

ESSENDON FOOTBALL CLUB
FINANCIAL REPORT 2005

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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 the 2005 chairman's report.

FOOTBALL

There is no hiding from the fact that the 2005 season was a most disappointing season for the club on-field. We are about winning Premierships and 13th position on the AFL ladder is a long way from where this club aspires to be. It certainly puts us in unfamiliar territory given we have played finals football in the past seven years. I can assure you that nobody at the club is comfortable with our finish and I know that you, as members, will be disappointed.

There are some very serious challenges that lie ahead for this current group and the match committee has made significant changes to the playing personnel on the back of this season's disappointment. But as we continue to search for the right on-field formula some tough decisions had to be made and those responsible didn't back away from making them.

It was, however, not all bad news. The team played much better football in the second half of the season and while the senior players did well, much of the improvement can be put down to an increased influence from our younger players. The likes of Brent Stanton, Andrew Lovett, Kepler Bradley and Nathan Lovett-Murray played some very good football. And we have much to look forward to from players such as Jason Laycock, Angus Monfries and Ricky Dyson.

These players will continue to develop and if our senior group of players can have better luck with injuries, I'm sure season 2006 will deliver a much improved result. In fact I think the club as a whole should expect to play finals football again in 2006 – aspiring to anything less is to aim for mediocrity and that is simply not the red and black way.

Of course while the players will need to work exceptionally hard, I know the coaching staff around them will do likewise. A cohesive coaching unit is critical to the success of the team and we have some of the

finest coaches in the land. I know they will be able to get even more out of the playing group in 2006.

To the man who leads our coaches – Kevin Sheedy – congratulations on your 25 years as senior coach of Essendon. In terms of results it isn't a year he will remember fondly but it is nonetheless an achievement he should be rightly proud of, as only two other coaches have achieved such a feat – Jock McHale and Allan Jeans.

I would also like to congratulate Kevin for the job he did with the Australian team. If anyone doubted his ability to bring a diverse group of players together and turn them into a formidable football team, then this year's International Rules series against Ireland would have put any doubters back in their box. A job well done. It is also appropriate to congratulate our three Australian representatives - Dustin Fletcher, Kepler Bradley and Andrew Lovett.

I should take this opportunity to thank assistant coach Robert Shaw for everything he has done for the club over the past seven years. He is undoubtedly one of the most astute football brains in the business but he also felt it was time to move on in his career. We understand the reasons behind that decision and wish him all the best.

I must congratulate James Hird on the brilliant job he has done as captain of this football club since taking over the role from Gary O'Donnell in 1998. Essendon won 122 games of the 191 he spent as captain of the club, played in the finals every year bar one, played in two Grand Finals and collected one Premiership.

James grew significantly as a leader from the moment he walked into the job. He had great respect for his teammates and they in turn had great respect for him. He will go down as one of the finest captains this club has had. It is also most pleasing that he has opted to play on in 2006.

To Matthew Lloyd – the club's new captain – congratulations on your appointment and we know you will do a fantastic job for the club. He has always been earmarked as the heir apparent and his time is now. This club will provide him every support in what can be a demanding job.

Nobody is in any doubt that he has what it takes to lead this club back into the finals.

Congratulations to Jason Johnson who collected a second Crichton Medal in 2005. It was thoroughly deserved and a reflection of his consistent form throughout the season. Well done also to runner-up Mark Johnson, youngster Brent Stanton for his third place and all our other award winners.

Matthew Allan retires after two years with the club, with injuries unfortunately preventing him from playing his best football in 2005. He was a most popular addition to the Essendon playing group and I know our administration staff found him a pleasure to work with. But he won't be lost to the club, having taken on the role of general manager of the Bendigo Bombers, which provides a fantastic opportunity for him.

And while we are on the Bendigo Bombers, congratulations to coach Matthew Knights and his team on reaching the preliminary final. The Bendigo Bombers team is critically important to the wellbeing of our senior side and they performed exceptionally well in 2005. We are all hopeful they can go a step or two further in 2006.

To all our de-listed players, thank you for your efforts. I know it is a most difficult time for you but we wish you well in your future endeavours.

OFF FIELD

The Essendon Football Club will report a profit of \$806,372 for the financial year ending October 31st. Pleasingly, this represents an increase of \$146,793 on the 2004 result. It is also our third successive increased profit result and our eighth consecutive year of reporting a profit.

The result from 2005 further consolidates this club's financial position and underlines the important strategic decisions taken to ensure this club remains financially viable. The club's position has always been to look for ways to insulate ourselves against a downturn in on-field performance and we are moving in the right direction. The profit result is discussed in more detail in our chief executive Peter Jackson's report and that of finance director Tim Jonas.

I would, however, like to update you on the progress of our master plan for the Windy Hill precinct. A new car park has been completed at the club and a bowling green relocated. This relocation will allow us to redevelop the Windy Hill Fitness Centre that continues to grow in popularity.

The club will also soon embark on some redevelopments at the Windy Hill venue, in particular the gaming area. These changes are designed to further enhance these businesses as long-term profit centres for the Essendon Football Club.

The club has this year also integrated the Hall of Fame into the Essendon Football Club business and with it comes a memorabilia collection valued at in excess of \$3 million. This club recalls its history with great pride and the Hall of Fame remains the envy of every other AFL club. Now, as part of the EFC business, we can work hard to further enhance its reputation and profitability as a tourist attraction.

The club will continue to look for further opportunities to expand its business and ensure this club remains financially strong.

APPRECIATION

The Club continues to receive fantastic support on a number of fronts and I would like to take this opportunity to record my thanks.

Firstly to our major sponsor – Hutchison 3G Australia – clearly one of the most innovative companies in Australia. It has been a relationship of great benefit to both parties and I look forward to that remaining the case next year and beyond. Thank you for your support of this club.

I would also like to thank our business partners – Puma, Channel 7, AGL, BMW Melbourne, Coca Cola, the Foster's Group, Tyrrells Wine, Musashi, and our ball sponsor Yakult. Each provide us with fantastic support and again I urge you to reward them for their support by purchasing their products or services.

Thank you to the members of the Essendon Football Club board that give freely of their time in a bid to ensure this club remains strong. They provide the expertise to ensure that Essendon Football Club is managed in accordance with the high governance standards that will ensure we are well positioned to take advantage of future opportunities.

Essendon currently has an excellent working relationship with the AFL Commission and management. Congratulations to them on the achievement of some spectacular results in 2005 and the continued growth of the game.

Thanks to the club's CEO Peter Jackson, who is clearly one of the most talented administrators in the competition. To him, his management team and staff, thank you for your enthusiasm and professionalism. I can assure you it reflects very well on the club.

To our volunteers – and we have many – thank you for everything you provide for this club. I can guarantee you everybody at Essendon Football Club is well aware of the contribution you make to this club and we are most thankful for it. It never ceases to amaze me the countless hours they put in at our club.

And the same can be said for the

Essendon cheer squad members, who do a magnificent job week in, week out during the football season. They provide some terrific colour and atmosphere on match day and it certainly adds to that tribal feel that can intimidate opposition sides – particularly those that have come from across the border.

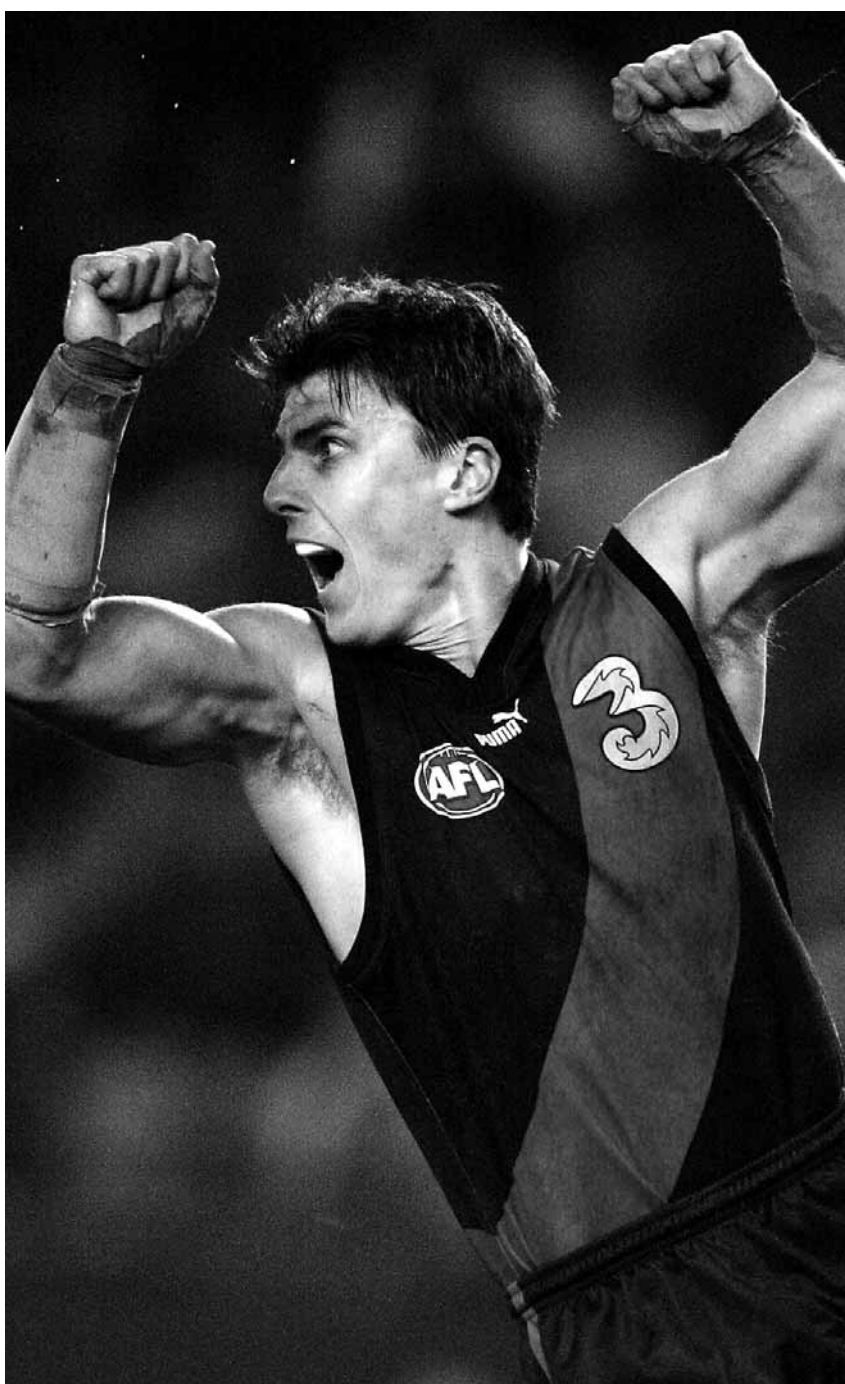
To our coterie groups, that remain the best in the AFL competition, we thank them for their support and hope they enjoy their involvement with the club. Thank you to the Essendonians, the Diamond Dons and the Coleman Club. I would like to make particular mention of the Essendon Women's Network and the Dick Reynolds Club, who again produced some spec-

tacular events with the help of club staff. Thank you also to the Red and Blacks, the Lawdons and the Hutchison Club.

And of course to you, the members, thank you for your support of this great club. You have heard it time and again but I want to re-emphasise just how important you are to the future of this club. Your support makes us strong and for that you should revel in every win and feel the pain of every loss as we do. You are a part of this club: the board knows it, the administration knows it and most importantly the players know it.

I look forward to seeing you back in the red and black in 2006.

Neil McKissock
Chairman





2005

CHIEF EXECUTIVE OFFICER'S REPORT

IN OPENING MY 2004 CEO's report, I said that season would prove to be a defining year for the Essendon Football Club both on and off the field. I said the club had laid the foundations that year for the seasons ahead and that members could look forward to a successful team being supported by a financially stable club.

2005 did not achieve high levels of performance both on and off the field but members should not be too disappointed in the year. I still believe 2004 will prove to have been a defining year, and the future of the Essendon Football Club remains very positive on and off the field.

On the field, the younger players continued to display their potential. Brent Stanton had a stand out year, finishing third in the Crichton Medal. Andrew Lovett won best first year player and showed exciting potential. Other young players also showed their talent at various times during the season, including Rising Star nominees Kepler Bradley and Jason Laycock, as well as Nathan Lovett-Murray, Ricky Dyson, Angus Monfries, Henry Slattery, Jason Winderlich and Jobe Watson.

The fact that the Bendigo Bombers also played in a preliminary final of the VFL competition is encouraging for the future. In previous seasons, notably 1992 and 1999, good performances from our young reserves' sides have been the pre-cursor to the club's success in the AFL competition in the following years.

We also look forward to an improved season in 2006 from some established players who had their 2005 seasons restricted by injury. Adam McPhee and Dean Solomon are vital players for the club who both had an ordinary and frustrating 2005 due to on-going injury concerns. The surgery and rest they had towards the end of 2005 should prime them for a good pre-season and 2006.

Adam Ramanauskus suffered further setbacks and frustration in 2005 with his knee reconstruction. He, more than anyone, deserves some good luck in 2006.

All things considered, members should be feeling positive about the team's prospects in 2006 and beyond.

But of course there are no guarantees

and it certainly won't happen just because it's a new year. We had higher expectations for 2005 than our final result reflects and we need to take that on board and learn from it.

The most disappointing thing about 2005 is that too many players with the talent to play at AFL level failed to utilise that talent to secure their future in this competition.

As a result, we have seen substantial changes to the playing list for 2006.

The team performances towards the end of the 2005 season showed clearly that we have the talent to be a force again – and soon. However, whether we are to have a successful year in 2006 is going to depend on the attitude and work ethic of everyone at the club.

It is of course now paramount that the young players continue their personal and collective development. The club's success in the AFL in 2006 and beyond will depend on these young players continuing to improve, building the enthusiasm among the senior players and putting selection pressure on the whole list. In this regard, player development is a very significant issue for 2006 for the coaching panel and football department generally.

At this point I want to congratulate South Melbourne FC / Sydney Swans for their Premiership win. I thought their victory was most deserving in the sense they showed what a great team can achieve, despite the challenges of travel, the quality of individual opposition players confronting them and the incredibly hard fought contests and tight results over their finals campaign.

I want to pay tribute to James Hird. James has made two very important decisions this year – one to play on in 2006, and the second to stand down as captain. Neither decision would have been taken lightly. But both decisions reflect his commitment to this club, and they are decisions he thinks are in the best interests of the club.

I take this opportunity also to congratulate Matthew Lloyd on his appointment as captain of the club. Matthew is a different person to James Hird, and his style of leadership will therefore also be different. It does not mean he will be less effective. I know he is looking forward to taking up this role, as

are all of us at the club looking forward to seeing him develop into it. I wish him all the best in this role for 2006.

I also want to recognise Robert Shaw's contribution to the Essendon Football Club. Robert wants to take his career in a new direction away from coaching into football administration. Robert has been assistant coach at Essendon Football Club this time since 1999. He was an integral part of the success of the team since that time.

The reported profit for 2005 was \$806,372 including depreciation and amortisation charges of \$649,812, thus generating an EBITDA result of \$1,456,184. This represents a strong trading cash result and maintains the club's overall strong cash position.

The profit result was satisfactory and continues the trend of improved profit results since 2003. The club has now reported profits every year since 1997. Although satisfactory, it was none-the-less a mixed result and did not achieve our expectations in some areas, due mainly from not achieving revenue targets. Whereas this was in part due to our relatively poor on-field result (eg: total prize money alone was \$185,000 less than 2004), most of the revenue shortfall came from our own failure to achieve our plans and targets. We have aggressive business plans that we must achieve to ensure the long term financial viability of the club. Senior marketing management changes during 2005 have allowed us to create a much more focussed organisational structure, including additional resources, to ensure we do achieve these plans.

The worst performed areas were fundraising and sponsorship. We had plans to improve our overall fundraising returns, based on the results of other AFL clubs. Management vacancies at the beginning of the year created a void, resulting in a lack of resources and direction being devoted to the fundraising activities. As a result we fell almost \$200,000 short of our net targets. Sponsorship results were also poor, due mainly to bad timing with management changes and inadequate resources at key times in the year. Sponsorship missed its overall target by some \$480,000. Overall, the marketing contribution declined slightly from \$7.8 million in 2004 to about \$7.7 million in 2005.

Despite this disappointment, there were still some very good results achieved during the year.

I referred at the opening of this report to my comment last year that 2004 would be a defining year off the field as well as on the field. Off the field, I was referring to the merger of the Essendon Football and Community Sporting Club (EFCSC) and the Essendon Football Club. The benefits of that merger have been realised by all

stakeholders of both clubs in 2005, as evidenced below.

One part of the Essendon Football Club's business plan has been to invest in and develop associated businesses to provide cash flows independent of the team's on-field performance, thereby ensuring financial stability in case of a prolonged lack of on-field success. Our primary reason for being, of course, remains to win Premierships, and we will never deviate from that primary aim. However it is vital the club remain financially strong to give the club the best chance of winning more Premierships.

The combined financial contribution from the Windy Hill Venue (formerly Social Club) and the Windy Hill Fitness Centre in 2005 was \$825,163, and thus has demonstrated in the first full year after the merger the benefits to the Essendon Football Club. This result is after allowing for the distribution of \$143,185 to the 10 affiliated sporting clubs; local clubs previously affiliated with EFCSC now affiliated with Essendon Football Club. The distribution from the EFCSC to these affiliated clubs in 2004 was only \$53,000, thus the merger and the performance of the WHV has increased the distribution by about \$90,000.

Finally, the benefits of the merger will show up in the 2006 financial year with the capital development program Essendon Football Club has committed to these businesses to ensure they remain attractive to their members. We are disappointed the reconstruction of the new gymnasium at the Windy Hill Fitness Centre was delayed during 2005, but in the end, a better result will be achieved. The club expects a permit to build a new gymnasium during 2006 at a cost of \$3,500,000. The board has also approved a three-year capital development program for the Windy Hill Venue to the value of \$1,200,000, of which some \$630,000 is included in the 2006 budget.

The club has made a significant commitment to its businesses and the Windy Hill precinct since 2002. By the end of 2006 total capital expenditure will be in the order of \$9 million. Total depreciation and amortisation charges are forecast to increase to nearly \$1 million per annum. Whereas these charges will keep reported profit results lower, they nevertheless will ensure a strong trading cash flow for the club each year.

I am pleased to advise that 2005 at last saw a turnaround in the trend of declining match receipts. Members will recall that last year I reported match receipts had declined to about \$713,000 in 2004, a decline that had continued each year from \$1,149,000 (38%) in 2001. We have attributed this decline to the TV fixture with so many home

night games, the redevelopment of the MCG, and poor form of some traditional rivals. In 2005, match receipts showed an increase, albeit modest against 2001 levels, to \$801,000.

It is interesting to note this increase happened during a year of poor on-field performance. We attribute this increase to two factors. Firstly, our own promotion of our home games, especially at Telstra Dome. Secondly, members and supporters excitement with the young players towards the end of the season. We hope to see this trend continued in 2006 with increased attendances at our home games.

Members and supporters continue to embrace Telstra Dome. Our average home crowd at Telstra Dome in 2005 was almost 43,000 compared to about 41,600 in 2004. The average home crowd at the MCG in 2005 was also up at about 52,000 compared to about 46,000 in 2004.

The crowds at Telstra Dome are all the more impressive considering most of the home games played there are against interstate clubs with few visiting supporters, whereas the MCG games are against traditional Victorian rivals. As a result, our overall financial return (ie including match receipts, reserved seats, signage, corporate dining etc) from home games played at Telstra Dome compares most favourably with the games played at the MCG. The average overall return per game from seven home games played at Telstra Dome was about \$715,000 compared to the average of the four home games played at MCG of about \$660,000. The deal with Telstra Dome has been very important in maintaining the financial stability of the club over recent years when the club has clearly been adversely affected by the AFL's TV fixture and the redevelopment of the MCG. We have a strong relationship with Telstra Dome management and we are pleased members and supporters continue to embrace this world class stadium.

Our game is as strong as it has ever been at any time in its history. The year 2005 saw record crowds, record club memberships and continued strong TV ratings. This is a credit to the AFL and all the participating clubs. For our part, Essendon Football Club has a strong working relationship with the AFL that we consider important to both parties.

We congratulate Andrew Demetriou and his staff, as well as the AFL Commission, on what has been achieved over recent years. We now look forward to the announcement of the new TV deal, which we hope will not only underwrite the financial stability of the competition and its clubs, but also contribute positively to the game's development in NSW and Queensland.

I need to thank many people and organisations. The support of sponsors is critical if clubs are to survive and thrive, and Essendon Football Club is proud of its association with its sponsors. None more so that its ongoing association with Hutchison 3G Australia – the major sponsor of the Essendon Football Club. We are most appreciative of their support and trust that support is being rewarded in the market place.

We also have a number of important business partnerships – Puma (Apparel), Channel 7 (Media), AGL (Energy), BMW Melbourne (Automotive), Coca Cola Amatil (Non-alcoholic beverage), Foster's Group (Beer), Musashi (Health Supplement), Tyrrell's Wine (Wine) and Yakult (Ball Sponsor). These are most significant relationships and we thank each and every one for their support.

To our coterie groups – thank you again for the wonderful support you continue to provide this club. As coterie group members you experience a real involvement with the club. We will continue to ensure your relationship with your club continues to flourish. Thank you to our match day coterie – the Essendonians and chairman Mark Casey, the Diamond Dons and the Coleman Club.

Our non-match day coterie also provide terrific support for the Essendon Football Club and a number of them continue to provide the model being copied by rival clubs. Thank you to the Dick Reynolds Club and chairman Greg Brown and the Essendon Women's Network and chairperson Linda Dessau. Thank you also to the Red and Blacks and chairman Bruce Heymanson, the Lawdons and chairman Tony Howard QC and the Hutchison Club.

Thanks to my management team and all the staff at Essendon Football Club for their continued efforts. Working at a football club can be most demanding but they remain highly professional and dedicated to getting the job done.

I would like to thank our Chairman, Neil McKissock, and the board of the Essendon Football Club. As has been the case for much of the past decade, this club has had stability at board level that is the envy of many other clubs. I thank them for their support.

Finally, thank you to you, the members. You all know how important you are to Essendon, and we will continue to work hard to deliver everything you want as supporters of this proud club.

Peter Jackson
Chief Executive Officer

DIRECTORS' REPORT

Your directors submit their report on the company for the financial year ended 31 October 2005.

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 (resigned 16.12.04)	N. McKissock
R. Horsburgh	B. Teal
D. Jackson (appointed 16.12.04)	

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 CLUB HALL OF FAME

On 31 October 2005 the Hall of Fame merged into the Essendon Football Club by way of the transfer from the Hall of Fame into the Essendon Football Club of all of its assets and liabilities.

4. OPERATING RESULT

For the year ended 31 October 2005 the company had an overall profit of \$806,372 (2004: \$659,579).

The result includes the first full year of trading of the Windy Hill Venue, merged with the Essendon Football Club on 4 October 2004.

5. REVIEW OF OPERATIONS

A detailed review of various aspects of operations is contained elsewhere in this Financial 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 Hall of Fame.

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	13	11	1	1
K. Egan	13	13	-	-
A. Epis	13	12	-	-
N. Gay	2	1	-	-
R. Horsburgh	13	10	4	3
D. Jackson	11	10	-	-
T. Jonas	13	13	4	4
B. Knight	13	13	3	2
P. Leggett	13	13	4	4
N. McKissock	13	13	-	-
B. Teal	13	11	-	-

12. INFORMATION ON CURRENT DIRECTORS

N. McKissock	Board 1997-05	Chairman Board of Directors President Melton Country Club Inc.
B. Dunn	Board 1999-05	
K. Egan	Life Member Senior Player 1963-69 Board 1996-05	Chairman of Selectors
A. Epis	Life Member Senior Player 1958-68 Board 1998-05	
R. Horsburgh	Board 2003-05	Deputy Chairman Member Audit Committee
D. Jackson	Board 2005	
T. Jonas	Board 1997-05	Finance Director Treasurer Melton Country Club Inc. Chairman Audit Committee
B. Knight	Life Member Board 1994-05	Vice President Melton Country Club Inc. Member Audit Committee
P. Leggett	Board 1999-05	Member Audit Committee Committee Melton Country Club Inc.
B. Teal	Board 1999-05	Committee Melton Country Club Inc.

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)	B. Knight
R. Horsburgh	P. Leggett

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 must report to the full board of the Essendon Football Club. The Committee has no authority to act outside of its terms of reference without prior approval of the board. The Committee has no authority to commit club funds without the prior approval of the board.

The Committee has access to information from employees and relevant external parties where such information is required by the Committee to fulfil its obligations. Such information must be obtained by members only with the agreement of the Committee.

The Committee has the right to conduct investigations into matters where considered appropriate under its terms of reference.

Auditor Independence

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

- The nature of all non-audit services is reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia and CPA Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 31 October 2005:

	\$
Taxation services	3,150
Non-statutory attestation services	10,600
Internal control review	<u>3,650</u>
	<u>17,400</u>

Auditor's Independence Declaration

An independence declaration has been provided by the company's auditor, William Buck. This is set out below.
Signed in accordance with a resolution of the Board of Directors.



N. McKissock
Director

T. Jonas
Director


Signed this 10th day of November, 2005.

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 2005 and of the performance for the year ended on that date of the company.
- (2) in the director's 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, 2005.

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

I declare that, to the best of my knowledge and belief, in relation to our audit of Essendon Football Club for the year ended 31 October 2005 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- no contraventions of any applicable code of professional conduct.



William Buck
Chartered Accountants

David A. McC. Ashmore
Partner

Dated this 9th day of November, 2005. Melbourne, Australia.

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 2005.

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.

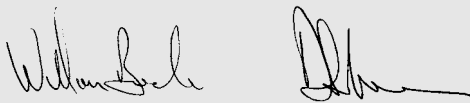
Independence

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 30 June 2005 and of their 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 9th day of November, 2005
Melbourne, Australia.

William Buck
Business Advisors
Chartered Accountants

*Statement of Financial Performance***FOR THE YEAR ENDED 31 OCTOBER 2005**

	NOTE	2005 \$	2004 \$
Revenues from ordinary activities	3(a)	28,439,779	22,818,765
Expenses from ordinary activities	3(b)	27,633,407	22,159,186
Net profit from ordinary activities	3(c),(d)	806,372	659,579
Net increase in asset revaluation reserve	14	270,000	287,500
Total changes in equity		1,076,372	947,079

*Statement of Financial Position***AS AT 31 OCTOBER 2005****CURRENT ASSETS**

Cash assets	16	2,931,500	3,265,171
Receivables	5	1,508,645	1,386,034
Inventories	6	388,978	272,694
Other	7	339,399	294,775
TOTAL CURRENT ASSETS		5,168,522	5,218,674

NON-CURRENT ASSETS

Receivables	5	-	60,000
Investments	8	1,525,097	2,225,837
Property, Plant and Equipment	9	9,565,170	8,391,430
TOTAL NON-CURRENT ASSETS		11,090,267	10,677,267
TOTAL ASSETS		16,258,789	15,895,941

CURRENT LIABILITIES

Payables	10	1,432,609	2,162,970
Interest bearing liability	11	180,000	180,000
Provisions	12	437,731	425,875
Other	13	366,321	261,987
TOTAL CURRENT LIABILITIES		2,416,661	3,030,832

NON-CURRENT LIABILITIES

Interest bearing liability	11	70,000	250,000
Provisions	12	448,353	367,706
TOTAL NON-CURRENT LIABILITIES		518,353	617,706
TOTAL LIABILITIES		2,935,014	3,648,538

NET ASSETS

13,323,775 12,247,403

MEMBERS FUNDS

Accumulated Funds	15	12,401,275	11,594,903
Asset Revaluation Reserve	14	922,500	652,500
TOTAL MEMBERS FUNDS		13,323,775	12,247,403

*Statement of Cash Flows***FOR THE YEAR ENDED 31 OCTOBER 2005**

	NOTE	2005 \$	2004 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members, Sponsors, Supporters and Other Operations		27,641,506	22,405,692
Payments to Suppliers, Employees and Players		(27,634,935)	(22,271,545)
Interest Received		205,485	224,126
Borrowing Costs		(25,609)	(2,269)
Dividends Received		23,647	24,603
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	16 (b)	210,094	380,607

CASH FLOWS FROM INVESTING ACTIVITIES

Payment for Investments		(122,240)	(57,570)
Proceeds from disposal of investments		1,105,640	50,004
Proceeds from sale of property, plant and equipment		11,500	-
Purchase of property, plant and equipment		(1,486,571)	(826,965)
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		(491,671)	(834,531)

CASH FLOWS FROM FINANCING ACTIVITIES

Net proceeds from related party borrowings:			
Essendon Football and Community Sporting Club		-	211,166
Melton Country Club		128,251	42,695
Hall of Fame		(30,000)	(60,000)
Repayment of Commercial bill		(180,000)	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		(81,749)	193,861

NET INCREASE (DECREASE) IN CASH HELD (363,326) (260,063)

CASH AT BEGINNING OF THE FINANCIAL YEAR 3,265,171 3,045,142

NET CASH ACQUIRED THROUGH MERGER 16 (c) 29,655 480,092

CASH AT END OF THE FINANCIAL YEAR 16 (a) **2,931,500** **3,265,171**

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2005

1. 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

The Club is preparing and managing the transition to Australian Equivalents to International Financial Reporting Standards (AIFRS) effective for the Clubs financial year commencing 1 November 2005. The adoption of AIFRS will be reflected in the Clubs financial statements for the year ending 31 October 2006. On first time adoption of AIFRS, comparatives for the financial year ended 31 October 2005 are required to be restated. Any material AIFRS transitional adjustments will be made against retained earnings at 1 November 2004.

The entity's management, along with its auditors, have assessed the significance of the expected changes and are preparing for their implementation.

The directors are of the opinion that there are no material differences in the clubs accounting policies on conversion to AIFRS. Users of the financial statements should, however, note that this situation could change if there are any amendments by standard-setters to the current AIFRS, or interpretation of the AIFRS requirements change.

(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%

(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 six 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 2005, 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.

2. ESSENDON FOOTBALL CLUB LIMITED

Essendon Football Club Limited ("Club") is an Australian public company limited by guarantee with a registered office at Napier Street Essendon, Victoria, Australia. The liability of each member of the company is limited to \$6.

3. OPERATING PROFIT FROM ORDINARY ACTIVITIES

	2005 \$	2004 \$
(a) Revenue from Ordinary Activities		
(i) Operating revenue		
AFL annual distribution	4,269,504	4,184,500
AFL Prizemonies	15,000	200,000
Marketing revenues	14,507,096	14,475,868
Merchandise – sale of goods	1,484,763	1,454,846
Match receipts	801,232	713,174
Windy Hill Fitness Centre	519,921	33,130
Windy Hill Venue – sale of goods	2,586,188	188,151
– operating revenue	2,781,420	205,600
TOTAL OPERATING REVENUE	26,965,124	21,455,269
(ii) Non-operating revenue		
AFL distribution from sale of Waverley Park	300,000	300,000
Interest received	205,485	224,126
Rental income	662,863	552,552
Net Income from investments	306,307	286,818
TOTAL NON-OPERATING REVENUE	1,474,655	1,363,496
TOTAL REVENUE FROM ORDINARY ACTIVITIES	28,439,779	22,818,765
(b) Expenses from Ordinary Activities		
Administration	1,223,330	1,117,537
Borrowing costs	25,609	2,269
Football expenses	11,757,313	11,494,734
IT expenses	121,392	149,772
Marketing expenses	7,499,044	7,204,418
Merchandise – cost of sales	828,135	803,392
Rental expenses	175,000	175,000
Venue expenses	852,385	851,499
Windy Hill Fitness Centre	110,062	4,981
Windy Hill Venue – cost of sales	856,132	67,200
– payroll, venue and other operating costs	4,185,005	288,384
TOTAL EXPENSES FROM ORDINARY ACTIVITIES	27,633,407	22,159,186
(c) Profit from ordinary activities has been determined after:		
Charging as Expenses (Revenue):		
Depreciation of:		
- Plant and Equipment	239,819	177,513
- Motor Vehicles	-	796
Amortisation of:		
- Leasehold Improvements	409,993	232,679
Provision for Employee Entitlements	92,506	(101,341)
Provision for Doubtful Debts	10,000	(2,500)
(Profit)/Loss on sale of investments	(73,029)	-
(Profit)/Loss on (write-up)/write-down of non-current investments to recoverable amount	(123,923)	(207,132)
Dividend/Distribution income received on investments	(109,354)	(79,686)

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2005

	2005 \$	2004 \$
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4. AUDITORS' REMUNERATION

Remuneration of the auditor for:		
- auditing the annual financial report	30,750	24,000
- other	17,400	8,250
	48,150	32,250

The auditors received no other benefits.

5. RECEIVABLES**Current**

Trade and Sundry Debtors	1,480,731	1,218,691
Less Provision for Doubtful Debts	(25,000)	(15,000)
	1,455,731	1,203,691

Trading amounts receivable from associated entities (Refer Note 19a)	52,914	54,092
Loans receivable from associated entities (Refer Note 19b)	-	128,251
	1,508,645	1,386,034

Non Current

Loans receivable from associated entities (refer note 19b)	-	60,000
	-	60,000

6. INVENTORIES

Merchandise - at cost	347,665	229,081
Food and liquor - at cost	53,313	55,613
Less Provision for obsolete stock	(12,000)	(12,000)
	388,978	272,694

7. OTHER ASSETS

Prepaid expenses	339,399	294,775
	339,399	294,775

8. INVESTMENTS (NON-CURRENT)

Shares - at cost	-	150
- at market value	305,068	1,161,584
Units in managed funds - at market value	1,220,029	1,064,103
	1,525,097	2,225,837

9. PROPERTY, PLANT AND EQUIPMENT

Land - at 2005 independent valuation	2,625,000	2,355,000
	2,625,000	2,355,000
Plant and Equipment - at cost	2,189,800	1,875,310
Provision for Depreciation	(1,539,985)	(1,300,166)
	649,815	575,144
Motor Vehicles - at cost	31,814	46,214
Provision for Depreciation	(31,814)	(31,814)
	-	14,400

9. PROPERTY, PLANT AND EQUIPMENT (cont)

Leasehold Improvements - at cost	7,772,258	6,518,796
Provision for Amortisation	(1,481,903)	(1,071,910)
	6,290,355	5,446,886
TOTAL PROPERTY, PLANT AND EQUIPMENT	9,565,170	8,391,430

An independent valuation of freehold land in Napier Street, Essendon, was undertaken on 26th October 2005 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)

Trade Creditors	203,997	603,977
Accruals	1,228,612	1,558,993
	1,432,609	2,162,970

11. INTEREST BEARING LIABILITIES**Current**

Bank bills payable (refer below)	180,000	180,000
	180,000	180,000

Non Current

Bank bills payable (refer below)	70,000	250,000
	70,000	250,000

Bank Bills

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

12. PROVISIONS**Current**

Annual Leave	383,824	396,782
Long Service Leave	53,907	29,093
	437,731	425,875

Non Current

Long Service Leave	448,353	367,706
	448,353	367,706

Number of Club employees at the reporting date	128 employees	133 employees
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The number of club employees relates to staff with leave entitlements. This excludes players.

13. OTHER LIABILITIES (CURRENT)

Income Received in Advance	366,321	261,987
	366,321	261,987

14. ASSET REVALUATION RESERVE

Freehold Land:		
Balance at the beginning of the financial year	652,500	365,000
Revaluation increment (Refer Note 9)	270,000	287,500
Balance at the end of the financial year	922,500	652,500

15. ACCUMULATED FUNDS

Balance at the beginning of the financial year	11,594,903	8,781,603
Net profit for the year	806,372	659,579
Accumulated funds - EFCSC Merger	-	2,153,721
Balance at the end of the financial year	12,401,275	11,594,903

Note 9 continued

2005

	Land \$	Plant & Equipment \$	Motor Vehicles \$	Leasehold Improvements \$	Total \$
Beginning of financial year	2,355,000	575,144	14,400	5,446,886	8,391,430
Additions	-	281,186	-	1,205,385	1,486,571
Additions - assets from merger with HOF	-	81,381	-	-	81,381
Disposals	-	-	(14,400)	-	(14,400)
Revaluations	270,000	-	-	-	270,000
Depreciation expense	-	(239,819)	-	(409,993)	(649,812)
Reclassification	-	(48,077)	-	48,077	-
End of financial year	2,625,000	649,815	-	6,290,355	9,565,170

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2005

	2005	2004
	\$	\$

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	140,187	114,995
Cash at Bank	312,813	550,176
Short Term Deposits	2,478,500	2,600,000
	2,931,500	3,265,171

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

Operating profit/(loss) from ordinary activities	806,372	659,579
(Profit)/Loss from Sale of Fixed Assets	2,900	-
(Profit)/Loss from Sale of Investments	(73,029)	-
Increase/(Decrease) in Provision for Doubtful Debts	10,000	(2,500)
Depreciation and Amortisation	649,812	410,988
(Increase)/Decrease in Receivables and Other Assets	(302,023)	(101,369)
(Increase)/Decrease in Inventory	(116,284)	14,973
(Increase)/Decrease in Value of Investments	(123,923)	(207,132)
(Increase)/Decrease in Dividends reinvested	(85,707)	(55,083)
Increase/(Decrease) in Payables and Income in Advance	(650,530)	(237,513)
Increase/(Decrease) in Provision for Employee Entitlements	92,506	(101,336)
Net Cash Provided by (used in) Operating Activities	210,094	380,607

(c) Merger with Essendon Football Club Hall of Fame

On 31 October 2005 the Hall of Fame merged into the Essendon Football Club by way of the transfer from the Hall of Fame into the Essendon Football Club of all of its assets and liabilities.

Current Assets:

Cash assets	29,655
Receivables	11,331
Prepayments	1,316

Non-Current Assets:

Property, plant and equipment	81,380
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Current Liabilities:

Loan	(90,000)
Payables	(33,682)

Net assets merged in -

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	178,333	175,000
- later than one year but not later than 5 years	630,000	700,000
	808,333	875,000

(b) Capital Expenditure Commitments

Payable:

- not later than one year	26,340	122,960
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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	R. Horsburgh	B. Knight
K. Egan	D. Jackson (appointed 16.12.04)	P. Leggett
A. Epis	T. Jonas	N. McKissock
N. Gay (resigned 16.12.04)		B. Teal

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

Trading amounts receivable from associated entities:

Current

EFC Hall of Fame Trust	-	16,303
Melton Country Club Inc.	52,914	37,789
	52,914	54,092

(b) Related Party Loans

Loans receivable from associated entities:

Current

Melton Country Club Inc.	-	128,251
	-	128,251

Non-current

Hall of Fame	-	60,000
	-	60,000

(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
Melton Country Club Inc.	478,333	475,000
EFC Hall of Fame Trust	24,000	24,000
	502,333	535,663

Sponsorship income received or receivable from:

Essendon Football and Community Sporting Club	-	128,880
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Interest received or receivable from:

Essendon Football and Community Sporting Club	-	22,375
Melton Country Club Inc.	1,820	6,530
	1,820	28,905

Management fees received or receivable from:

Essendon Football and Community Sporting Club	-	62,380
Melton Country Club Inc.	110,210	52,604
	110,210	114,984

(ii) Directors and Director Related Entities

Courier fees paid or payable to

Australian National Couriers Services of which Mr Patrick Leggett is a director.	13,085	15,174
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Consulting fees for tax services paid or

payable to Pitcher Partners of which Mr Tim Jonas is a partner.	12,800	9,240
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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	2005 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)	312,813	2,478,500	-	140,187	2,931,500	5.56
Receivables - Trade debtors	5	-	-	-	1,508,645	1,508,645	Nil
Investments	8	-	-	-	1,525,097	1,525,097	Nil
		312,813	2,478,500	-	3,173,929	5,965,242	
Financial Liabilities							
Bank Bills	11	-	180,000	70,000	-	250,000	6.36
Payables	10	-	-	-	1,432,609	1,432,609	Nil
		-	180,000	70,000	1,432,609	1,682,609	
Net financial Assets/(liabilities)		312,813	2,298,500	(70,000)	1,741,320	4,282,633	

	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	

(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.

ESSENDON

