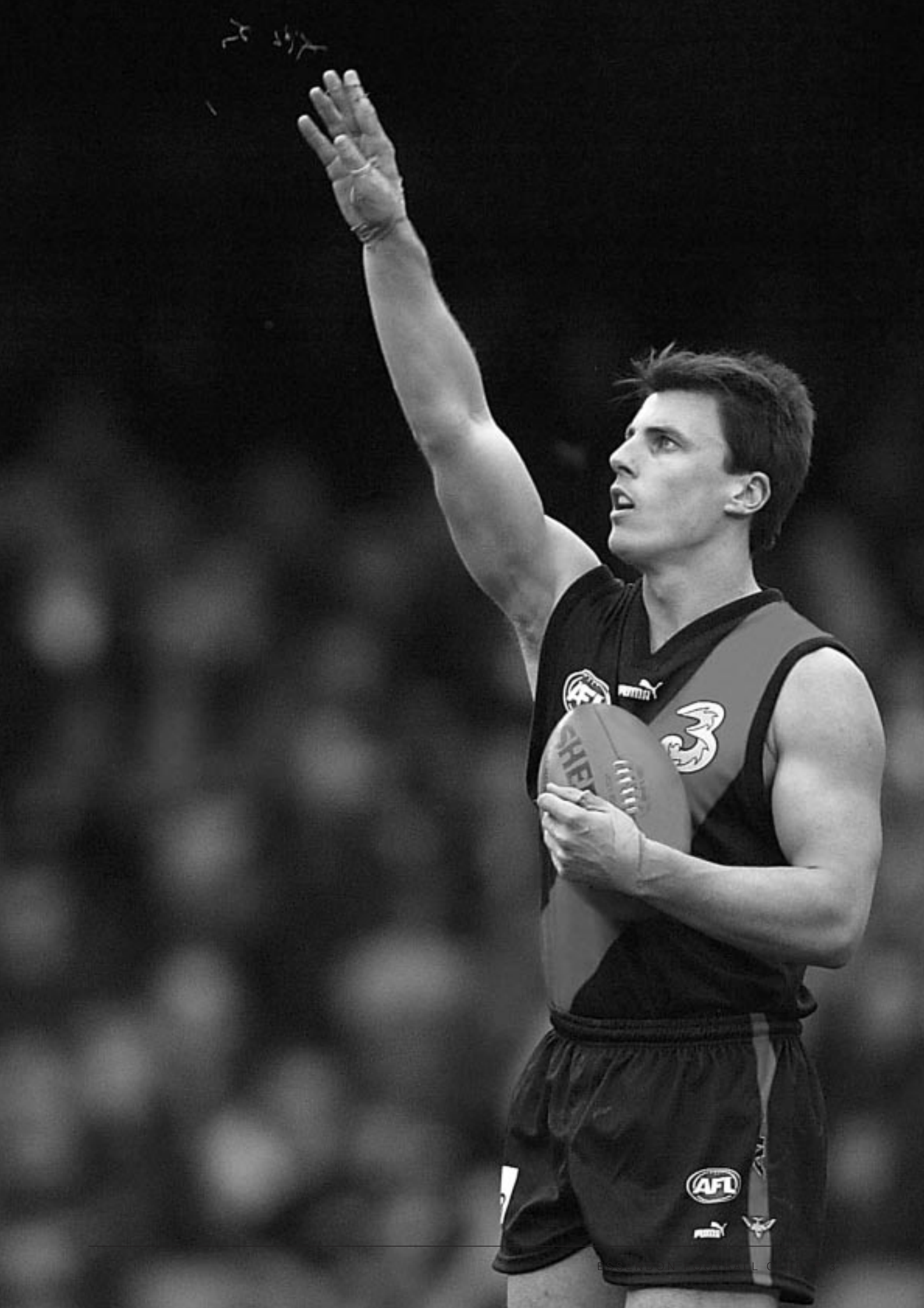


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CHAIRMAN'S REPORT

DEAR FELLOW MEMBERS, on behalf of the Board of the Essendon Football Club it is my pleasure to present my first Chairman's report for season 2004.

FOOTBALL

I'm sure you would agree that season 2004 - like the previous two - finished on a frustrating note for the club. For the past three years our season has come to an end in week two of the finals, just one week short of giving ourselves the opportunity to reach a Grand Final.

After a disappointing start to the season that saw us soundly beaten by Port Adelaide at AAMI Stadium, the team recovered well and had a top-four finish within reach with an 8-3 win-loss record at the halfway mark of the season.

However the team produced some inconsistent football in the second half of the season and found itself outside the top eight as we neared the finish of the home and away season. We rallied to ensure we reached the finals and defeated Melbourne by five points in a thrilling Elimination Final.

But our season ended on semi-final night against Geelong the following week when we paid the penalty for a very disappointing first half. The team surged late but fell 10 points short - I can tell you the players were every bit as disappointed with the result as we were.

That disappointment stemmed from the fact that, at its best, this team could match it with any in the competition. Indeed, we saw the players produce that sort of football against the eventual Premiers Port Adelaide at The Dome in Round 18.

That resounding 40-point win had us cheering and shaking our heads at the same time. How could they be so good one week and struggle so much in others? It was a roller coaster ride but I can tell you the football department has already started working on getting this side to produce its best week-in, week-out in 2005.

AFL clubs operate in a super competitive environment and every aspect of our business needs to be totally dedicated to the job at hand. I know our coaching staff

and playing list will take such an approach in the build-up to 2005.

The football department now includes our former captain and best and fairest winner Gary O'Donnell, who returns to the club having spent the past six seasons with the Brisbane Lions. He will be an invaluable acquisition and I wish him well in his new role.

2004 was the seventh successive season Essendon has played finals football. This has been achieved despite us having to make some changes to the list in a bid to give us the best possible chance of winning another Premiership. Many young players have been blooded in the past two seasons and they show a deal of promise. However it will require more than talent - they will have to work exceptionally hard if they are to take this club back to the top. Success doesn't come easily - and nor should it.

I would like to take this opportunity to congratulate Kevin Sheedy in advance as he moves into his 25th season as coach of the Essendon Football Club. To coach the one club for a quarter of a century in a caper such as AFL football is a truly remarkable achievement.

I would also like to congratulate our captain James Hird for the way he led the side in 2004. James is a brilliant footballer, as we all know, and he has developed into a fine leader. Injuries again weren't kind to him but he produced some truly inspirational football yet again.

We farewelled three champions of this club at the end of last season in Joe Misiti, Mark Mercuri and Sean Wellman. And champions they were - all three featuring in our Champions of Essendon and being counted among the best 60 players this club has seen.

All three were terrific footballers and also favourites among Essendon supporters. On behalf of the board I would like to thank them for their service and wish them well for the future. As with all our retirees, they will be welcomed back to this club with open arms whenever they return.

We also should thank our delisted players in Darren Walsh, along with rookies

Ben Cosgriff and James Davies. Things didn't turn out as they would have hoped but we thank them for their efforts and wish them well in the future.

To our Crichton Medallist Adam McPhee - well done and we look forward to you having a long and wonderful career with the club. Your All Australian selection capped off an excellent season.

Adam, along with James Hird, Dean Solomon, Mark McVeigh and Jason Johnson, all made the trip to Ireland to represent Australia. That is a real measure of the depth of our playing list and I'm sure they enjoyed the experience.

Congratulations should also go to the Bendigo Bombers who made their first finals series in 2004. This was a significant step forward for the alignment and well done to the players and coaching staff. Matthew Knights has since been appointed senior coach of the Bendigo Bombers and I'm sure he will build on the solid foundations that have been laid. Thank you to departing senior coach Peter Banfield for his efforts.

I would like to conclude this section of my report by re-stating to the players that the board and management of the club will continue to provide them every support as they strive to reach their personal and collective goals.

OFF FIELD

Our reported profit for 2003/2004 was \$659,579. This represents an increase of just under \$250,000 on our reported profit of \$409,652 from the previous year. There were two major negative factors during the course of the past 12 months which, when considered, make this result more than reasonable.

■ The continued redevelopment of the MCG and subsequent reduction in capacity.

■ The number of night games scheduled by the AFL in conjunction with broadcasters, which again had a detrimental impact on membership and gate receipts.

We remain in a financially stable position with cash reserves of \$3.265 million at year's end. Our finance director Tim Jonas reports more fully on our financial situation in his Financial Report.

As is our duty, we continue to look for ways to insulate ourselves financially against any downturn in on-field performance that can have a detrimental impact on our traditional revenue streams.

This year we have taken the important step of merging the business of the Essendon Football and Community Sporting Club into the Essendon Football Club. This merger sees the gaming venue located at Windy Hill and the Windy Hill Fitness

Centre become a part of the Essendon Football Club business. As a result of this merger, our net assets have increased by over \$2 million. The annual turnover of the combined business will jump from about \$22 million to \$28 million.

But this merger is not simply about making the business of the Essendon Football Club stronger. It will be of great benefit to all three entities with Essendon Football Club able to provide the capital required for the EFCSC and WHFC to expand and grow their businesses.

To this end the club is planning to spend around \$3.5 million on these businesses as part of our master plan for our Windy Hill precinct, on top of other improvements to the site, over the next 12 months. Our projections show that the club will generate a healthy return on this investment.

The merger is also of great benefit to the associated local sporting clubs who as a result of this merger should receive increased distributions that will sure up their futures and enable them to grow as sporting clubs in their own right.

APPRECIATION

This club receives fantastic support on a number of fronts and I wish to record my appreciation of those efforts.

Firstly to our major sponsor - Hutchison 3G Australia. This relationship will enter its fourth year in 2005 and I trust they, like us, have found it to be a beneficial alliance. I also wish to thank our business partners - IMB, Musashi, BMW Melbourne, AGL, Ricoh Australia, CUB, Tyrrell's Wines, Coca Cola, Channel 7 and Xbox.

All the aforementioned companies provide your football club with outstanding support and I urge you to use their services or products.

I must also acknowledge the support given to the club by its various coterie groups and all their members. They are many and varied but they are an integral part of this club and their support is valued at all levels. Thanks go to the Coleman Club, the Diamond Dons, the Essendonians, the Coach's Club, the Essendon Women's Network, the Dick Reynolds Club, the Red and Blacks, the Uptown Dons and the Lawdons.

I also extend a sincere thank you to all our regional and interstate supporter groups. The Essendon brand is a truly national one and the role you play helps us grow further. To the cheer squad - well done and thank you for your support. I know the players really appreciate it.

Thank you to the staff of the Essendon Football Club who work tirelessly to give

you the best club in the land. And I also want to take this opportunity to thank their families as well. Football administration can require long hours and the understanding and support of families is really important.

Peter Jackson and his dedicated management team have again steered the ship well in 2004 and deserve a great deal of credit for the shape the club is in today. Unlike some clubs, Essendon can move forward with financial security and Peter and his team have worked hard to ensure this is, and will remain, the case.

Thank you also to the members of the Essendon Football Club board who freely provide time and expertise to ensure that the Essendon Football Club remains a force in the AFL competition.

To our army of volunteers, thank you

for everything you have done for the club over the past 12 months. Everyone involved with the club knows just how important your contribution is and it will never be underestimated. Without the work you do, the club simply would not be in the shape it is today.

And finally to you, the members. Your ongoing support is greatly appreciated. You are the lifeblood of the club and we will continue to serve you as best we can. We know it is another Premiership that will be your greatest reward and that is what we will continue to strive for. We look forward to the future with enthusiasm and optimism and I urge you to remain with us on every step of the journey.

Neil McKissock
CHAIRMAN





CHEIF EXECUTIVE OFFICER'S REPORT

SEASON 2004 WILL prove to be a defining year for the Essendon Football Club, on and off the field. In both areas this club has laid solid foundations for the seasons ahead and our fans can look forward to supporting a successful football team and a financially stable club.

On the field we had what many supporters would regard as an unsatisfactory result. Indeed, with the retirements of three key players in Sean Wellman, Mark Mercuri and Joe Misiti, some may think the curtain has been drawn on a fine era in the history of this club.

Perhaps that is true in some ways, but I also believe there are some distinct parallels that can be drawn between where this club is at right now and where it found itself at the finish of season 1992. In many ways 2005 might just turn out to be the dawning of a new era.

At the end of the 1992 home and away season, supporters would have seen Essendon's eighth placing as unsatisfactory. The club lost the final game of the year to Geelong - as we did in 2004 - and also farewelled club greats Simon Madden, Tim Watson and Terry Daniher.

But in that final game against Geelong we saw some young players who held the future of this club in the palm of their hands. James Hird played his fourth game and Joe Misiti his second. Michael Long and Gavin Wanganeen were still relatively unheralded players. Mark Mercuri played three games for the season and Dustin Fletcher was still at school.

In 2004, Brent Stanton played his 15th game against Geelong in the semi-final. Jobe Watson played his eighth game. We have had other young players who have performed well at times during the season, including Jason Laycock (four games), Kepler Bradley (five games), Ricky Dyson (11 games) and Jason Winderlich (eight games).

On top of this we have Nathan Lovett-Murray, who surprised everyone by playing 20 games after being elevated off the rookie list. Probably the greatest surprise was Adam McPhee, who was named an All Australian

and won the 2004 Crichton Medal - all this at the ripe old age of 21.

There are other players that have progressed well in 2004. Mark McVeigh should be ready to go to the midfield permanently and David Hille showed in the final quarter against Melbourne in the Elimination Final the sort of impact he can have on games. And we should remember we had players who missed a lot of 2004 due to injury. Dean Rioli and Joel Reynolds are the most glaring - get them fit and in form and the team will be further strengthened.

I am not suggesting we will repeat the events of the season that followed that final game in 1992, but Essendon members should not be too concerned about the playing list at present. The coaching panel has faith in the players, as evidenced by the fact that we did not trade for the sake of it. They are confident that the list comprises the talent to get the club right back to the top in the next two-to-three years.

The return of Gary O'Donnell to the club is wonderful news. Gary brings a wealth of experience and knowledge gained over the last six years at the Brisbane Lions. On top of this he has a real passion and dedication for the Essendon Football Club.

Essendon can now claim to have one of the most talented and experienced coaching panels in the competition. Their skills and application will help develop our younger players and ensure they reach their potential over the next few years.

Congratulations to Adam McPhee on his win in the Crichton Medal and his All Australian selection. We look forward to his continued development into one of the competition's very good players.

Congratulations also to Jason Johnson and Dean Solomon, who both enjoyed very good seasons. Jason's season started slowly because of injury but he finished very well and was one of our most consistent players. I think Dean is reaping the rewards for making the right decision and staying with Essendon and we are all grateful he arrived at that decision.

Off the field, 2004 has also been a defining year for the club. This club has made two

major decisions over the past decade that have had a profound impact on the financial security and stability of this club. The first was the decision to play nine home games at MCG from 1992. The second was to play seven home games at Telstra Dome from 2000 onwards. Those decisions have contributed to this club being where it is today.

Another major decision was taken in 2004.

The board decided, with the support of the Essendon Football and Community Sporting Club (EFCSC) members, to merge the assets, liabilities and operations of the EFCSC with those of Essendon Football Club.

We believe the combined businesses will be much stronger and see this club through the next decade. This will depend, of course, on sound management of all the businesses involved - not just the football club but also the Windy Hill Venue and the Windy Hill Fitness Centre (WHFC). These businesses, which depend on the Essendon Football Club to fund much needed capital development to ensure their ongoing growth, could provide significant cash flows to the football club in the future and ensure we can survive any prolonged downturn in the on-field performance of the team.

Whereas 2004 did not meet our expectations, either on or off the field, it will prove nevertheless to be a vitally important year in both aspects of the club's performance in the next few years.

The profit result for the year was reasonable. Reported profit was \$659,579, up from \$409,652 last year. This represents two years of only reasonable profit results after strong results in excess of \$1million in each year through the period 2000-2002. It does, however, represent the eighth straight year of reporting profit. The issues that affected us in 2003 that I reported on extensively in last year's annual report affected profit again in 2004, including the TV fixture and redevelopment of the MCG.

EBITDA in 2004 was over \$1,070,000 - reflecting the relatively high depreciation and amortisation charges of some \$411,000 for the year. These charges will increase even further in 2005 following the merger and the new capital works currently under way and approved. The club has committed in excess of \$3.5 million for works relating to the expansion and upgrade of the WHFC, some renovations to the Windy Hill Venue and increased car parking capacity at the ground.

In early 2004 we also undertook a total refurbishment of the playing surface at a cost of \$350,000. This will prove to be of long-term benefit not only to Essendon Football Club but also the Essendon Cricket Club and the general Essendon community. For

example, from 2005 we hope to play more EDFL games at the ground so that competition can enjoy the first class facilities we have at Essendon.

In reviewing the profit result it should be noted that the profit contribution from Essendon Football Club's own marketing efforts - the net return from marketing operations after direct costs of marketing - increased significantly during the year from \$7.15 million to \$7.85million, an increase of about 10%.

Match receipts were again very disappointing, falling from \$762,000 to about \$713,000, a decline of \$49,000. This represents a total decline in match receipts since 2001 (\$1,149,000) of \$436,000 or 38%. Most of this decline is due to the fixture that resulted from the TV deal in 2003 and the number of home night games scheduled for Essendon. This decline in match receipts, which is also a decline in profit since these figures represent net match receipts to the club, excludes the lost revenue from reduced membership, also due to the night games. As I reported last year, we estimate we lost 3000 members in 2003 from the increased number of night games, which conservatively represented a further \$300,000 in lost profit. The redevelopment of the MCG during 2003/ 2004 also affected the net match receipt position.

So much for some of the irrational arguments put forward about the AFL's Equalisation Policy and the need to stop Essendon and other clubs playing blockbusters.

Our final membership number for 2004 was 37,138 - a club-record that on face value looks outstanding. However I do need to point out that the growth in our membership figures from 2003 is misleading, since for the first time in 2004 we have included our junior non-match-day Mosquito Fleet members in our total numbers. We believe these young people to be genuine members of the club, but they are not match-day members and have not been included in prior year figures. If these junior members are excluded, our membership grew only slightly in 2004.

I do want to thank all our club members - it is you who make this a truly great club. I also want to remind all those supporters who are not members just how important it is that they become members. It ensures you directly contribute to this club, whereas money spent at the gate is divided up in a number of ways. The 2005 fixture is far more fan-friendly and we hope that will see us make significant gains on the ground lost over the past three years. We have two less night home games and two extra Sunday games and we think this will provide great encouragement for families to again come to the football.

All things considered our profit performance is tolerable. But we do need to generate new sources of revenue because, as we have seen in recent years, we cannot rely on traditional revenues of match receipts and membership to sustain our profitability.

Accordingly, we have spent considerable time in 2004 re-visiting our business plan. The merger of EFCSC with Essendon Football Club was one aspect of this plan, designed to bolster future profit and cash flows in the face of declining traditional revenues. We are also investing considerable resources and time developing our database of supporters, through our website and other activities.

We estimate we have 1.1million supporters throughout Australia. We need to identify as many of those supporters as we can and develop a greater sense of involvement between them and the club. If we can do this, and at the same time establish exclusive business partnerships with major companies who are attractive to our database of supporters, we believe we can grow revenues and reduce our reliance on traditional revenues.

The AFL Executive held a conference with all AFL Club CEOs at Cape Schanck in July this year. This was one of the most important meetings I have experienced in my time in the AFL. There seems to be a genuine recognition that the AFL's relationships with the clubs can be more productive. There appears to be an understanding that a review of the rules, strategies and the overall financial structure of the AFL industry, as distinct from the AFL itself and its clubs, could ensure the long-term survival of all clubs.

It remains to be seen what ultimately flows from this conference, and for that, we must rely on the AFL itself to take the lead. It will take some time, a matter of years most likely, before any results start to flow. But all clubs I believe welcomed the conference and look forward to a very positive outcome.

I would like to take this opportunity to congratulate and thank our retiring players in Sean Wellman, Joe Misiti and Mark Mercuri. All have been outstanding servants of this club and brilliant footballers in their own right. I wish them well in their future pursuits.

Congratulations should also go to Port Adelaide on winning its inaugural premiership, particularly in view of the strong Essendon contingent that included Mark Williams, Dean Bailey, Damien Hardwick, Gavin Wanganeen and fitness coach Andrew Russell.

I also want to congratulate Neil McKissock on his first year as Chairman of the Essendon Football Club and thank him for all his support. A strong, united board,

together with the right skills in management, coaching and playing list, invariably produces a strong, united club.

Of course an AFL club would not exist without the generous support of its sponsors. We get terrific support from our sponsors, in particular our major sponsor Hutchison 3G Australia. Of course these relationships must be two-way and we hope and believe they are getting great benefit out of their association with us. This sponsorship has been extended until the end of season 2005.

We have also established a number of very important business partnerships - AGL (Energy Partner), BMW Melbourne (Automotive Partner), Channel 7 (Media Partner), Coca Cola (Non-alcoholic Partner), CUB (Beer Partner), IMB (Banking Partner), Musashi (Health Supplement Partner), Puma (Apparel Partner), Ricoh Australia (Office Equipment Partner) Tyrrell's Wines (Wine Partner) and Xbox (Video Games Partner).

Thank you to all these important partners and I hope they are finding our relationship beneficial. Thanks to Channel 7, CUB and Puma who have this year extended their relationship with the club beyond the 2005 season.

Thank you to all our coterie groups. They all provide this club with outstanding support and they are clearly the best in the AFL. Thank you to our match day coterie; the Essendonians and chairman Mark Casey, the Diamond Dons and chairman Bryan Kenner (who retired from that role at the end of 2004), the Coach's Club and chairman Alan Comrie and the Coleman Club.

Our non-match day coterie continue to go from strength to strength. Thank you to the Dick Reynolds Club and chairman Greg Brown, the Uptown Dons, the Red and Blacks and chairman Bruce Heymansson and the Essendon Women's Network and chairperson Linda Dessau. The Dick Reynolds Club and Essendon Women's Network continue to set the standard in the AFL for non-match day events, having reached new peaks during 2004.

Thanks to my management team and all the staff at Essendon Football Club for their continued efforts. AFL football can be a highly-pressurised environment but those who work here are highly professional and dedicated to providing you with the best club in the competition.

We did not meet our expectations in 2004 but we do think the foundations have been laid for the next successful era of the club, both on and off the field. I look forward to seeing you at the football next season.

Peter Jackson
CHIEF EXECUTIVE OFFICER



FINANCE DIRECTOR'S REPORT

ON BEHALF OF the board I am pleased to present the financial report of the club for the year ended 31 October 2004.

TRADING RESULT

Referring to the financial reports, members will note the club has reported a profit of \$659,579 for the past financial year - an increase of \$249,927 on the result achieved in 2002/03.

This result again included a \$300,000 distribution from the AFL on account of the proceeds of Waverley Park. The AFL also provided a further special distribution of \$100,000 to each club during the year.

Of this result \$950,000 was generated from investment activities, illustrating the importance of the club's non-football revenue streams, a key plank to our business plan. You will note later in my report that the club has undertaken further steps during the past year to further develop non-core revenue streams.

It is pleasing to report that the club's return from direct marketing efforts improved by \$700,000 on last year. This is a terrific effort in what is a highly competitive environment.

Offsetting this, however, is a further decline in match receipts and increased costs directly associated with fielding a football team. Match receipts continue to disappoint, being constrained

by the redevelopment of the MCG and the TV broadcasting deal signed in 2003.

FINANCIAL POSITION

Despite the 'football revenue' challenges being faced by the club, we continue to generate a healthy cash surplus due to our high amortisation and depreciation charges. After adding back \$411,000 of amortisation and depreciation the club generated cash of \$1,070,000.

The club applied \$826,000 of this cash surplus towards the purchase of various property, plant and equipment, including a \$350,000 refurbishment of the playing surface at Windy Hill.

Cash reserves at year-end were \$3,265,171, and investments at market value \$2,225,837, a total of almost \$5,500,000. With the share market rising strongly during the year the value of the club's investments has improved considerably.

MERGER WITH THE ESSENDON FOOTBALL & COMMUNITY SPORTING CLUB

You will note from reading the financial statements that the assets, liabilities and operations of the Essendon Football & Community Sporting Club were merged into the Essendon Football Club on

4 October 2004. This includes the gaming venue as well as the Fitness Centre, both located at Windy Hill.

I draw your attention to note 16(c) of the Financial Statements, which sets out the impact of the merger on EFC's balance sheet. In summary, the merger improved the club's net asset position by \$2,153,000.

This is a significant decision that will further strengthen the financial position of the Essendon Football Club going forward.

LOOKING AHEAD

With the inclusion of the additional profit contribution forecasted from the merger with the Essendon Football & Community Sporting Club, and the implementation of a number of new marketing strategies coming out of the club's business plan, we are budgeting for a much improved profit in 2005.

This, however, will not come without considerable effort from the club's management team, combined with on-field success.

Tim Jonas
Finance Director



DIRECTORS' REPORT

Your directors submit their report on the company for the financial year ended 31 October 2004.

1. DIRECTORS

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

B. Dunn T. Jonas
K. Egan B. Knight
A. Epis P. Leggett
N. Gay N. McKissock
R. Horsburgh B. Teal
G. McMahon (resigned 18.12.03)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

2. PRINCIPAL ACTIVITY

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

3. MERGER WITH THE ESSENDON FOOTBALL AND COMMUNITY SPORTING CLUB (EFCSC)

On 4 October 2004 the EFCSC merged into the EFC by way of the transfer from EFCSC into EFC of all of its net assets and rights including the right of EFCSC members to access the social facilities of the merged entity. The merger was undertaken at the fair market value of the EFCSC at the date of the merger.

4. OPERATING RESULT

For the year ended 31 October 2004 the company had an overall profit of \$659,579 (2003: \$409,652).

5. REVIEW OF OPERATIONS

A detailed review of various aspects of operations is contained elsewhere in this Annual Report.

6. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the company during the financial year except for the merger with the EFCSC.

7. MATTERS SUBSEQUENT TO YEAR END

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.

8. LIKELY DEVELOPMENTS

Future developments in operations have been referred to in the Chairman's and Chief Executive Officer's Reports.

9. DIRECTORS AND AUDITORS INDEMNIFICATION

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

- indemnified or made any relevant agreement for indemnifying against a liability incurred as a director or officer, 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 incurred as a director or officer for the costs or expenses to defend legal proceedings with the exception of the following matter. During the financial year the company paid a premium to insure each of the company's directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

10. DIRECTORS' BENEFITS

Other than as outlined in the notes to and forming part of the financial statements, no director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest.

11. MEETINGS OF DIRECTORS

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

	DIRECTORS' MEETINGS		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
B. Dunn	14	12	3	3
K. Egan	14	14	-	-
A. Epis	14	14	-	-
N. Gay	14	13	-	-
R. Horsburgh	14	14	2	2
T. Jonas	14	11	3	3
B. Knight	14	12	-	-
P. Leggett	14	14	3	3
N. McKissock	14	14	-	-
G. McMahon	3	3	-	-
B. Teal	14	14	-	-

12. INFORMATION ON CURRENT DIRECTORS

N. McKissock	Board 1997-04	Chairman Board of Directors Chairman EFCSC President Melton Country Club Inc. Chairman Hall of Fame Trustees
B. Dunn	Board 1999-04	Member Audit Committee
K. Egan	Life Member Senior Player 1963-69 Board 1996-04	Chairman of Selectors
A. Epis	Life Member Senior Player 1958-68 Board 1998-04	
N. Gay	Life Member ommittee 1971-75 Treasurer 1976-77 Vice President 1978-97 Board 1998-04	
R. Horsburgh	Board 2003-04	Deputy Chairman Member Audit Committee
T. Jonas	Board 1997-04	Finance Director Finance Director EFCSC Treasurer Melton Country Club Inc. Chairman Audit Committee
B. Knight	Life Member Board 1994-04	Deputy Chairperson EFCSC Vice Pres. Melton Country Club Inc.
P. Leggett	Board 1999-04	Member Audit Committee Committee Melton Country Club Inc. Committee EFCSC
B. Teal	Board 1999-04	Committee Melton Country Club Inc. Committee EFCSC

13. AUDIT COMMITTEE

At the date of this report the Essendon Football Club had an audit committee consisting of the following directors:

T. Jonas (Chairman)	P. Leggett
B. Dunn	R. Horsburgh (appointed 29.1.04)

The external auditors, the Chief Executive Officer and the Finance Manager are invited to Audit Committee meetings at the discretion of the Committee. The Chairman attends Audit Committee meetings ex officio at his discretion.

The terms of reference of the Audit Committee are:-

- To review financial statements and other regulatory information distributed externally;
- To review external audit reports to ensure that any issues relative to controls or procedures are properly considered and when appropriate prompt remedial action is taken by management;
- To liaise with external auditors and ensure that the annual statutory audit is conducted in an effective and independent manner;
- To monitor the effectiveness of the internal control framework and consider enhancements;
- To ensure procedures are in place to protect club assets;
- To monitor the procedures in place to ensure compliance with the Corporations Law, Taxation Law, both State and Federal, and other licensing and regulatory requirements;
- To maintain a quality accounting and audit function; and
- To establish and monitor appropriate risk management systems and procedures.

The Committee reports to the full board.

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



N. McKissock
Director

T. Jonas
Director

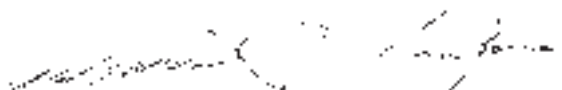
Signed this 10th day of November, 2004.

DIRECTORS' DECLARATION

The directors of the company declare that:

- (1) the financial statements and notes, as set out on pages 11 to 15, are in accordance with the Corporations Act 2001:
 - (i) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the financial position as at 31 October 2004 and of the performance for the year ended on that date of the company.
- (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.



N. McKissock
Director

T. Jonas
Director

Signed this 10th day of November, 2004.

INDEPENDENT AUDIT REPORT

TO THE MEMBERS OF
ESSENDON FOOTBALL CLUB LIMITED
A.B.N. 22 004 286 373

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements and the directors' declaration for Essendon Football Club Limited, for the year ended 31 October 2004.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Essendon Football Club Limited is in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) gives a true and fair view of Essendon Football Club Limited's financial position as at 31 October 2004 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.



William Buck
Chartered Accountants

David A. McC. Ashmore
Partner

Dated this 10th day of November, 2004
Melbourne, Australia.

 **William Buck**
Business Auditors
Chartered Accountants

*Statement of Financial Performance***FOR THE YEAR ENDED 31 OCTOBER 2004**

	NOTE	2004 \$	2003 \$
Revenues from ordinary activities	3(a)	22,643,766	20,579,700
Expenses from ordinary activities	3(b)	21,984,187	20,170,048
Net profit from ordinary activities	3(c),(d)	659,579	409,652
Net increase in asset revaluation reserve	14	287,500	50,000
Total changes in equity		947,079	459,652

*Statement of Financial Position***AS AT 31 OCTOBER 2004****CURRENT ASSETS**

Cash assets	16	3,265,171	3,045,142
Receivables	5	1,386,034	1,591,686
Inventories	6	272,694	236,159
Other	7	294,775	81,810
TOTAL CURRENT ASSETS		5,218,674	4,954,797

NON-CURRENT ASSETS

Receivables	5	60,000	255,885
Investments	8	2,225,837	1,956,058
Property, Plant and Equipment	9	8,391,430	4,652,044
TOTAL NON-CURRENT ASSETS		10,677,267	6,863,987
TOTAL ASSETS		15,895,941	11,818,784

CURRENT LIABILITIES

Payables	10	2,162,970	1,963,266
Interest bearing liability	11	180,000	-
Provisions	12	425,875	587,053
Other	13	261,987	29,651
TOTAL CURRENT LIABILITIES		3,030,832	2,579,970

NON-CURRENT LIABILITIES

Interest bearing liability	11	250,000	-
Provisions	12	367,706	92,211
TOTAL NON-CURRENT LIABILITIES		617,706	92,211
TOTAL LIABILITIES		3,648,538	2,672,181

NET ASSETS

12,247,403	9,146,603
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MEMBERS FUNDS

Accumulated Funds	15	11,594,903	8,781,603
Asset Revaluation Reserve	14	652,500	365,000
TOTAL MEMBERS FUNDS		12,247,403	9,146,603

*Statement of Cash Flows***FOR THE YEAR ENDED 31 OCTOBER 2004**

	NOTE	2004 \$	2003 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members, Sponsors, Supporters and Other Operations		22,405,692	21,661,424
Payments to Suppliers, Employees and Players		(22,273,814)	(20,801,992)
Interest Received		224,126	245,338
Dividends Received		24,603	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	16 (b)	380,607	1,104,770

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for Investments		(57,570)	(1,430,000)
Proceeds from disposal of investments		50,004	-
Proceeds from sale of property, plant and equipment		-	454
Purchase of property, plant and equipment		(826,965)	(294,881)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(834,531)	(1,724,427)

CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds from related party borrowings:

Essendon Football and Community Sporting Club		211,166	148,842
Melton Country Club		42,695	(170,946)
Hall of Fame		(60,000)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		193,861	(22,104)

NET INCREASE (DECREASE) IN CASH HELD (260,063) (641,761)

CASH AT BEGINNING OF THE FINANCIAL YEAR 3,045,142 3,686,903

NET CASH ACQUIRED THROUGH MERGER 16 (c) 480,092 -

CASH AT END OF THE FINANCIAL YEAR

16 (a) 3,265,171 3,045,142

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2004

1. ESSENDON FOOTBALL CLUB LIMITED

Essendon Football Club Limited ("Club") is a public company limited by guarantee. The liability of each member of the company is limited to \$6.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with applicable Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report.

(a) Adoption of Australian Equivalents to International Financial Reporting Standards

Australia is currently preparing for the introduction of International Financial Reporting Standards (IFRS) effective for financial years commencing 1 January 2005. This requires the production of accounting data for future comparative purposes at the beginning of the next financial year.

The entity's management are assessing the significance of these changes and preparing for their implementation. Directors are of the opinion that no key differences in the entity's accounting policies will arise from the adoption of IFRS.

(b) Inventories

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

(c) Investments

Non-current investments are measured on a fair value basis. The fair value is assessed from the quoted market value for listed investments or the underlying net assets for other non-listed investments.

(d) Property, Plant and Equipment

Property, plant and equipment are brought to account at cost or at independent or director's valuation, less, where applicable, any accumulated depreciation or amortisation. The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amounts from these assets.

The depreciable amount of all fixed assets including leasehold improvements, but excluding freehold land, is 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	2.5% - 10%
Plant & Equipment	15% - 33.3%
Motor Vehicles	22.5%

(e) Employee Benefits

Provision is made for the company's liability for employee benefits to annual leave and long service leave from services rendered by employees to balance date. Long service leave is provided for employees with seven or more years' service for amounts which approximate the present value of future payments to be made to employees.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

(f) Income Received in Advance

Income is brought to account in the period in which it relates. Income received prior to 31 October 2004, which relates to future periods, has been recorded as income received in advance.

(g) 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.

(h) Player Acquisition Costs

Player acquisition costs are written off in the year they are incurred as uncertainty exists as to the term over which the benefit will be received.

(i) Revenue

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(j) 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 an item of the 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 are classified as operating cash flows.

(k) Comparatives

Where necessary, comparative figures have been reclassified to match current year presentation and to comply with current best accounting practices.

3. OPERATING PROFIT FROM ORDINARY ACTIVITIES

	2004 \$	2003 \$
(a) Revenue from Ordinary Activities		
(i) Operating revenue		
AFL annual distribution	4,184,500	3,907,000
AFL Prizemonies	200,000	165,000
Marketing revenues	14,475,869	13,430,688
Sale of goods	1,454,846	1,338,819
Match receipts	713,174	762,134
	<u>21,028,389</u>	<u>19,603,641</u>
TOTAL OPERATING REVENUE	21,028,389	19,603,641
(ii) Non-operating revenue		
AFL distribution from sale of Waverly Park	300,000	300,000
Interest received	224,126	245,338
Rental income	367,329	348,470
Net Income from investments	286,818	82,251
Windy Hill Fitness Centre	43,353	-
Windy Hill Venue	393,751	-
	<u>1,615,377</u>	<u>976,059</u>
TOTAL NON-OPERATING REVENUE	1,615,377	976,059
TOTAL REVENUE FROM ORDINARY ACTIVITIES	<u>22,643,766</u>	<u>20,579,700</u>
(b) Expenses from Ordinary Activities		
Marketing expenses	7,204,090	6,778,223
Cost of sales	803,392	731,010
Football expenses	11,494,734	10,491,878
Administration	1,117,537	1,233,164
Venue expenses	851,499	810,197
IT expenses	149,772	125,576
Windy Hill Fitness Centre	7,250	-
Windy Hill Venue	355,913	-
	<u>21,984,187</u>	<u>20,170,048</u>
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	<u>21,984,187</u>	<u>20,170,048</u>
(c) Profit from ordinary activities has been determined after :		
(i) Charging as Expenses (Revenue):		
Depreciation of:		
- Plant and Equipment	177,513	191,417
- Motor Vehicles	796	7,158
Amortisation of:		
- Leasehold Improvements	232,679	180,285
Provision for Employee Entitlements	(101,341)	39,447
Provision for Doubtful Debts	(2,500)	-
(Profit)/Loss on disposal of property, plant & equipment	-	(170)
(Profit)/Loss on disposal and (write-up)/write-down of non-current investments to recoverable amount	(207,132)	(35,520)
Dividend/Distribution income received on investments	(79,686)	(46,731)
(d) Significant Items		
The following significant revenue and expense items are relevant in explaining the financial performance:		
Revenue		
AFL distribution from sale of Waverly Park	<u>300,000</u>	<u>300,000</u>
Expense		
AFL Investigation fine	<u>-</u>	<u>85,000</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2004

	2004 \$	2003 \$
4. AUDITORS' REMUNERATION		
Remuneration of the auditor for:		
- auditing the annual financial report	24,000	20,000
- other	8,250	8,000
	<u>32,250</u>	<u>28,000</u>
The auditors received no other benefits.		
5. RECEIVABLES		
Current		
Trade and Sundry Debtors	1,218,691	1,035,827
Less Provision for Doubtful Debts	(15,000)	(15,000)
	<u>1,203,691</u>	<u>1,020,827</u>
Trading amounts receivable from associated entities (Refer Note 19a)	54,092	173,755
Loans receivable from associated entities (Refer Note 19b)	128,251	397,104
	<u>1,386,034</u>	<u>1,591,686</u>
Non Current		
Loans receivable from associated entities (refer note 19b)	60,000	255,885
	<u>60,000</u>	<u>255,885</u>
6. INVENTORIES		
Merchandise - at cost	229,081	248,159
Food & liquor - at cost	55,613	-
Less Provision for obsolete stock	(12,000)	(12,000)
	<u>272,694</u>	<u>236,159</u>
7. OTHER ASSETS		
Prepaid expenses	294,775	81,810
	<u>294,775</u>	<u>81,810</u>
8. INVESTMENTS (NON-CURRENT)		
Shares - at cost	150	150
- at market value	1,161,584	1,007,594
Units in managed funds - at market value	1,064,103	948,314
	<u>2,225,837</u>	<u>1,956,058</u>
9. PROPERTY, PLANT AND EQUIPMENT		
Land - at cost	-	35,000
Land - at 2004 independent valuation	2,355,000	450,000
	<u>2,355,000</u>	<u>485,000</u>
Plant and Equipment - at cost	1,875,310	1,451,932
Provision for Depreciation	(1,300,166)	(1,108,474)
	<u>575,144</u>	<u>343,458</u>
Motor Vehicles - at cost	46,214	31,814
Provision for Depreciation	(31,814)	(31,018)
	<u>14,400</u>	<u>796</u>

9. PROPERTY, PLANT AND EQUIPMENT (cont)

	2004 \$	2003 \$
Leasehold Improvements - at cost	6,518,796	4,664,803
Provision for Amortisation	(1,071,910)	(842,013)
	<u>5,446,886</u>	<u>3,822,790</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u>8,391,430</u>	<u>4,652,044</u>

An independent valuation of freehold land in Napier Street, Essendon, was undertaken at year end by P.W. Stokes FAPI FREI. The valuation was based on the current market value of the land.

See table at bottom of page for movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year.

10. PAYABLES (CURRENT)

	2004 \$	2003 \$
Trade Creditors	603,977	416,228
Accruals	1,558,993	1,547,038
	<u>2,162,970</u>	<u>1,963,266</u>

11. INTEREST BEARING LIABILITIES

	2004 \$	2003 \$
Current		
Bank bills payable	180,000	-
Non Current		
Bank bills payable	250,000	-

At balance date the City of Moonee Valley has fully guaranteed these bank bills.

12. PROVISIONS

	2004 \$	2003 \$
Current		
Annual Leave	396,782	249,417
Long Service Leave	29,093	337,636
	<u>425,875</u>	<u>587,053</u>
Non Current		
Long Service Leave	367,706	92,211

13. OTHER LIABILITIES (CURRENT)

	2004 \$	2003 \$
Income Received in Advance	261,987	29,651

14. ASSET REVALUATION RESERVE

	2004 \$	2003 \$
Balance at the beginning of the financial year	365,000	315,000
Revaluation increment on freehold land (Refer Note 9)	287,500	50,000
Balance at the end of the financial year	<u>652,500</u>	<u>365,000</u>

15. ACCUMULATED FUNDS

	2004 \$	2003 \$
Balance at the beginning of the financial year	8,781,603	8,371,951
Net profit for the year	659,579	409,652
Accumulated funds - EFCSC Merger	2,153,721	-
Balance at the end of the financial year	<u>11,594,903</u>	<u>8,781,603</u>

Note 9 continued

2004	Land \$	Plant & Equipment \$	Motor Vehicles \$	Leasehold Improvements \$	Total \$
Beginning of financial year	485,000	343,458	796	3,822,790	4,652,044
Additions	-	135,320	-	691,645	826,965
Additions - assets from merger with EFCSC	1,582,500	267,339	14,400	1,171,670	3,035,909
Disposals	-	-	-	-	-
Revaluations	287,500	-	-	-	287,500
Depreciation expense	-	(177,513)	(796)	(232,679)	(410,988)
Reclassification	-	6,540	-	(6,540)	-
End of financial year	<u>2,355,000</u>	<u>575,144</u>	<u>14,400</u>	<u>5,446,886</u>	<u>8,391,430</u>

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2004

	2004	2003	
	\$	\$	

16. 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 cashflows is reconciled to the Statement of Financial Position as follows:

Cash on Hand	114,995	3,300
Cash at Bank	550,176	41,842
Short Term Deposits	2,600,000	3,000,000
	3,265,171	3,045,142

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

Operating profit/(loss) from ordinary activities	659,579	409,652
(Profit)/Loss from Sale of Fixed Assets	-	(170)
Increase/(Decrease) in Provision for Doubtful Debts	(2,500)	-
Depreciation and Amortisation	410,988	378,860
(Increase)/Decrease in Receivables and Other Assets	(101,369)	331,957
(Increase)/Decrease in Inventory	14,973	(118,723)
(Increase)/Decrease in Value of Investments	(207,132)	(66,548)
(Increase)/Decrease in Dividends reinvested	(55,083)	-
Increase/(Decrease) in Payables and Income in Advance	(237,513)	130,295
Increase/(Decrease) in Provision for Employee Entitlements	(101,336)	39,447
Net Cash Provided by (used in) Operating Activities	380,607	1,104,770

(c) Merger with Essendon Football and Community Sporting Club (EFCSC)

On 4 October 2004 the EFCSC merged into the EFC by way of the transfer from EFCSC into EFC of all of its net assets and rights including the right of EFCSC members to access the social facilities of the merged entity. The merger was undertaken at the fair market value of the EFCSC at the date of the merger.

	2004	
	\$	
Current Assets:		
Cash assets	480,091	
Receivables	126,340	
Inventories	51,508	
Other assets	45,956	
Non-Current Assets:		
Property, plant and equipment	3,035,909	
Current Liabilities:		
Interest bearing liabilities	(700,877)	
Net tax liabilities	(33,465)	
Provisions	(215,650)	
Payables	(636,092)	
Net assets merged in	2,153,720	
Net cash inflow from merger		
Cash balances transferred	480,091	
The contribution to the profit for the period from the date of the merger from the social club activities.	73,940	

17. CAPITAL AND LEASING COMMITMENTS**(a) Operating Lease Commitments**

Non-cancellable Operating Leases contracted for but not capitalised in the accounts.

Payable:		
- not later than one year	175,000	173,334
- later than one year but not later than 5 years	700,000	58,333
	875,000	231,667

17. CAPITAL AND LEASING COMMITMENTS (cont)**(b) Capital Expenditure Commitments**

Payable:		
- not later than one year	122,960	33,100

18. REMUNERATION OF DIRECTORS

No remuneration, bonuses, commissions or salaries were received or are due and receivable by any director from the company or a related party nor has any payment been made in respect of superannuation payments or provisions for the retirement of any director.

The names of directors who have held office during the financial year are:

B. Dunn	T. Jonas	K. Egan	B. Knight
A. Epis	P. Leggett	N. Gay	N. McKissock
R. Horsburgh	B. Teal	G. McMahon (resigned 18.12.03)	

19. RELATED PARTIES**(a) Related Party Trading Balances**

Trading amounts receivable from associated entities:

	2004	2003	
	\$	\$	
Current			
EFC Hall of Fame Trust	16,303	37,384	
Essendon Football and Community Sporting Club	-	92,565	
Melton Country Club Inc.	37,789	43,806	
	54,092	173,755	

(b) Related Party Loans

Loans receivable from associated entities:

	2004	2003	
	\$	\$	
Current			
Essendon Football and Community Sporting Club	-	226,158	
Melton Country Club Inc. (refer (i) below)	128,251	170,946	
	128,251	397,104	

Non-current

Essendon Football and Community Sporting Club	-	255,885
Hall of Fame	60,000	-
	60,000	-

(i) The balance receivable from Melton Country Club Inc. is unsecured. Interest is payable on the loan balance at a rate of 4% per annum.

(c) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(i) Associated Entities

Rental income received or receivable from:

Essendon Football and Community Sporting Club	36,663	40,000
Melton Country Club Inc.	303,333	284,470
EFC Hall of Fame Trust	24,000	24,000
	363,996	348,470

Sponsorship income received or receivable from:

Essendon Football and Community Sporting Club	128,880	160,517
Interest received or receivable from:		
Essendon Football and Community Sporting Club	22,375	35,819
Melton Country Club Inc.	6,530	2,695
	28,905	38,514

Management fees received or receivable from:

Essendon Football and Community Sporting Club	62,380	68,344
Melton Country Club Inc.	52,604	55,078
	114,984	123,422

(ii) Directors and Director Related Entities

Courier fees paid or payable to Couriers Express Services of which Mr Patrick Leggett is a director.	15,174	14,160
Consulting fees for tax services paid or payable to Pitcher Partners of which Mr Tim Jonas is a partner.	9,240	10,480

20. FINANCIAL INSTRUMENTS**(a) Interest Rate Risk**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in marketing interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows :

	Note	2004 Fixed interest maturing in:				Total \$	Weighted average Interest rate %
		Floating Interest rate \$	1 year or less \$	1 to 5 years \$	Non interest bearing \$		
Financial Assets							
Cash	16(a)	550,176	2,600,000		114,995	3,265,171	5.27
Receivables - Trade debtors	5				1,257,783	1,257,783	Nil
Loans	19(b)		128,251	60,000		188,251	4
Investments	8				2,225,837	2,225,837	Nil
		550,176	2,728,251	60,000	3,598,615	6,937,042	
Financial Liabilities							
Bank Bills	11	-	180,000	250,000	-	430,000	5.97
Payables	10				2,162,970	2,162,970	Nil
		-	180,000	250,000	2,162,970	2,592,970	
Net financial Assets/(liabilities)		550,176	2,548,251	(190,000)	1,435,645	4,344,072	

	Note	2003 Fixed interest maturing in:				Total \$	Weighted average Interest rate %
		Floating Interest rate \$	1 year or less \$	1 to 5 years \$	Non interest bearing \$		
Financial Assets							
Cash	16(a)	41,842	3,000,000		3,300	3,045,142	4.84
Receivables - Trade debtors	5				1,194,582	1,194,582	Nil
Loans	19(b)		397,104	255,885		652,989	5.85
Investments	8				1,956,058	1,956,058	Nil
		41,842	3,397,104	255,885	3,153,940	6,848,771	
Financial Liabilities							
Payables	10				1,963,266	1,963,266	Nil
		-	-	-	1,963,266	1,963,266	
Net financial Assets/(liabilities)		41,842	3,397,104	255,885	1,190,674	4,885,505	

(b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Statement of Financial Position and notes to the financial statements. No unrecognised financial assets exist at balance date.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(c) Terms, Conditions and Accounting Policies

The company's accounting policies, including terms and conditions of each class of financial assets and financial liability, recognised at balance date, are set out below. There are no unrecognised financial assets or liabilities.

(i) Financial Assets*Trade Debtors*

Trade debtors are carried at amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable. Trade receivables are generally settled within 30 days from the date of invoice/statement.

(ii) Financial Liabilities*Trade creditors and other accruals*

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company. Trade accounts payable are normally settled within 30 days. Liabilities for player payments are settled on various terms as negotiated with individual players.

(d) Net Fair Values of Financial Assets and Liabilities

The company's financial assets and liabilities are carried in the Statement of Financial Position at amounts that approximate their net fair value.