANCE AT 31 OCTOBER 2018	4,599,077	4,883,062	26,597,517	36,079,656

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, sponsors, supporters and other operations		65,877,621	60,618,768
Receipts from grants and donations		1,020,775	4,132,722
Payments to suppliers, employees and players		(59,654,829)	(61,823,146)
Finance costs		(215,372)	(312,259)
Interest received		163,590	169,533
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	14(b)	7,191,785	2,785,618
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of property, plant and equipment		(2,673,132)	(1,130,438)
Payments for gaming entitlements		(139,450)	(703,709)
Receipts from sale of Beyond Sport		650,000	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,162,582)	(1,834,147)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings and other financial liabilities		(3,080,527)	(2,187,129)
NET CASH FLOWS USED IN FINANCING ACTIVITIES		(3,080,527)	(2,187,129)
Net movement in cash and cash equivalents held		1,948,676	(1,235,658)
Cash and cash equivalents at the beginning of the financial year		2,036,791	3,272,449
CASH AND EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	14(a)	3,985,467	2,036,791

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS
FOR THE YEAR ENDED 31 OCTOBER 2018

1. ESSENDON FOOTBALL CLUB

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

The financial report of the Company was authorised for issue by the Directors on 9 November 2018. The Company is a not-for-profit entity for the purpose of preparing the financial statements.

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

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

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

Going concern basis of accounting

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

At 31 October 2018 the Company had net current liabilities, being current assets less current liabilities, of \$855,014 (2017: \$7,522,636).

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

- i) The 2019 financial year forecasts show positive contributions and sufficient finance facilities to fund operations; and
- ii) The Company has unused finance facilities of \$9,035,000 as disclosed in note 13 to the financial statements. The Company’s bankers (“Westpac” and “Bendigo Bank”) have continued to provide financial support through to the date of this report. The finance facility from Westpac has a fixed term that currently expires on 31 December 2019. The AFL provides a guarantee for the full amount of the Westpac facility. The finance facility from Bendigo Bank has a fixed term that expires on 30 June 2019, with the next review date being 28 February 2019.

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

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

(a) Adoption of new and revised accounting standards

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

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

(b) Inventories

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

(c) Financial instruments

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

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

Loans and receivables

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

Financial liabilities

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

Impairment of financial assets

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

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

(d) Property, plant and equipment

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

Land

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

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS
FOR THE YEAR ENDED 31 OCTOBER 2018

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

Asset revaluation reserve

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

Plant and equipment/leasehold improvements

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

Memorabilia

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

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

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

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

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

(e) Cash and cash equivalents

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

(f) Impairment of assets

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

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

(g) Employee entitlements

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

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

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

(h) Income received in advance

Income is brought to account in the period to which it relates. Income received prior to 31 October 2018 which relates to future periods has been recorded as income received in advance.

(i) Income tax

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

(j) Football expenses

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

(k) Revenue

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

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

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

(l) Goods and Services Tax (GST)

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

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

(m) Leases

Operating leases

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

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

Finance leases

Leases of plant and equipment where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to the Company are classified as finance leases. Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS
FOR THE YEAR ENDED 31 OCTOBER 2018

2. Statement of significant accounting policies (cont.)

(n) Intangible assets

Gaming entitlements

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

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

(o) Gaming liabilities

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

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

(p) Provisions, contingent liabilities and contingent assets

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

(q) Significant management judgement in applying accounting policies

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

Estimation uncertainty

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

Useful lives of depreciable assets

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

Provisions

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

(r) Future capital funding reserve

This reserve is earmarked for future capital works of the Essendon Football Club.

(s) Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The Company has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations relating to E-Sports. These have been incorporated in the financial statements under the appropriate classifications.



NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS FOR THE YEAR ENDED 31 OCTOBER 2018

3. RESULTS FROM OPERATIONS

	2018 \$	2017 \$
(a) Revenue from ordinary activities		
(i) Operating revenue		
AFL annual distribution	12,079,819	12,880,389
AFL prize monies	-	65,000
Marketing revenues	16,032,723	14,326,352
Membership revenues	13,779,419	11,971,985
Merchandise - sale of goods	1,844,974	2,066,030
Match receipt revenue	2,318,739	2,368,742
Windy Hill Fitness Centre revenue	3,800,703	3,722,993
Venues revenue - sales of food & liquor	4,994,416	4,909,512
Venues revenue - other	8,299,752	8,441,784
Total operating revenue	63,150,545	60,752,787
(ii) Non-operating revenue		
Donations revenue	1,020,775	4,132,722
Interest revenue	163,590	169,533
Rental income	107,162	110,365
Gain on sale of Beyond Sport	650,000	-
Total non-operating revenue	1,941,527	4,412,620
Total revenue from operations	65,092,072	65,165,407
(b) Expenses from operations		
Administration expenses	4,611,990	3,991,420
ASADA/WADA related costs	-	405,577
Football expenses	24,957,531	23,687,766
IT expenses	811,368	801,258
Marketing expenses	8,514,618	7,630,230
Membership expenses	4,703,492	4,533,032
Merchandise - cost of sales	1,037,588	1,049,705
Rental expenses	334,841	354,955
Site expenses	3,420,213	3,383,146
Windy Hill Fitness Centre expenses	3,103,990	2,886,731
Venues expenses	11,059,198	11,075,142
Financing costs	215,372	312,259
Total expenses from operations	62,770,201	60,111,221
Profit from operations	2,321,871	5,054,186

NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS FOR THE YEAR ENDED 31 OCTOBER 2018

3. RESULTS FROM OPERATIONS (cont.)

(c) Profit from operations has been determined after:

Charging as expenses:

	2018 \$	2017 \$
Depreciation of:		
- Plant and equipment	1,279,713	1,412,281
Amortisation of:		
- Leasehold improvements	1,701,820	1,675,048
- Intangibles	367,304	367,303
Venue cost of sales - food and liquor	1,650,049	1,651,953
Employee expenses	19,926,976	19,011,836

4. TRADE AND OTHER RECEIVABLES

	2018 \$	2017 \$
<i>Current</i>		
Trade and sundry debtors	1,370,025	1,289,113
Less allowance for impairment	(12,017)	(39,012)
	1,358,008	1,250,101

Allowance for impairment of receivables

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

	2018 \$	2017 \$
Opening balance	39,012	26,640
Additional allowance	12,017	39,012
Amounts used or recovered	(39,012)	(26,640)
Closing balance	12,017	39,012

NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS FOR THE YEAR ENDED 31 OCTOBER 2018

5. INVENTORIES

	2018	2017
	\$	\$
<i>Current</i>		
Merchandise - at cost	101,960	155,340
Less provision for obsolescence	(20,870)	(18,363)
Food and liquor - at cost	242,376	160,656
	<u>323,466</u>	<u>297,633</u>

6. OTHER ASSETS

	2018	2017
	\$	\$
<i>Current</i>		
Prepaid expenses	<u>1,786,065</u>	<u>1,531,131</u>
<i>Non-current</i>		
Deposits	<u>139,450</u>	<u>-</u>

7. PROPERTY, PLANT AND EQUIPMENT

	Note	2018	2017
		\$	\$
<i>Non-current</i>			
Land - at independent valuation	(a)	<u>6,800,000</u>	<u>5,550,000</u>
Memorabilia - at cost		<u>451,642</u>	<u>203,642</u>
Plant and equipment - at cost		15,464,883	13,581,058
Accumulated depreciation		(9,252,501)	(7,953,552)
Accumulated impairment	(b)	<u>(11,903)</u>	<u>(11,903)</u>
		<u>6,200,479</u>	<u>5,615,603</u>
Leasehold improvements - at cost		41,151,787	40,591,245
Accumulated amortisation		(14,380,982)	(12,679,163)
Accumulated impairment	(b)	<u>(794,930)</u>	<u>(794,930)</u>
		<u>25,975,875</u>	<u>27,117,152</u>
Total property, plant and equipment		<u>39,427,996</u>	<u>38,486,397</u>

(a) An independent valuation of the freehold land parcels in Napier Street, Essendon, were undertaken on 26 September and 3 October 2018 by P.W. Stokes CEA FAPI FREI. This valuation was based on the market value of the land at the time.

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS FOR THE YEAR ENDED 31 OCTOBER 2018

7. PROPERTY, PLANT AND EQUIPMENT (cont.)

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

	Land	Memorabilia	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$	\$
Opening balance	5,550,000	203,642	5,615,603	27,117,152	38,486,397
Additions	-	248,000	1,864,589	560,543	2,673,132
Revaluation	1,250,000	-	-	-	1,250,000
Depreciation/amortisation expense	-	-	(1,279,713)	(1,701,820)	(2,981,533)
Closing balance	<u>6,800,000</u>	<u>451,642</u>	<u>6,200,479</u>	<u>25,975,875</u>	<u>39,427,996</u>

8. INTANGIBLE ASSETS

	2018	2017
	\$	\$
<i>Non-current</i>		
Gaming entitlements	3,673,039	3,673,039
Accumulated amortisation	<u>(2,279,852)</u>	<u>(1,912,548)</u>
	<u>1,393,187</u>	<u>1,760,491</u>

Movements in the carrying amounts for intangibles assets between the beginning and end of the financial year:

	Gaming Entitlements
	\$
Opening balance	1,760,491
Amortisation expense	(367,304)
Closing balance	<u>1,393,187</u>

9. TRADE AND OTHER PAYABLES

	2018	2017
	\$	\$
<i>Current</i>		
Trade creditors	1,169,467	552,396
Accruals and other liabilities	<u>1,424,921</u>	<u>2,193,880</u>
	<u>2,594,388</u>	<u>2,746,276</u>

10. PROVISIONS

	2018	2017
	\$	\$
<i>Current</i>		
Employee entitlements	1,837,038	1,785,227
Other	<u>10,000</u>	<u>71,596</u>
	<u>1,847,038</u>	<u>1,856,823</u>
<i>Non-current</i>		
Employee entitlements	<u>99,500</u>	<u>109,477</u>

NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS FOR THE YEAR ENDED 31 OCTOBER 2018

11. INCOME RECEIVED IN ADVANCE

	2018	2017
	\$	\$
<i>Current</i>		
Income received in advance	<u>3,786,067</u>	<u>1,054,666</u>

12. OTHER FINANCIAL LIABILITIES

	2018	2017
	\$	\$
<i>Current</i>		
Finance lease liabilities	<u>80,527</u>	<u>80,527</u>
<i>Non-current</i>		
Finance lease liabilities	<u>26,463</u>	<u>106,990</u>

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

13. BORROWINGS

	\$	\$
<i>Current</i>		
Borrowings	<u>-</u>	<u>6,900,000</u>
<i>Non-current</i>		
Borrowings	<u>3,900,000</u>	<u>-</u>
<i>Available facilities</i>		
	Amount of facility	Unused
	\$	\$
Westpac finance facility	10,000,000	6,100,000
Bendigo Bank finance facility	<u>2,935,000</u>	<u>2,935,000</u>
	<u>12,935,000</u>	<u>9,035,000</u>

Covenants

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

NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS FOR THE YEAR ENDED 31 OCTOBER 2018

14. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of cash

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

	2018	2017
	\$	\$
<i>Current</i>		
Cash on hand	410,882	405,441
Cash at bank	<u>3,574,585</u>	<u>1,631,350</u>
Total cash and cash equivalents	<u>3,985,467</u>	<u>2,036,791</u>

(b) Reconciliation of net cash from operating activities to profit:

	2018	2017
	\$	\$
Profit for the year	2,321,871	5,054,186
<i>Non-cash and non-operating cash flows in profit:</i>		
Depreciation and amortisation expenses	3,348,837	3,454,632
Gain on sale of Beyond Sport	(650,000)	-
<i>Changes in assets and liabilities:</i>		
Trade and other receivables	(107,907)	(388,020)
Inventories	(25,833)	12,997
Other assets	(254,934)	(730,018)
Trade and other payables	(151,888)	(2,028,740)
Provisions	(19,762)	(2,751,208)
Income in advance	2,731,401	161,789
Net cash flows provided by operating activities	<u>7,191,785</u>	<u>2,785,618</u>

**NOTES TO AND FORMING PART OF THE FINANCIAL REPORTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

15. CAPITAL AND OPERATING COMMITMENTS

(a) Operating commitments

	2018	2017
	\$	\$
Payable:		
- not later than one year	590,968	572,178
- later than one year but not later than 5 years	1,797,059	2,176,900
- later than 5 years	3,624,064	3,323,579
	<u>6,012,091</u>	<u>6,072,657</u>

Operating commitments relate to the lease of the Windy Hill precinct, the Melton Country Club and the Hangar, along with an annual distribution to EFCSC Limited.

(b) Finance commitments

	2018	2017
	\$	\$
Payable:		
- not later than one year	80,527	80,527
- later than one year but not later than 5 years	26,463	106,990
- later than 5 years	-	-
	<u>106,990</u>	<u>187,517</u>

Finance commitments relate to Windy Hill Fitness Centre equipment.

(c) Capital commitments

There are \$5,438,548 of capital expenditure commitments at the end of the 2018 financial year (2017: \$nil).

16. CONTINGENT LIABILITIES

There are no contingent assets and contingent liabilities at the end of the financial year (2017: \$nil)

17. KEY MANAGEMENT PERSONNEL

The aggregate compensation made to key management personnel of the Company is set out below:

	2018	2017
	\$	\$
Aggregate compensation	<u>2,655,136</u>	<u>2,358,453</u>

18. SUBSEQUENT EVENTS

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





Essendon Football Club

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