



**GREATNESS**  
OUR TRADITION. OUR AMBITION.



# FINANCIAL STATEMENTS 2017

GEELONG FOOTBALL CLUB LTD  
& ITS CONTROLLED ENTITIES



**Financial Statements**  
**For the year ended 31 October 2017**  
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## DIRECTORS' REPORT

The Directors present their report together with the financial report of the Geelong Football Club Limited and its Controlled Entities ("the Club") for the year ended 31 October 2017, and the auditor's report thereon.

### 1. DIRECTORS

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

<b>COLIN BRUCE CARTER</b>	<b>PRESIDENT</b>
Qualifications	<i>B.Com, MBA</i>
Tenure	Geelong Football Club Limited Director for nine years, and President for seven years
Experience	Colin joined the Board of Directors in July 2008 after previously serving from 1987 until 1993. Colin stepped down in 1993 as a result of being appointed to the AFL Commission, a role he held until early 2008. Colin is a senior adviser to the Boston Consulting Group and is also a Director of SEEK and Lend Lease.
Other Responsibilities	Member of Geelong Football Club Limited Corporate Governance Committee Member of Geelong Football Club Limited Finance & Audit Committee Member of Geelong Football Club Limited Remuneration Committee

<b>ROBERT JOHN GARTLAND</b>	<b>VICE PRESIDENT</b>
Qualifications	<i>Cert. IV Business (Estate Agency Practice), CEA (REIV) MAICD</i>
Tenure	Geelong Football Club Limited Director for eleven years, and Vice President for four years
Experience	Born and educated in Geelong, Bob has been a lifelong supporter of the Geelong Cats. He has been a Director of the Geelong Cats since 2007, Vice President since 2014 and is a member of the Geelong Football Club Past Players and Officials Association. Bob is also Chair of the Geelong Cats Honouring the Past Management Committee, is a Foundation Member of the Geelong Cats Forever Bequest Club, and is Chair of the Geelong Cats History Society, and a Life Member of the Geelong Football Club. Bob has been an active member of the Geelong Business Community for 37 years, and been involved in the Property and Real Estate industry for 32 years. His associated companies consult to clients on Real Estate investment and development, and have managed a portfolio in excess of \$300 million, have won substantial recognition for business achievements, and was awarded "Business of the Year" in the Geelong Business Excellence Awards. Bob has served on various business and community boards and committees in the Geelong Region, is a former Deputy Chair of the Central Geelong Management Committee, is an Ambassador for Anam Cara Community Hospice, and is a recipient of the Kevin Hitchcock Medal for services to the Community. Bob is married to Phillipa, they have two children and three grandchildren, who are all avid Geelong supporters.
Other Responsibilities	Chair of Geelong Football Club Limited Remuneration Committee

<b>DIANA CLARE TAYLOR</b>	<b>DIRECTOR</b>
Qualifications	<i>LL.B (Hons), B.A, AICD Dip.</i>
Tenure	Geelong Football Club Limited Director for eight years
Experience	Diana is a qualified lawyer, company director and the Executive Director of the Geelong-based company CT Management Group, a national consulting business supporting local government, corporate and not-for-profit entities across Australia. She is also the Director of Taylor Chapman Consulting, a sports and workplace consultancy practice. Diana has over 16 years of AFL, State and Community football administration experience with her previous roles including President of the Western Region Football League, Victorian Football League Tribunal member, Victorian Football League Appeal Board member and AFL Victoria Community Football Board member. Diana is also a Telstra Business Woman of the Year Award Winner, Director of Anam Cara House Geelong, the Barwon Sports Academy and is a Geelong Authority of Commerce Small Business Advisory Group
Other Responsibilities	Chair of Geelong Football Club Limited Corporate Governance Committee

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

<b>CRAIG MILTON DRUMMOND</b>	<b>DIRECTOR</b>
Qualifications	<i>B.Com, CA, S F Fin</i>
Tenure	Geelong Football Club Limited Director for six years Geelong Football Club Foundation Pty Limited Director for four years
Experience	Craig Drummond joined Medibank Private Limited in July 2016 as Chief Executive Officer. Medibank is Australia's largest health insurer, with over 3.7 million members. Craig has had over 30 years' experience in the financial sector – Group Executive Finance and Strategy at NAB from 2013 to 2016; Bank of America Merrill Lynch as Chief Executive Officer and Country Head from 2009 to 2013. And previous to that Goldman Sachs JB Were (1986 to 2009), in various roles culminating in Chief Executive Officer. Craig is a Director of The Florey Institute of Neuroscience and Mental Health. He is also a Finance Committee member at Ian Potter Foundation. Most importantly, Craig has been a proud and passionate Geelong Cats supporter all of his life.
Other Responsibilities	Chairman of Geelong Football Club Limited Finance & Audit Committee

<b>JUSTIN TREMAYNE ANDREWS</b>	<b>DIRECTOR</b>
Qualifications	<i>B.Com</i>
Tenure	Geelong Football Club Limited Director for four years
Experience	Justin brings a long history of success in sales and marketing to the Board. For over six years Justin has been the Managing Director of Luxottica Greater South Pacific. He is in charge of a portfolio of 27 famous brands including Oakley, Ray Ban, Vogue and Oliver Peoples in the Greater South Pacific region. In 2011 Justin successfully led the integration of the Oakley and Luxottica businesses into one entity. He is now responsible for business growth, strategy and reporting financials back to the head offices in Milan, Italy. Luxottica is a publicly listed company on the NYSE. Justin and his family are long-time members of the Club.
Other Responsibilities	Member of Geelong Football Club Limited Remuneration Committee

<b>KATE SPARGO</b>	<b>DIRECTOR</b>
Qualifications	<i>Bachelor of Laws (Hons), Bachelor of Arts, FAICD</i>
Tenure	Geelong Football Club Limited Director for one and a half years
Experience	Kate is a long time fan and supporter of the Geelong Cats, having followed them since first seeing them when she lived in Geelong for a time while working in the histopathology laboratory at the Geelong Hospital. Kate works as a director of a number of companies including CIMIC and Xenith IP, as well as Sonic Healthcare and Sigma Pharmaceutical in the healthcare area. She is also a director of Adairs, a linen and home furnishing company. Prior to working as a director, Kate was a lawyer for some years in Adelaide and worked mostly in prosecutions, as well as in the workplace health and safety and industrial areas. She moved to Melbourne with her Geelong fanatic husband and her children in 2000. Kate has a deep interest in physical and mental wellbeing, particularly in the workplace, and is working to sustain programs to focus on this area in companies where she works. Player wellbeing, both on and off the field, women's football and also post football careers are things she is especially passionate about.
Other Responsibilities	Member of the Finance & Audit Committee

<b>BRIAN CARLYLE COOK</b>	<b>CHIEF EXECUTIVE OFFICER AND DIRECTOR</b>
Qualifications	<i>M.Ed</i>
Tenure	Geelong Football Club Limited Chief Executive Officer for eighteen years Geelong Football Club Limited Director for eight years Chair of Geelong Football Club Foundation Pty Limited for four years
Experience	One of Australia's most respected sporting administrators, Brian took up the post in March 1999. During his tenure, Brian has overhauled the Club's operations, overseen a dramatic transformation in the Club's finances, and a redevelopment of Simonds Stadium while leading the Club to three AFL Premierships. Brian has been awarded with a number of honours including AFL Life Membership, Geelong Football Club Life Membership, the Eunice Gill Award for services coaching at a national level, the Australian Sports Medal and the Australian Sports Executive of the Year in 2007. Brian is also an Ambassador for Wombats Wish (an organisation established to support bereaved children who lose a parent), Advisory Member of Geelong Major Events and a Director and Chair of Barwon Health.
Other Responsibilities	Attends by invitation - Geelong Football Club Limited Corporate Governance Committee Attends by invitation - Geelong Football Club Limited Finance & Audit Committee Attends by invitation - Geelong Football Club Limited Remuneration Committee

## 2. COMPANY SECRETARY

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

<b>SUE CATHERINE CLARK</b>	<b>COMPANY SECRETARY</b>
Qualifications	<i>B.Com, C.A</i>
Tenure	Geelong Football Club Limited Chief Financial Officer (CFO) for three years Geelong Football Club Limited Finance Manager for six years
Experience	Sue has held finance management roles for fourteen years & prior to this worked for chartered accounting firm KPMG for five years. Sue joined the Club in October 2009 as Finance Manager and was promoted to Chief Financial Officer (CFO) in June 2014. Sue has overall responsibility for the delivery of precise financial reporting, business analysis and highly effective financial strategies and also oversees the Club's Information Technology functions. Sue and her family are long-time members of the Club.
Other Responsibilities	Attends by invitation - Geelong Football Club Limited Corporate Governance Committee Attends by invitation - Geelong Football Club Limited Finance & Audit Committee Attends by invitation - Geelong Football Club Limited Remuneration Committee Attends by invitation - Geelong Football Club Foundation Pty Ltd Board

## 3. PRINCIPAL ACTIVITIES

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

## **4. OBJECTIVES & STRATEGIES OF THE CLUB**

### **1. Nurture Our Club Culture**

- Club engagement is at least 80% in each survey
- Genuine aspiration to develop people
- All staff values alignment is measured through the recruitment and selection process
- All staff have an annual Performance and Development plan and have at least one review per year
- Identify talent to participate in further professional development programs
- Be an employer of choice
- Ensure that we have protocols in place to provide us with great collaboration and diversity of thought through our working groups

### **2. Have Sustained On-Field Success**

- Rate in the top 4 of AFL Clubs who look after their players the best each year (AFLPA Metric)
- Aim to spend 100% of Total Player Payments each season, work within the Soft Cap as per annual budget expectations and remain within regulations
- All players have a plan in place to prepare them for life after their playing career
- Decision-making within all departments is collaborative
- Our partnership with Deakin University delivers the anticipated outcomes
- Support growth through the development of pathways programs
- We have a commitment to identifying and developing emerging talented players

### **3. Make a Difference in Our Community**

- We will advocate, lead and be a role model for positive change on social issues which are aligned to our Club values
- Our community is proud of us
- The Club will have greater relevancy to more people through our involvement in the community
- All staff have access to a structured volunteer program to enable connections to the wider community
- Empower young people through our community programs

### **4. Build Financial Strength**

- Always have a five year Strategic plan in place; supported by a five year budget
- Develop a sustainable business model
- Our Club foundation will ensure our future is secure
- Become Australia's number one regional stadium through our strong partnership with Kardinia Park Stadium Trust and all levels of Government
- Our members and supporters are central to our decision-making
- We will optimise the financial return from our fixture
- We will be debt free and have financial independence
- Ensure we comply with Risk management requirements
- Maximise our stadium assets
- Continue to explore new and alternative revenue sources

## 5. OPERATING AND FINANCIAL REVIEW

The Club reports a net loss of \$339,849 for 2017 (2016: net profit \$2.3 million).

The Club's net asset position is \$9.6 million (2016: \$9.9 million)

Total revenue increased by 9.4% to \$59.8 million (2016: \$54.6 million).

### Commercial operations

The Club's commercial operations profits increased by 11% in 2017 despite the effects from the Brownlow Stand redevelopment that restricted the Club to seven home matches, reaching \$22.3 million (2016: \$20.1 million).

The Club has been very fortunate to have many long term corporate partners over the years. These corporate partners continued their strong support for the Club throughout 2017, with several of our key sponsors extending their agreements with the Club and in particular GMHBA beginning a long term sponsorship.

### Match day attendances

Overall average home game attendance increased to 35,111 (2016: 30,497). This figure includes attendances for seven games at Simonds Stadium in 2017 in addition to two games at both Etihad Stadium and the MCG.

### Membership

Membership increased by 8.4% to 56,577 (2016: 52,195). While the membership level is a new club record, as always we are determined to maintain and grow our membership base.

### Football department

We continue to invest significantly in our football department, with costs totalling \$25.9 million (2016: \$23.2 million).

### Website and social media

Growth has continued across our digital and social networks including an average of 3.63m page views per month in season and an average of 1.63m video views per month in season. The Between Two Cats web series was our most popular program of all time going viral across the season. Facebook and Instagram continue to be the club's most popular platforms.

### Community

Our club remains committed to a strong community presence and this year has seen our players involved in over 926 appearances and events throughout our communities. The Deakin Cats Community Centre has seen more than 80,000 people utilising this facility since it opened in 2013. We understand the impact the Club can have on people's lives and are proud of the work we do in this area.

### Capital Investments

The Club has continued to make significant investments into a range of assets and capital projects throughout the course of the year to ensure the long term future of the Club, totalling \$6.5 million in 2017. This includes the Club's significant investment in catering equipment, gym equipment and contributions to the Stage 4 redevelopment. An additional \$650K of property, plant & equipment and leasehold improvements were provided to the Club by sponsors/donors.

Loan principal repayments and associated financing costs for the year were \$2.4 million (2016: \$853K)

### **Infrastructure**

The Club's vision for Simonds Stadium is to provide our members with the best possible facility and for the stadium to be used for other sports and events which will in turn greatly benefit the Geelong community.

Over the past 12 years the Club has invested over \$17 million back into Simonds Stadium for Stages 1-4 of the stadium's redevelopment. Whilst no doubt this has been a good investment, our consistent profits over many years are not seen in our current asset balances as we continue to fund our debt repayments. We also continue to work with the Kardinia Park Stadium Trust on Stage 5 to finish the Stadium.

### **2018 and beyond**

We look forward with excitement to hosting nine games for the first time at the newly rebranded GMHBA Stadium, with two blockbuster MCG home games against Hawthorn and Richmond. Furthermore, we look forward to a full year of operation of the Brownlow Stand as well as entering into the second year of elite partnerships with GMHBA and Cotton On. With the return of Gary Ablett, we have seen strong membership numbers to date, solid reserved seat sales in all stands and the sell-out of the Social Club again for the 2018 season.

In 2017 we continued with the Club's Our Ambition campaign to raise donations from Club sponsors, current and past directors, friends of Geelong and members to fund the Club's contribution to the Stage 4 Simonds Stadium redevelopment, pay off debt and ensure the sustainability of the Club into the future. A significant portion of the funds raised to date have been donated through the Geelong Cats Football & Heritage Foundation, with an additional \$2,921,514 of donations pledged and expected to flow to the foundation from 2018 to 2022. We thank all that have donated.

Despite our achievements in 2017, the Board and management recognise that we have been extremely fortunate to experience a sustained period of on-field success and attract significant funding to redevelop the stadium. Despite this success, we continue to face many challenges and are working hard to address them. The requirement for ongoing innovation and improvement across all areas of our business is critical to ensuring the long-term success of the Club. The Club is continually looking for new ways to grow our revenue and contain expenses so that we can continue to be well placed financially in a competitive environment that is changing at an unprecedented rate. The Club continually reviews the objectives and strategies within its Business Plan to ensure that the Club has the strategic framework in place to meet its challenges and be successful and financially sustainable in the long term.

### **Final words**

Finally, we would like to thank you, our members, for your continued support of the Club. There is an emotional and financial investment in being a member and we understand that. We do not take it for granted and seek to provide a return on that investment. We will be doing everything we can to go one step further in 2018 and compete for the premiership, whilst maintaining our standards, values and perspective in the way we go about our business.

## **6. SIGNIFICANT EVENTS AFTER BALANCE DATE**

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

## **7. ENVIRONMENTAL REGULATION**

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

## **8. AUDITOR'S INDEPENDENCE DECLARATION**

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration forms part of the Directors' report for the year ended 31 October 2017.

### **Non-audit services**

Ernst & Young provided advisory services for a commercial in confidence matter during the 2017 financial year in addition to audit services.



## 9. DIRECTORS' MEETINGS

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

Director	Directors' Meetings	Corporate Governance Committee Meetings	Remuneration Committee Meetings	Finance & Audit Committee Meetings
	Number Attended - Held	Number Attended - Held	Number Attended - Held	Number Attended - Held
Colin Bruce Carter	9 - 9	1 - 1	3 - 3	6 - 7
Alistair Neil Hamblin	2 - 2			2 - 2
Robert John Gartland	8 - 9		3 - 3	
Diana Clare Taylor	7 - 9	1 - 1		
Hugh Galbraith Seward	7 - 9	1 - 1		
Craig Milton Drummond	7 - 9			6 - 7
Brian Carlyle Cook	8 - 9	1 - 1	3 - 3	5 - 7
Justin Tremayne Andrews	9 - 9		2 - 3	
Kate Spargo	9 - 9			4 - 7

## 10. INDEMNIFICATION AND INSURANCE OF OFFICERS

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

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

## 11. MEMBERS' GUARANTEE

The Club is a company limited by guarantee and domiciled in Australia. Accordingly the liability of the members of the Company is limited. As stated in clause 7 of the Club's Memorandum of Association, each member of the Club undertakes to contribute to the assets of the Club in the event of it being wound up while they are a member or within one year afterwards for payment of the debts and liabilities of the Club contracted before they cease to be a member and of the costs, charges and expenses of winding up the Club and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding two dollars (\$2). At 31 October 2017 the number of members was 56,577 (2016: 52,195).

Signed in accordance with a resolution of Directors on this 24th day of November 2017.



Colin Bruce Carter  
Director and President

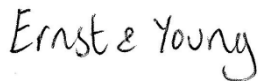


Craig Drummond  
Director

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

As lead auditor for the audit of the financial report of Geelong Football Club Limited for the financial year ended 31 October 2017, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

This declaration is in respect of Geelong Football Club Limited and the entities it controlled during the financial year.



Ernst & Young



Matthew A. Honey  
Partner  
Melbourne  
24 November 2017

## CORPORATE GOVERNANCE STATEMENT

### Policy

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

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

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

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

### The role of the Board

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

The Board's key responsibilities are to:

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

The Board's key functions include:

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

**Board composition and tenure**

The composition and tenure of the Board is governed by the Club's Constitution.

The minimum number of Directors is seven and the maximum is nine. In addition, the CEO is a Director of the Club.

A full Board election is conducted every three years with the next election set to take place in December 2019.

**Board committees**

The Board has established three committees to assist it in the discharge of the Board's role and responsibilities. The committees focus on specific responsibilities in greater detail than is possible for the Board as a whole.

Each formally constituted committee has a written charter, approved by the Board.

The Directors who are members of these committees are outlined in the Directors' report.

The committees and their key roles are set out below:

**Corporate Governance committee**

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

The key responsibilities of the Corporate Governance committee are:

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

**Finance and Audit committee**

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

The key responsibilities of the Finance and Audit committee are:

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



## **Remuneration committee**

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

The key responsibilities of the Remuneration committee are:

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

## **Relationship with management**

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

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

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

## **Board code of conduct**

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

The code of conduct deals with:

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

## **Communication with members**

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

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

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**For the year ending 31 October 2017**

	<b>Notes</b>	<b>2017</b> <b>\$</b>	<b>2016</b> <b>\$</b>
<b>Income</b>			
Revenue from Operating Activities	1(a)	55,294,320	49,107,821
Revenue from Other Activities	1(b)	2,509,732	5,542,992
		<b>57,804,052</b>	<b>54,650,813</b>
<b>Expenses</b>			
Commercial activities		(20,143,855)	(17,544,621)
Football operations		(25,981,512)	(23,172,565)
Foundations		(643,956)	(1,176,902)
Finance and administration		(4,360,321)	(3,719,459)
Marketing and media		(2,115,754)	(2,240,553)
Facilities		(1,416,048)	(1,122,511)
Depreciation and amortisation	2(b)	(2,479,107)	(2,197,494)
Finance expenses	2(a)	(1,145,181)	(1,212,928)
Asset gains / (written off / impaired)		36,058	64,031
<b>Total expenses from ordinary activities</b>		<b>(58,249,676)</b>	<b>(52,323,002)</b>
<b>Net profit/(loss) attributable to members of Geelong Football Club Limited</b>	14	<b>(445,624)</b>	<b>2,327,811</b>
<b>Other Comprehensive Income</b>			
Net fair value gains/(losses) on financial assets	14 (b)	105,775	(72,695)
<b>Total Comprehensive Income/(Loss) for the period attributable to members of Geelong Football Club Limited</b>		<b>(339,849)</b>	<b>2,255,116</b>

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

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**As at 31 October 2017**

	Notes	2017 \$	2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	3	893,896	3,259,755
Trade and other receivables	4	1,383,479	1,265,179
Inventories	5	632,409	324,503
Financial assets	22(h)	1,570,649	1,467,765
Other current assets	6	381,150	490,774
<b>TOTAL CURRENT ASSETS</b>		<b>4,861,583</b>	<b>6,807,976</b>
<b>NON CURRENT ASSETS</b>			
Other current assets	6	263,302	-
Intangible assets	7	15,478,145	15,974,996
Plant and equipment	8	8,637,355	2,752,225
Finance lease assets	9	8,978,134	9,501,612
<b>TOTAL NON CURRENT ASSETS</b>		<b>33,356,936</b>	<b>28,228,833</b>
<b>TOTAL ASSETS</b>		<b>38,218,519</b>	<b>35,036,809</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	5,865,806	5,403,546
Income received in advance	1(d)	1,666,933	1,441,210
Interest bearing loans and borrowings	11	670,000	1,026,598
Finance lease liabilities	12	412,535	433,914
Employee provisions	13	1,259,720	1,143,459
<b>TOTAL CURRENT LIABILITIES</b>		<b>9,874,994</b>	<b>9,448,727</b>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	10	799,886	957,716
Income received in advance	1(d)	4,012,759	916,651
Interest bearing loans and borrowings	11	3,520,245	3,075,130
Finance lease liabilities	12	10,271,735	10,500,782
Employee provisions	13	147,767	206,821
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>18,752,392</b>	<b>15,657,100</b>
<b>TOTAL LIABILITIES</b>		<b>28,627,386</b>	<b>25,105,827</b>
<b>NET ASSETS</b>		<b>9,591,133</b>	<b>9,930,982</b>
<b>EQUITY</b>			
Retained profits		9,464,260	9,909,884
Trust funds		20	20
Investment fluctuation reserve		126,853	21,078
<b>TOTAL EQUITY</b>	14	<b>9,591,133</b>	<b>9,930,982</b>

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

# **CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ending 31 October 2017

	Notes	2017 \$	2016 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from ordinary business (inclusive of GST)		64,266,334	59,360,600
Payments to suppliers and employees (inclusive of GST)		(58,744,492)	(53,014,271)
Interest paid		(212,468)	(232,197)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		<b>5,309,374</b>	<b>6,114,132</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of investments		655,137	874,477
Proceeds from sale of plant and equipment		-	-
Proceeds from sale of Intangibles		-	408,460
Payment for plant and equipment		(6,322,106)	(895,520)
Payment for intangibles		(259,852)	(968,881)
Payment for financial investments		(652,246)	(869,958)
Interest received		76,776	88,685
Dividends received		74,822	77,568
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>(6,427,469)</b>	<b>(1,285,169)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(1,734,858)	(854,474)
Proceeds from borrowings		1,823,375	138,969
Repayment of finance lease principal and interest		(1,336,281)	(1,456,516)
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>(1,247,764)</b>	<b>(2,172,021)</b>
Net Increase/(decrease) in cash and cash equivalents held		(2,365,859)	2,656,942
Cash and cash equivalents at the beginning of the year		3,259,755	602,813
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	3	<b>893,896</b>	<b>3,259,755</b>

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



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ending 31 October 2017

	Notes	Retained Profits \$	Trust Funds of Consolidated Foundations \$	Investment Fluctuation Reserve \$	Total Equity \$
<b>At 1 November 2016</b>		<b>9,909,884</b>	<b>20</b>	<b>21,078</b>	<b>9,930,982</b>
Profit/(loss) for the period		(445,624)	-		(445,624)
Other comprehensive income/(loss)		-	-	105,775	105,775
<b>Total Comprehensive Income/(Loss) for the period</b>		<b>(445,624)</b>	<b>-</b>	<b>105,775</b>	<b>(339,849)</b>
<b>At 31 October 2017</b>	14	<b>9,464,260</b>	<b>20</b>	<b>126,853</b>	<b>9,591,133</b>
<b>At 1 November 2015</b>		<b>7,582,073</b>	<b>20</b>	<b>93,773</b>	<b>7,675,866</b>
Profit/(loss) for the period		2,327,811	-	-	2,327,811
Other comprehensive income/(loss)		-	-	(72,695)	(72,695)
<b>Total Comprehensive Income/(Loss) for the period</b>		<b>2,327,811</b>	<b>-</b>	<b>(72,695)</b>	<b>2,255,116</b>
<b>At 31 October 2016</b>	14	<b>9,909,884</b>	<b>20</b>	<b>21,078</b>	<b>9,930,982</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

	2017 \$	2016 \$
<b>NOTE 1 - REVENUE</b>		
<b>(a) Revenue from Operating Activities</b>		
AFL dividends and prize money	12,116,718	9,512,533
Gaming, food and beverage	10,537,358	9,060,375
Membership, seating and gate receipts	16,039,108	14,341,800
Merchandise	2,065,559	1,742,436
Sponsorship, advertising and fundraising	14,535,577	14,450,677
	<b>55,294,320</b>	<b>49,107,821</b>
<b>(b) Revenue from Other Activities</b>		
Grant revenue	182,000	30,000
Philanthropic donations	1,780,957	5,100,537
Interest revenue	76,776	88,685
Dividends on investments	74,665	77,568
Gain on investments	-	68,011
Other	395,334	178,191
	<b>2,509,732</b>	<b>5,542,992</b>
<b>Total Revenue</b>	<b>57,804,052</b>	<b>54,650,813</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### **(c) Revenue Recognition**

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

#### ***(i) Sales Revenue***

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

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

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

#### ***(iii) Membership Revenue***

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

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

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

#### ***(v) Gaming Revenue***

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

#### ***(vi) Grant Revenue***

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

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

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

### **(d) Income Received in Advance**

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### NOTE 2 - EXPENSES

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

	2017	2016
	\$	\$
<b>(a) Finance costs</b>		
- Interest paid on debts and borrowings	(212,468)	(232,197)
- Finance charges payable under finance leases	(824,859)	(836,687)
- Deferred liability interest charge	(77,508)	(122,885)
- Bank Fees	(30,346)	(21,159)
<b>Total finance costs</b>	<b>(1,145,181)</b>	<b>(1,212,928)</b>
<b>(b) Depreciation and amortisation</b>		
- Amortisation of intangible assets	(968,935)	(988,692)
- Amortisation of leasehold improvements	(41,230)	(62,028)
- Amortisation of finance lease asset	(643,854)	(642,944)
- Depreciation of plant and equipment	(825,088)	(503,830)
<b>Total depreciation, amortisation and write offs</b>	<b>(2,479,107)</b>	<b>(2,197,494)</b>
<b>(c) Employee expenses</b>	<b>(32,051,817)</b>	<b>(28,260,005)</b>
<b>(d) Bad debts provided</b>	<b>(50,600)</b>	<b>-</b>
<b>(e) Operating lease rentals</b>	<b>(1,563,546)</b>	<b>(1,657,071)</b>

### NOTE 3 - CASH AND CASH EQUIVALENTS

#### (a) Reconciliation of cash and cash equivalents

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

Cash on hand	140,871	117,922
Cash at bank and short-term deposits	594,579	2,916,460
Cash held in managed funds	158,446	225,373
	<b>893,896</b>	<b>3,259,755</b>

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

Of the above cash and cash equivalents \$18,534 (2016: \$3,084,708) relates to Club donations received in the form of discretionary grants via the Football and Heritage Foundation in the current financial year from the Australian Sports Foundation which must be spent in accordance with the project purpose. This purpose is to upgrade Simonds Stadium in the Kardinia Park precinct in the areas of player, training and spectator facilities (including debt reduction), purchase sports related equipment and assist in the cost of developing an exclusive training venue. The Club will use the funding to continue to invest in capital projects at Simonds Stadium and provide elite training equipment for our players.

#### (b) Cash and Cash Equivalents

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2017 \$	2016 \$
<b>NOTE 4 - TRADE AND OTHER RECEIVABLES</b>		
Trade receivables	569,795	781,160
Provision for doubtful debts	(50,600)	-
<b>Net trade and other receivables</b>	<b>519,195</b>	<b>781,160</b>
Accrued revenue	446,628	159,403
Other debtors	417,656	324,616
	<b>864,284</b>	<b>484,019</b>
<b>Total trade and other receivables</b>	<b>1,383,479</b>	<b>1,265,179</b>

### (a) Trade Receivables

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

### (b) Other Receivables

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

### (c) Collectability of Receivables

Collectability of trade and other receivables is reviewed on an ongoing basis by Club management. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Club will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 90 days overdue are considered objective evidence of impairment. The amount of the impairment is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2017  
\$

2016  
\$

### NOTE 5 - INVENTORIES

Merchandise and memorabilia	382,868	205,916
Food and beverage	249,541	118,587
<b>Total inventories at the lower of cost and net realisable value</b>	<b>632,409</b>	<b>324,503</b>

#### (a) Inventories

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

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

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

#### (b) Inventory expense

Inventories recognised as an expense for the year ended 31 October 2017 totalled \$3,500,509 (2016: \$3,037,268).

#### (c) Inventory impairment

An impairment loss is recognised when there is objective evidence that inventories are being carried at an amount higher than net realisable value. Merchandise written down to its net realisable value and recognised as an expense in the current financial year totalled nil (2016: \$4,439). This expense is recognised in commercial activities in the Consolidated Statement of Comprehensive Income.

#### (d) Inventory gains/expense

Merchandise stock loss recognised as an expense in the current financial year totalled \$19,049 (2016: \$6,949 loss). This expense is recognised in commercial activities expenses in the Consolidated Statement of Comprehensive Income.

### NOTE 6 - OTHER ASSETS

Prepayments	381,150	490,774
Other debtors	263,302	-
	<b>644,452</b>	<b>490,774</b>

All amounts are considered to be short-term and the carrying values are considered to be a reasonable approximation of their fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	Notes	2017 \$	2016 \$
<b>NOTE 7 - INTANGIBLE ASSETS</b>			
<b>(a) Carrying amounts of intangible assets measured at cost</b>			
Leasehold rights at cost		17,201,320	16,954,525
Less accumulated amortisation		(3,940,654)	(3,405,319)
<b>Net carrying amount</b>	<b>(i)</b>	<b>13,260,666</b>	<b>13,549,206</b>
Licences at cost		2,400,583	2,400,237
Less accumulated amortisation		(1,269,311)	(1,048,093)
<b>Net carrying amount</b>	<b>(ii)</b>	<b>1,131,272</b>	<b>1,352,144</b>
Software		1,688,272	1,829,006
Less accumulated amortisation		(825,610)	(763,794)
<b>Net carrying amount</b>	<b>(iii)</b>	<b>862,662</b>	<b>1,065,212</b>
<b>Right to acquire land and buildings</b>	<b>(iv)</b>	<b>223,545</b>	<b>-</b>
<b>Right to receive sponsorship</b>		<b>-</b>	<b>8,434</b>
<b>Total intangible assets net carrying amount</b>		<b>15,478,145</b>	<b>15,974,996</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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

Year ended 31 October 2017	Right to receive sponsorship	Software	Leasehold Rights	Licences	Right to Acquire Land, Buildings and Equipment	Total
	\$	\$	\$	\$	\$	\$
At 1 November 2016	8,434	1,065,212	13,549,206	1,352,144		15,974,996
Additions	-	57,797	520,254	18,619	223,545	820,215
Disposals / write offs	-	(67,492)	(1,910)	-	-	(69,402)
Transfers to fixed assets	(7,180)	-	(271,549)	-	-	(278,729)
Amortisation expense	(1,254)	(192,855)	(535,335)	(239,491)	-	(968,935)
At 31 October 2017	-	862,662	13,260,666	1,131,272	223,545	15,478,145

### (c) Intangible Assets

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

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

### (d) Description of the Club's intangible assets

#### (i) Leasehold rights

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

#### (ii) Licences

(a) The Club acquired 182 gaming entitlements from the State Government in 2012 via an interest-free loan for a nominal amount of \$3,507,733. The entitlements became effective on 16 August 2012 and have a useful life of 10 years inline with their expiry. The asset was initially recorded at its present value and is subject to impairment testing on an annual basis or whenever there is an indication of impairment. Two licences expired during the 2013 financial year (Melbourne and Surf Coast), and as such were disposed of for accounting purposes.

(b) The Club acquired a gaming licence from the Victorian Casino and Gaming Authority to operate from its Point Cook gaming venue. All costs associated with this acquisition were capitalised at cost and are being carried at cost less accumulated amortisation and accumulated impairment losses. The asset is being amortised using the straight line method over its useful life of ten years, which currently has two years remaining.

(c) During 2014, the Club accepted an offer from the Minister for Liquor and Gaming Regulation to extend the payment term for gaming entitlements by an additional six months. The proposed variation took effect on 31 August 2014, and extended the Club's entitlement payment term to 31 August 2017. The final payment was made as planned on August 31 2017.

#### (iii) Software

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

For the year ended 31 October 2017, a \$67,492 impairment loss was recognised in the Consolidated Statement of Comprehensive Income.

#### (iv) Right to acquire land and buildings

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



**NOTE 8 - PLANT AND EQUIPMENT****(a) Carrying amounts of plant and equipment measured at cost**

Leasehold improvements at cost	946,683	911,081
Less accumulated amortisation	(90,390)	(49,160)
<b>Net carrying amount</b>	<b>856,293</b>	<b>861,921</b>
Plant and equipment at cost	11,779,048	5,554,742
Less accumulated depreciation	(3,997,986)	(3,664,438)
<b>Net carrying amount</b>	<b>7,781,062</b>	<b>1,890,304</b>
<b>Total net carrying amount</b>	<b>8,637,355</b>	<b>2,752,225</b>

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

	Leasehold Improvements \$	Plant and Equipment \$	Total \$
<b>For the year ended 31 October 2017</b>			
<b>Carrying amount at 1 November 2016</b>	<b>861,921</b>	<b>1,890,304</b>	<b>2,752,225</b>
Additions	35,602	6,624,598	<b>6,660,200</b>
Disposals / write offs	-	(187,481)	<b>(187,481)</b>
Transfers from Intangible assets	-	278,729	<b>278,729</b>
Depreciation/amortisation expense	(41,230)	(825,088)	<b>(866,318)</b>
<b>Carrying amount at 31 October 2017</b>	<b>856,293</b>	<b>7,781,062</b>	<b>8,637,355</b>

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

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

**(d) Impairment**

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

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

For the year ended 31 October 2017, a \$187,481 impairment loss was recognised in the Consolidated Statement of Comprehensive Income for the 100 gaming machines formally operated within Club Cats.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (e) Plant and Equipment

#### *(i) Owned Assets*

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

#### *(ii) Leased Assets*

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

#### *(iii) Subsequent Costs*

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

#### *(iv) Memorabilia*

Over the years the Club has collected a considerable amount of memorabilia. The memorabilia collection was valued at \$4,187,900 (unaudited) as at 9 September 2014 by independent AFL memorabilia valuer, Rick Milne. Memorabilia is not recorded in the Club's financial report. The Club has the collection valued every three years, with the next valuation due in December 2017.

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

Assets' useful lives and depreciation methods are also reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

#### *(vi) Disposal*

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

**NOTE 9 - FINANCE LEASE ASSETS****(a) Carrying amounts of finance leased assets**

Finance lease asset - Simonds Stadium	9,657,431	9,657,431
Less accumulated amortisation	(2,037,582)	(1,769,319)
<b>Net carrying amount</b>	<b>7,619,849</b>	<b>7,888,112</b>
Finance lease asset - gaming equipment	2,112,564	2,049,563
Less accumulated amortisation	(754,279)	(436,063)
<b>Net carrying amount</b>	<b>1,358,285</b>	<b>1,613,500</b>
<b>Total net carrying amount</b>	<b>8,978,134</b>	<b>9,501,612</b>

During the 2017 financial year, finance lease assets with a net book carrying value of \$63,481 were deemed to be impaired and as such written off. These assets were gaming equipment previously used at the Clubs gaming venue Club Cats.

**(b) Leases**

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

Finance leases, which transfer to the Club substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Club will obtain ownership by the end of the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

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

The Club has lease agreements for the usage of Simonds Stadium. The Club has determined that it retains substantially all the significant risks and rewards of ownership of Simonds Stadium as the leases are for the major part of the economic useful lives of the leased assets. Thus the Club has classified this lease as a finance lease.

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

The Club has lease agreements over the land and buildings at The Brook on Sneydes and various items of office equipment. The Club has determined that it does not retain substantially all the significant risks and rewards of ownership of these leased items and thus the Club has classified these leases as operating leases.

**NOTE 10 - TRADE AND OTHER PAYABLES****Current**

Trade payables	(c)	1,845,599	1,701,314
Other creditors and accruals		4,020,207	3,702,232
		<u>5,865,806</u>	<u>5,403,546</u>

**Non-Current**

Trade payables		-	-
Other creditors and accruals	(d)	799,886	957,716
		<u>799,886</u>	<u>957,716</u>

**Total Trade and other payables**

<u>6,665,692</u>	<u>6,361,262</u>
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**(a) Recognition**

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

**(b) Terms and conditions**

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

**(c) Trade payables**

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

**(d) Other creditors and accruals**

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

	2017 \$	2016 \$
<b>NOTE 11 - INTEREST BEARING LOANS AND BORROWINGS</b>		
<b>Current</b>		
Bank loans (secured)	670,000	1,026,598
	<b>670,000</b>	<b>1,026,598</b>
<b>Non-Current</b>		
Bank loans (secured)	3,520,245	3,075,130
	<b>3,520,245</b>	<b>3,075,130</b>
<b>Total Interest bearing loans and borrowings</b>	<b>4,190,245</b>	<b>4,101,728</b>

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

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

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

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

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

**(b) Financing facilities**

At 31 October 2017 the Club has the following loan facilities with the Bendigo Bank:

***(i) Stage 4 Bridging Finance Loan***

The Club borrowed a total of \$1,823,375 over the course of 2017 to finance Club contributions to the Simonds Stadium Brownlow Stand Redevelopment which is subject to a variable rate of interest which is currently 5.01%. The remaining loan balance at 31 October 2017 is \$346,115, which is to be repaid by 26 December 2018.

***(ii) Players Stand loan***

The Club borrowed a total of \$3,174,130 during 2013 to finance Club contributions to the Simonds Stadium Players Stand Redevelopment which is subject to a variable rate of interest which is currently 5.01% (2016: 4.90%). At 31 October 2017, the balance remains at \$3,174,130. Annual fixed principal repayments will commence on 31 March 2019 and continue for a period of two years after the initial payment.

***(iii) ERP loan***

The Club borrowed a total of \$670,000 during 2015/2016 to fund the acquisition and implementation of a new Enterprise Resource Planning system which is subject to a variable rate of interest which is currently 5.00% (2016: 4.90%). At 31 October 2017, the balance remains at \$670,000, which is to be repaid in full by 26 December 2017.

***(iv) Overdraft facility***

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

**(c) Security for borrowings**

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

**(d) Defaults and breaches**

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2017 \$	2016 \$
<b>NOTE 12 - FINANCE LEASE LIABILITIES</b>		
<b>Current</b>		
Finance lease liability - Simonds Stadium	86,055	88,815
Finance lease liability - Gaming equipment	326,480	345,099
	<b>412,535</b>	<b>433,914</b>
<b>Non-Current</b>		
Finance lease liability - Simonds Stadium	9,167,823	9,253,879
Finance lease liability - Gaming equipment	1,103,912	1,246,903
	<b>10,271,735</b>	<b>10,500,782</b>
<b>Total finance lease liabilities</b>	<b>10,684,270</b>	<b>10,934,696</b>

Leased liabilities are secured by the underlying leased assets.

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

The Club has finance leases for which the estimated future minimum lease payments amount to \$24,472,930 (2016: \$25,548,149). They relate to the lease of Simonds Stadium and gaming equipment. The Simonds Stadium lease is a non-cancellable lease with an implicit interest rate of 7.86% and has a remaining lease term of 27 years. The gaming lease has an implicit interest rate of 5.0% and remaining lease terms in the range of 1 to 5 years.

Within one year	1,168,507	1,075,220
Later than one year and not later than five years	4,581,181	4,929,693
Later than five years	18,723,242	19,543,236
<b>Minimum lease payments</b>	<b>24,472,930</b>	<b>25,548,149</b>
Less future finance charges	(13,788,660)	(14,613,453)
<b>Total recognised as liability at 31 October 2017</b>	<b>10,684,270</b>	<b>10,934,696</b>

The leased liabilities are secured by the underlying leased assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

	2017 \$	2016 \$
<b>NOTE 13 - EMPLOYEE PROVISIONS</b>		
<b>Current</b>		
Provision for annual leave	588,120	576,868
Provision for long service leave	671,600	566,591
	<b>1,259,720</b>	<b>1,143,459</b>
<b>Non-Current</b>		
Provision for long service leave	<b>147,767</b>	<b>206,821</b>
<b>Total Employee Provisions</b>	<b>1,407,487</b>	<b>1,350,280</b>

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

<b>Number of Employees</b>		
Number of full time equivalent ("FTE") employees at balance date	<b>153</b>	<b>136</b>

### (a) Employee Provisions

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

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

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

#### (ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at 31 October 2017 on high quality Corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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

#### (iii) Superannuation

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

## NOTE 14 - RETAINED EARNINGS AND RESERVES

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

Balance 1 November 2016	9,930,982	7,675,866
Net profit/(loss) attributable to members of the Geelong Football Club Limited	(445,624)	2,327,811
Investment fluctuation reserve movement (b)	105,775	(72,695)
<b>Balance 31 October 2017</b>	<b>9,591,133</b>	<b>9,930,982</b>

### (b) Nature and purpose of reserves

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



2017	2016
\$	\$

**NOTE 15 - REMUNERATION OF KEY MANAGEMENT PERSONNEL****(a) Compensation for key management personnel**

Short-term employee benefits	3,602,772	3,412,954
Other short-term employee benefits (c)	8,092	8,092
<b>Total Compensation</b>	<b>3,610,864</b>	<b>3,421,046</b>

**(b) Definition of key management personnel**

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

**(i) Board of Directors**

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

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

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

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

Senior Coach	Chris Scott
Chief Financial Officer & Company Secretary	Sue Clark
Chief Commercial Officer	Justin Reeves (Resigned 27 October 2017)
General Manager - Football	Steven Hocking (Resigned 29 September 2017)
General Manager - Football	Simon Lloyd (Appointed 26 September 2017)
General Manager - Hospitality, Gaming & Venues	Chris Shine (Resigned 16 January 2017)
General Manager - Food & Beverage, Cats Hospitality	Andre Smaniotto (Appointed 20 February 2017)
General Manager - Community Development	Sarah Albon
General Manager - Media & Public Relations	Kevin Diggerson
General Manager - People and Culture	Tracy Gilligan (Appointed 4 January 2017)
General Manager - Partnership & Corporate Sales	Braith Cox

**(c) Other short-term benefits**

Other short-term benefits consist of Directors' and Officers liability insurance taken out by The Club on behalf of the Board of Directors totalling \$8,092 (2016: \$8,092). This is the only financial benefit provided to the Board of Directors other than the Chief Executive Officer.

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

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

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

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

31 October 2017	Sales to KMP	Cost of KMP Sales in Expenses	Purchases from Related Entities	Other Revenue from KMP	Total
	\$	\$	\$	\$	\$
Corporate Sales (Revenue)	117,717	-	-	-	117,717
Donations (Revenue)	-	-	-	233,500	233,500
Other Sales (Revenue)	-	-	-	-	-
Cost of Sales (Expense)	-	(58,858)	-	-	(58,858)
Purchases (Expense)	-	-	(10,537)	-	(10,537)
	<b>117,717</b>	<b>(58,858)</b>	<b>(10,537)</b>	<b>233,500</b>	<b>281,822</b>
31 October 2016	Sales to KMP	Cost of KMP Sales in Expenses	Purchases from Related Entities	Other Revenue from KMP	Total
	\$	\$	\$	\$	\$
Corporate Sales (Revenue)	66,017	-	-	-	66,017
Donations (Revenue)	-	-	-	1,360,167	1,360,167
Other Sales (Revenue)	-	-	-	-	-
Cost of Sales (Expense)	-	(31,028)	-	-	(31,028)
Purchases (Expense)	-	-	(11,533)	-	(11,533)
	<b>66,017</b>	<b>(31,028)</b>	<b>(11,533)</b>	<b>1,360,167</b>	<b>1,383,623</b>

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

Trade and other receivables recognised at reporting date in relation to key management personnel and their related parties was \$1,206 (2016: nil)

2017	2016
\$	\$

## NOTE 17 - COMMITMENTS FOR EXPENDITURE

### (a) Operating lease payable commitments:

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

- Not later than 1 year	1,506,405	1,563,546
- Later than 1 year but not later than 5 years	5,933,773	5,905,159
- Later than 5 years	11,344,213	12,879,232
	<u>18,784,391</u>	<u>20,347,937</u>

The Club leases property, plant and equipment under non-cancellable operating leases contracted for but not recognised in the financial report with 1-20 year terms, typically with an option to renew the leases after they expire. Of the non-cancellable operating leases at 31 October 2017, \$18,585,046 (2016: \$19,909,167) relates to The Brook on Sneydes, the Club's Point Cook gaming venue which has been taken out over a 20 year lease term.

### (b) Capital expenditure commitments

Capital expenditure commitments at reporting date but not recognised as a liability in the accounts are payable as follows:

- Not later than 1 year	-	5,020,603
- Later than 1 year but not later than 5 years	-	-
- Later than 5 years	-	-
	<u>-</u>	<u>5,020,603</u>

### (c) Remuneration commitments

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

- Not later than 1 year	16,830,452	15,743,846
- Later than 1 year but not later than 2 years	11,059,964	12,094,881
- Later than 2 years but not later than 5 years	5,001,314	7,520,964
	<u>32,891,730</u>	<u>35,359,691</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

2017	2016
\$	\$

### NOTE 18 - CLUB INFORMATION

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

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

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

The financial report of the Club for the year ended 31 October 2017 was authorised for issue in accordance with a resolution of the Directors on 24 November 2017.

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

Current assets	2,882,568	4,435,765
<b>Total Assets</b>	<b>35,864,884</b>	<b>32,696,210</b>
Current liabilities	9,834,344	9,429,027
<b>Total liabilities</b>	<b>28,586,736</b>	<b>25,086,128</b>
<b>Net Assets</b>	<b>7,278,148</b>	<b>7,610,082</b>
Retained earnings	7,278,148	7,610,082
	<b>7,278,148</b>	<b>7,610,082</b>
Profit/(loss) of the Parent entity	(331,934)	1,510,820
Total comprehensive income/(loss) of the Parent entity	<b>(331,934)</b>	<b>1,510,820</b>

### NOTE 20 - SUBSEQUENT EVENTS

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

### NOTE 21 - ECONOMIC DEPENDENCY

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### NOTE 22 - COMPLIANCE AND RISK

#### (a) Significant Accounting Judgements, Estimates and Assumptions

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

#### (b) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Geelong Football Club Limited and its controlled entities as at and for the period ended 31 October 2017. These controlled entities include:

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

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

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

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

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

#### (c) Going Concern

The consolidated financial report has been prepared on the basis that the Club is a going concern, despite a net current asset deficiency of \$5,013,411 (2016: \$2,640,751). The large increase in the current financial year predominantly relates to an upfront sponsorship contribution received that has been apportioned to income in advance which has been used to fund our Stage 4 redevelopment contribution. It is important to note that this upfront payment does not impact the underlying P&L in future years, nor will it relate in cash outflows.

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

It should be noted that the Club outlaid \$6,581,959 in cash in the current financial year on a range of assets and capital projects. This predominantly relates to contributions made to the Stage 4 redevelopment of Simonds Stadium.

The Our Ambition fundraising campaign, in addition to the Club's Strategic Business Plan that documents our short and long term financial strategies have been developed to set the financial direction moving forward. With the Our Ambition commitments made and the execution of our Strategic Business Plan, we aim to pay off all Club debt, improve trading profitability and ensure long term viability. The Directors are confident that these strategies will be successful in allowing the Club to continue to participate in the Australian Football League.

#### (d) Comparative Figures

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### (f) Compliance with Australian Accounting Standards and Statutory Bodies

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

#### (i) Basis of Preparation

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

#### (ii) Currency

The financial report is presented in Australian dollars.

#### (iii) Statement of Compliance

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

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

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

The Club has adopted the following new accounting standards for the year ended 31 October 2017:

##### **AASB 9: Financial instruments ("AASB 9")**

AASB 9 replaces AASB 139: "Financial Instruments: Recognition and Measurement" (AASB 139) and applies to annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. AASB 9 simplifies the classification and recognition of financial instruments. The Club early adopted AASB 9 and no material differences were identified.

Changes to classification and measurement of financial assets and financial liabilities:

##### **(a) Financial Assets**

AASB 9 requires that an entity classifies its financial assets as subsequently measured at their amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual characteristics of the financial assets.

All equity investments in the scope of AASB 9 should be measured at fair value. The new standard provides the option to present separately in other comprehensive income unrealised and realised fair value gains and losses on equity investments that are not held for trading. Such designation is only available on initial recognition on an instrument by instrument basis and it is irrevocable. There is no subsequent recycling of fair value gains and losses to the income statement, however, dividends from such investments will continue to be recognised in the income statement unless they represent a return of an investment.

##### **(b) Impairment**

AASB 9 introduces a new expected loss impairment model that will require more timely recognition of expected credit losses. Specifically, the new standard requires entities to account for expected credit losses from when financial instruments are first recognised and to recognise full lifetime expected losses on a more timely basis.

##### **(c) Financial Liabilities**

The requirements in AASB 139 regarding classification and measurement of financial liabilities have been retained. Financial liabilities continue to be measured at either fair value through profit or loss or amortised cost. The criteria for designating a financial liability at fair value through profit or loss also remain unchanged.

##### **(d) Impact of changes**

On adoption of AASB 9 the Club designated its previously financial equity instruments as fair value through other comprehensive income, as such there will be no recycling of fair value gains and losses to the income statement. This reduces future volatility in the income statement due to fair value movements.

Due to the short term nature of the accounts receivable portfolio, there were no changes related to the impairment requirements of AASB 9.

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

Other Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Club for the annual reporting period ended 31 October 2017.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### **(v) Income Tax Status**

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

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

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

### **(h) Financial assets**

#### **(i) Currently held Financial assets**

The Club invested its 2013 distribution received from the Geelong Cats Sports Foundation in a combination of equity securities and cash management funds. Upon investment, these funds were classified as financial investments and have been subsequently measured at fair value with gains and losses being recognised as a separate component of equity. As the investment is derecognised or as the investment is deemed to be impaired, the cumulative gain or loss previously reported in equity is recognised in the Consolidated Statement of Comprehensive Income. Fair value of investments is determined by reference to quoted market bid prices at the close of business on balance date.

#### **(ii) Investment Fluctuation Reserve**

The Club has elected to early adopt AASB 9 Financial Instruments. This changes the way in which the fair value of equity investments are recognised. All equity investments are valued at fair value through other comprehensive income and the investment fluctuation reserve is used to record increases and decreases in the fair value of equity investments.

### **(l) GST Recognition**

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

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

## DIRECTOR'S DECLARATION

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

In the opinion of the Directors:

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

- (a) comply with Australian Accounting Standards and Corporations Regulations 2001; and
- (b) give a true and fair view of the consolidated Club's financial position as at 31 October 2017 and of the performance for the year ended on that date;

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

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

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

On behalf of the Board



Colin Bruce Carter  
Director and President



Craig Drummond  
Director

Geelong  
24 November 2017

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

### Opinion

We have audited the financial report of Geelong Football Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2017 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

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

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

*Ernst & Young*

Ernst & Young



Matthew A. Honey  
Partner  
Melbourne  
24 November 2017