



MELBOURNE
FOOTBALL CLUB

FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2014

ACN 005 686 902

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Directors' Report

To the Members of the Melbourne Football Club Limited ("the Club" or "MFC").

The Directors hereby present their report pursuant to the requirements of the Corporations Act 2001 on the state of affairs of the Club at 31 October 2014.

1. Directors

Glen Bartlett

Glen is the President of Melbourne Football Club. Glen has vast experience in football, law and business management. Glen holds a Commerce degree majoring in accounting and business law and a law degree (with honours). He is a life member of East Perth Football Club and former Club Captain and WAFL leading goal kicker with that Club. Glen was part of the inaugural West Coast Eagles winning the Best Clubman Award in 1987. Since then Glen has held a variety of positions in football including player management, the WAFL Appeals Tribunal, President of the WAFL players Association and a board member of the AFL Player Agents Association. Since becoming a lawyer in 1994 Glen has become one of the leading industrial relations lawyers in Western Australia and Victoria. Recently Glen completed a three year term as Managing Partner Melbourne with Clayton Utz, Australia's leading independent law firm.

David Thurin

David is Managing Director and owner of Tigcorp, a privately owned company that owns, develops and manages retirement communities. Tigcorp also has a land subdivision section and a general investment arm, focusing on both listed investments and private equity.

David has previously worked for property developer and manager, The Gandel Group of Companies. He was a director for fourteen years and Joint Managing Director of both The Gandel Group and Gandel Retail Management for six years.

He is currently a director of The Novion Property Group, a director of Baker IDI Heart & Diabetes Institute and a member of the World Presidents' Organisation and the MCC. He is the former President of the International Diabetes Institute.

David has a medical background, and was in private practice for over a decade, holding post-graduate qualifications in obstetrics and gynaecology as well as general practice. He also holds a Masters Degree in Management from Stanford University, California.

David is married to Lisa and they have three children and all the family members are passionate Demons and Foundations Heroes.

John Trotter

John is the Chair of the Club's Audit and Risk Committee and a member of the Bentleigh Club sub-committee. He has particular involvement at the Board level on the governance structures, risk management and finance operations of the club as well as being on the Committee of the Melbourne Business Community network. John is a former Managing Partner of Deloitte Victoria and Global Managing Partner of Deloitte Risk Services, is currently Chairman of Entity Solutions Pty Ltd, a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. He also holds a Bachelor of Commerce from Melbourne University.

Directors' Report (continued)

- Geoff Freeman** Geoff is the Chair of the Club's Nominations & Remunerations Committee. Geoff was a founding partner of Freeman McMurrick. He holds an advanced diploma in financial services and is a qualified practising insurance broker. The business went on to become the largest privately owned Insurance Broking House in Australia. In 2006, Freeman McMurrick was acquired by international insurance giant, Aon, the world's largest insurance broker. Geoff continues to serve on the Aon Australian Advisory Board and other industry boards.
- Kate Roffey** Kate is currently the CEO of the Committee for Melbourne, and is a former CEO of VicSport and Senior Manager at Tennis Australia. Kate holds qualifications in Sports Science and Administration, and Psychology, and is a Graduate Member of the Australian Institute of Company Directors. Kate has a particular interest in corporate governance and is also a Director of the Melbourne University Sport Board and the International Women's Forum Australian Chapter. Kate has a strong background in sport and has had the opportunity to spend time with some of the world's leading sports teams, including the New York Yankees, Manchester United FC, Dallas Cowboys and Miami Dolphins, reviewing world's best sporting practice.
- Jeremy Nichols** Jeremy has been a director of the Melbourne Football Club since 1 November 2013. Jeremy is Managing Director and Owner of Composure Group Pty. Ltd., a consultancy company specialising in the areas of strategy, culture and leadership. He has worked in these disciplines for 20 years and has not only consulted to many CEO's and their businesses but also has managed 4 Consultancies over this time. This included Executive General Manager - Consulting for Chandler Macleod, Managing Partner for Mettle Group, Managing Partner Australia for The Empower Group, and Managing Partner for Clark Hummerston. His focus at Board level will be on culture and leadership across the Club. Jeremy is also a Board member for Signcraft, Australia's largest sign manufacturing business. Jeremy holds an MBA at RMIT and a Bachelor of Applied Science [PE]. He played for Melbourne Football Club from 1983 -1986, with 4 senior games.

2. Chief Executive Officer and Company Secretary

- Peter Jackson** Peter was appointed CEO of Melbourne Football Club on 1 May 2013 and he was appointed Company Secretary on 28 October 2013.
- Prior to joining Melbourne Football Club, Peter held various positions in the AFL Industry. He was CEO and/or Managing Director of Essendon Football Club from 1996 -2009. Following his retirement from Essendon, Peter was appointed Chairman of AFL Victoria, a position he decided to relinquish on 1st November 2014 as a result of his ongoing role as CEO of Melbourne Football Club.
- Peter is still Chairman of The Buchan Group Melbourne, which is a major global commercial architectural practice, with offices and projects throughout UK, Europe, Asia and Middle East, as well as Australia.
- Peter holds a Bachelor of Commerce Degree from Adelaide University.

Directors' Report (continued)

3. Principal Activities

The principal activities of the Club are to conduct the operations of the Club and manage its affairs to promote the playing of the Australian game of football in general and, in particular, to promote the game by maintaining, controlling and otherwise providing a team or teams of footballers bearing the name of the Club. There was no significant change in the nature of the Club's activities during the year.

4. Operating Results and Review of Operations

The statutory profit for the year is \$284,557 (FY13: statutory loss of \$3,102,561).

The Club has reported an operating profit of \$160,898 (FY13: operating loss of \$1,704,557) for the year ended 31 October 2014.

The reconciliation from the operating to the statutory position is outlined below:

	2014	2013
	\$	\$
Operating Net Profit / (Loss)	160,898	(1,704,557)
AFL Investigation Costs	-	(787,091)
Net Restructure Costs (after AFL funding)	-	(584,457)
Fixed Asset Write Offs	-	(26,456)
Insurance Recovery Net Of Expenses	123,659	-
Net Profit / (Loss) as reported in Statement of Comprehensive Income	284,557	(3,102,561)

2014 has been a year where we have focused on stabilising the financial performance of the Club, resulting in a \$1.865m turnaround from the operating loss reported in 2013. Managing our costs has been a critical part of the turnaround. Administration and marketing & communications costs have reduced by \$494k (10%), whilst our corporate, membership and fundraising expenses remained constant despite increasing our revenue from football related activities by \$2.293m. This has not been at the expense of our football department expenditure, which grew by \$892k during the year. We have also seen growth in a number of commercial revenue streams, generating a \$2.662m increase in overall revenue which exceeded \$42m.

A key factor in our revenue growth was the addition of a number of new sponsors during the year. This included Automotive Holdings Group who joined the Club as sole major partner, as well as China Southern Airways (Media Partner) and New Age Caravans (Coaches Box Partner). We also thank Tourism NT (Shorts), and the Northern Territory Government, as well as all our other commercial partners, for their ongoing support of the Club.

Our membership tally grew by 2,721 to 35,911, and coincided with a 28% increase in our average home game attendances. We thank all our members for their generosity and ongoing support of our Club, in particular our Foundation Heroes, Inner Sanctum and Coterie members who contributed over \$700k to the Club during the year.

The Club received \$2.270m in Future Fund distributions from the AFL in 2014, a reduction of \$1.615m from the previous year due to the \$1.450m additional distribution the Club received in 2013 to assist in restructuring the Club.

We would like to thank the MCC for their ongoing support during 2014. We consider our relationship with the MCC to be fundamental to our future and we are proud to be a sporting section of this great club.

Our gaming venues continued to perform well in 2014, with the combined net return exceeding \$2m. This allowed the Club to fund our gaming debt repayments solely from the venues, with an additional contribution available to assist in funding our football operations.

Directors' Report (continued)

Our balance sheet remains in a healthy position, with net assets of \$3.557m, which is underwritten by the Bentleigh Club land asset. We have repaid \$796k of debt relating to our gaming facilities during the year, reducing the overall gaming debt to \$2.022m. We have also made repayments of \$635k on our gaming machine entitlement liability, taking our total gaming debt and commitment repayments for 2014 to \$1.431m. While these repayments have been funded by the venues, it has not allowed for the remaining distribution available from the venues to be large enough to cover the shortfall in cashflow from our football operations, and this has resulted in a \$700k increase in our operating debt. Once these gaming obligations are fully repaid during 2017, the Club will be well positioned to invest the additional cashflows generated by the venues into strategic priorities and operating debt reduction.

On the field, the focus was about earning the respect of the football industry, and there were some positives to take out of the year despite the win-loss ratio. There was improvement in the defensive elements of the game, with points against and average losing margin both improving from 17th in 2013 to 12th in 2014. We also led in the last quarter of nine games in 2014 compared with only two in 2013, however only managed to convert four of these opportunities to wins. These statistics indicate the team is improving and that there is a foundation on which to build future success.

The outstanding players in red and blue for 2014 were recognised at our Best and Fairest with Nathan Jones taking out the Keith 'Bluey' Truscott trophy for the third consecutive year. New recruits Dom Tyson, Bernie Vince and Daniel Cross finished second, third and fifth respectively, while Lynden Dunn finished fourth.

The trade period saw Heritier Lumumba, Jeff Garlett and Sam Frost join the club, while Ben Newton was acquired as a delisted free agent. Christian Petracca, Angus Brayshaw, Alex Neal-Bullen, father-son selection Billy Stretch and Oscar McDonald were added to the list during the National Draft, while Neville Jetta has been upgraded to the Senior List from the Rookie List after a career best season saw him play 16 games and finish ninth in the Best & Fairest. We welcome all of our new players and look forward to watching their development over the coming seasons.

2014 saw the retirement of Shannon Byrnes, who played two seasons at the Club after nine years at Geelong. Shannon has since joined the Club's coaching staff as a Development Coach, and will also play at Casey Scorpions during 2015. The Club would also like to acknowledge the contribution of James Frawley (139 games), who left the Club during the Free Agency period. A number of other players left the Club at the completion of the season – we wish these players all the best and thank them for their service.

It was announced during 2014 that Paul Roos would coach the Club for a third and final season in 2016. Simon Goodwin was announced as Senior Assistant in September and will complete two seasons in that role before taking the reins from Paul as Senior Coach from 2017. Brendan McCartney was also added to the coaching panel at the end of 2014, taking the position as Development & Strategy Coach, and will become the Club's Senior Assistant once Simon takes over as Senior Coach in 2017. George Stone announced his retirement from coaching at the conclusion of the season, having joined the Club in 2014 after more than 30 years in the industry in roles at Hawthorn and Sydney. We wish George all the best and thank him for his contribution to the Club.

2014 sadly saw the passing of former Club Champion, Robbie Flower. Robbie played 272 games for the Club between 1973 and 1987, winning a Best & Fairest in 1977, and is a member of the Club's Team of the Century and an inductee into the Australian Football Hall of Fame. Robbie captained the Club for seven seasons, and also served the Club in an administrative capacity as a director. We express our deepest sympathies to Robbie's family.

2014 saw the resignation from the Board of Peter Spargo and Russel Howcroft. Both have made significant contributions to the Club over a number of years, with Peter filling the roles of Interim CEO and Interim President, as well as Vice-President, during his tenure. We thank both Peter and Russel and wish them well for the future.

2014 has been a year where we have focused on laying the foundation for future success, both from an administrative and football perspective. We have taken some steps in the right direction, and while a significant part of the journey is in front of us, we believe we have the right people in the right positions to

Directors' Report (continued)

take the Club forward. We would like to thank the members for permitting us the privilege of serving as directors of this great Club.

5. Events Subsequent to Balance Date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the results of operations or the Club's state of affairs for the year ended 31 October 2014.

6. Likely developments

There are no developments likely to materially impact the Club.

7. Environmental Regulation

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

8. Auditors Independence Declaration

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration is set out on page 8 and forms part of the Directors' Report for the year ended 31 October 2014.

The following non-audit services were provided by the entity's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

– Other services	\$33,000
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9. Directors' Meetings

The number of Directors' meetings held and the number of meetings attended by each Director are:

Director	Number held*	Number attended
Glen Bartlett	10	10
Peter Spargo	9	9
John Trotter	10	8
David Thurin	10	10
Russel Howcroft	10	6
Geoff Freeman	10	10
Kate Roffey	10	8
Jeremy Nichols	10	10

*Reflects the number of meetings held during the time the Director held office during the year.

Directors' Report (continued)

10. Indemnification and Insurance of Officers

Insurance and indemnity arrangements concerning Directors of the Club have continued since 31 October 2013. Under the agreement the Directors of the Club are indemnified against any claim to a maximum of \$10 million which may arise as a result of work performed in their capacity as a Director.

The Club has an Audit & Risk Committee which met on four occasions during the year. John Trotter (Chairman), Peter Spargo and Kate Roffey were the Board representatives on this Committee during the year.

During the financial year, no Director of the Club has received or become entitled to receive a benefit (other than a benefit disclosed in the accounts) by reason of a contract made by the Club with the Director or with a firm of which they are a member, or with a company in which the director has a substantial financial interest.

To the extent permitted by law, Melbourne Football Club Limited has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed in accordance with a resolution of Directors at Melbourne this 3rd day of December 2014.



Glen Bartlett



John Trotter



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

In relation to our audit of the financial report of Melbourne Football Club Limited for the financial year ended 31 October 2014, 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.

Ernst & Young

David Shewring
Partner
Melbourne
3 December 2014

Statement of Comprehensive Income

For the year ended 31 October 2014	Note	2014 \$	2013 \$
Revenue	3	42,093,064	39,431,340
Other income	3	135,450	1,462,733
Social club and gaming expenses		(7,774,877)	(7,413,586)
Football department costs		(19,634,415)	(18,741,736)
Cost of sales		(1,335,719)	(1,388,902)
Administration costs		(3,130,789)	(3,413,734)
Restructure costs		-	(2,034,457)
AFL investigation costs		-	(787,091)
Corporate, membership and fundraising expenses		(7,139,430)	(7,130,263)
Finance costs	4	(272,334)	(219,721)
Marketing & communications expenses		(1,400,198)	(1,611,396)
Amortisation		(330,080)	(330,079)
Depreciation		(926,115)	(925,669)
Net profit/(loss) for the period	15	284,557	(3,102,561)
Other comprehensive income for the period		-	-
Total comprehensive income for the period		284,557	(3,102,561)
Net profit/(loss) for the period attributable to members		284,557	(3,102,561)
Total comprehensive income for the period attributable to members of Melbourne Football Club Limited		284,557	(3,102,561)

The accompanying notes form an integral part of these financial statements.

Statement of Financial Position

As at 31 October 2014	Note	2014 \$	2013 \$
CURRENT ASSETS			
Cash and cash equivalents	5	812,191	804,408
Trade and other receivables	6	238,974	258,655
Inventories	7	193,629	149,994
Related party receivables		-	25,000
Other assets	8	530,668	658,316
TOTAL CURRENT ASSETS		1,775,462	1,896,373
NON CURRENT ASSETS			
Property, plant and equipment	9	11,923,080	12,225,899
Intangible assets	10	2,572,311	2,902,391
Investment accounted for using the equity method	11	218,983	250,036
TOTAL NON CURRENT ASSETS		14,714,374	15,378,326
TOTAL ASSETS		16,489,836	17,274,699
CURRENT LIABILITIES			
Trade and other payables	12	3,957,327	4,608,892
Interest bearing liabilities	13	796,000	5,817,800
Other Financial Liabilities		198,194	78,169
Provisions	14	453,550	383,754
Income received in advance		1,055,686	1,228,204
TOTAL CURRENT LIABILITIES		6,460,757	12,116,819
NON CURRENT LIABILITIES			
Trade and other payables	12	1,124,319	1,663,510
Other Financial Liabilities		316,070	159,115
Interest bearing liabilities	13	4,925,800	-
Provisions	14	105,838	62,760
TOTAL NON CURRENT LIABILITIES		6,472,027	1,885,385
TOTAL LIABILITIES		12,932,784	14,002,204
NET ASSETS		3,557,052	3,272,495
MEMBERS' FUNDS			
Retained earnings	15	3,557,052	3,272,495
TOTAL MEMBERS' FUNDS		3,557,052	3,272,495

The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows

For the year ended 31 October 2014	Note	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		42,040,892	40,340,727
Interest received		10,348	12,733
Payments to suppliers and employees		(40,680,055)	(41,745,644)
Interest and other costs of finance paid		(272,334)	(219,721)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		1,098,851	(1,611,905)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(361,027)	(369,812)
Payments for gaming entitlements		(635,402)	(660,158)
Distribution from Equity Accounted Investment	11	27,500	36,440
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(968,929)	(993,530)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(796,000)	(796,000)
Proceeds from borrowings		700,000	3,000,000
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(96,000)	2,204,000
Net increase/(decrease) in cash held		33,922	(401,435)
Cash at the beginning of the year		726,035	1,127,470
CASH AT THE END OF THE FINANCIAL YEAR	5	759,957	726,035

The accompanying notes form an integral part of these financial statements.

Statement of Changes in Equity

For the year ended 31 October 2014	Retained earnings	Total Equity
	\$	\$
BALANCE AS AT 1 NOVEMBER 2012	6,375,056	6,375,056
Net loss for the year	(3,102,561)	(3,102,561)
Other comprehensive income	-	-
Total comprehensive income for the period	3,272,495	3,272,495
BALANCE AS AT 31 OCTOBER 2013	3,272,495	3,272,495
BALANCE AS AT 1 NOVEMBER 2013	3,272,495	3,272,495
Net profit/(loss) for the year	284,557	284,557
Other comprehensive income	-	-
Total comprehensive income for the period	3,557,052	3,557,052
BALANCE AS AT 31 OCTOBER 2014	3,557,052	3,557,052

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

Year ended 31 October 2014

1. Club Information

Melbourne Football Club Limited is incorporated in Australia and is a company limited by guarantee. Statutory members of the Club guarantee its liabilities to the extent of \$5 each (refer note 2(t)).

The registered office and principle place of business of the Club is located at:

Melbourne Cricket Ground, Great Southern Stand
Brunton Avenue
East Melbourne VIC 3002

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 2014 was authorised for issue in accordance with a resolution of the Directors on 3 December 2014.

2. Summary of significant accounting policies

(a) Basis of Preparation of Accounts

This financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

Both the functional and presentation currency of the Club is Australian dollars (\$). All amounts are rounded to the nearest dollar.

The financial report has been prepared on a going concern basis.

The Club reported a profit of \$285k for the year ended 31 October 2014.

The Club had positive operating cash flows of \$1.1 million during the 2014 year, net assets of \$3.6 million and a net current asset deficiency of \$4.7 million at 31 October 2014. The deficiency includes unearned income relating to 2015 memberships with no cash outflow impact, and other payables to be repaid from operating cash flows generated by the Club, or through access to commercial bill and overdraft facilities.

The Directors have assessed the financial performance and financial position of the Club at 31 October 2014, together with the Club's ongoing operating activities and anticipated future cashflows from operations, AFL distributions and financing arrangements. The Directors have concluded that the going concern basis of accounting continues to be appropriate and that appropriate cashflows and financing facilities are expected to be available to the Club for the purposes of capital and operational investments in the next 12 month period.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2. Summary of significant accounting policies (continued)

(b) Statement of compliance

The Club has early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 November 2012.

The Club is a not-for-profit, private sector entity which is not publicly accountable. Therefore the financial statements of the Club are tier 2 general purpose financial statements which have been prepared 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*.

The adoption of AASB 1053 and AASB 2010-2 allowed the Club to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

New Accounting Standards and Interpretations

The accounting policies adopted in preparing the financial statements are consistent with those adopted in previous years.

(c) Basis of Consolidation

At 31 October 2014 the Melbourne Football Club Limited did not have any subsidiaries.

(d) Business Combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.

When the Club acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Club's operating or accounting policies and other pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2. Summary of significant accounting policies (continued)

(e) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured.

Revenues are detailed in Note 3 and comprise revenue earned from AFL dividends and distributions, membership, reserved seating, sponsorships, fundraising, gate receipts, corporate hospitality and gaming activities. Revenues are recognised at the fair value of the consideration received, net of the amount of goods and services tax (GST). 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. Gaming revenue is recognised net of gaming wins and losses.

Fundraising and membership income is accounted for on the basis of the period to which it relates. Income received in the year ended 31 October 2014, but relating to future accounting periods is carried on the Statement of Financial Position and will be recognised in the period in which it relates.

(f) Property, Plant and Equipment

Cost

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses. All acquisitions of property, plant and equipment and leasehold improvements are recorded at cost.

Depreciation and Amortisation of Property, Plant and Equipment

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets, from the time the asset is held ready for use, as follows:

Furniture and fittings	10% - 33%
Computer hardware	25% - 33%
Computer software	33% - 40%
Plant and equipment	7.5% - 15%
Motor vehicles	12.5%
Gaming Machines	12.5% - 33%
Purchased memorabilia	Not depreciated
Land	Not depreciated

Leasehold improvements are amortised over the period of the Club's lease arrangements or the estimated useful life of the improvement, whichever is the shorter.

Items of purchased memorabilia are recorded at cost of acquisition. Memorabilia assets are kept under special conditions so that there is no physical deterioration and they are anticipated to have a very long and indeterminate useful life. No amount of depreciation has been recognised in respect of purchased memorabilia as their service potential has not been consumed during the period.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end date and adjusted if appropriate on a prospective basis.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2. Summary of significant accounting policies (continued)

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Intangibles

Intangible assets acquired separately are measured initial recognition at cost being the cash price equivalent.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss.

The useful lives of intangible assets are assessed to be finite and amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least 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 profit or loss in the expense category consistent with the function of the intangible asset.

Gaming Entitlements are amortised over the life of the entitlement being 10 years.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use in the instance indicators of impairment are present, an assessment of the current value of the assets was made on the basis of an earnings multiple.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For property, plant and equipment, impairment losses are recognised in the Statement of Comprehensive Income.

(j) Income tax

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

(k) Provisions and employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled plus related on-costs.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2. Summary of significant accounting policies (continued)

(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. 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.

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 2014 on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Contributions are made by the Club to an employee superannuation fund and are charged as expenses when incurred. All superannuation guarantee legislative requirements are met.

(l) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). The amounts reported for receivables and payables are inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows from operating activities are included in the 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(m) Comparative Figures

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

(n) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are shown as a current liability in the Statement of Financial Position.

(o) Trade and other receivables

Trade receivables, which generally have 0 - 30 day terms, are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Collectability of trade receivables is reviewed on an ongoing basis. An allowance for impairment is made when there is objective evidence the Club will not be able to collect the debts. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate. Bad debts are written off

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2. Summary of significant accounting policies (continued)

when identified. Non-current receivables are carried at the net present value of the future cash flows that they represent.

(p) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Club prior to the end of the financial year that are unpaid and arise when the Club becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured.

(q) 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 rate method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

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 Balance Sheet date.

Borrowing costs are expensed in the period they are incurred.

(r) Income received in advance

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

(s) Interest in a joint venture

The Club has an interest in a joint venture, which is a jointly controlled entity, whereby the ventures have a contractual arrangement that established joint control over the economic activities of the entity. The Club recognise its interest in the joint venture using the equity method.

Under the equity method, the investment in the jointly controlled entity is carried on the statement of financial position at cost plus post acquisition changes in the Club's share of net assets of the jointly controlled entity.

Unrealised gains and losses resulting from transactions between the Club and the jointly controlled entity are eliminated to the extent of the interest in the associate.

The Club's share of the profit or loss of the jointly controlled entity is recorded in the income statement.

After application of the equity method, the Club determines whether it is necessary to recognise an additional impairment loss on its investment in its joint venture. The Club determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired.

(t) 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 Club is limited. As stated in clause 2.2 of the Club's Constitution, if the Club is wound up each Member undertakes to contribute to the assets of the Club up to an amount not exceeding \$5 for payment of the debts and liabilities of the Club, including the costs of winding up. This undertaking continues for one year after a person ceases to be a Member.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2. Summary of significant accounting policies (continued)

(u) 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.

(v) The Club as a lessee

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(w) Significant accounting judgments, estimates and assumptions

In applying the Club's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Club. All judgments, 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 judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Long service leave provision

As discussed in Note 2(k), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account. The related carrying amounts are disclosed in Note 14.

Estimation of useful lives of assets

The estimation of the useful lives of assets including gaming machines has been based on historical experience and manufacturers warranties. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. The related carrying amounts are disclosed in Note 9.

Land fair value measurement at recognition

On acquisition, land was measured at its fair value. The valuation of this land was based on an independent valuation. The valuation was determined based on assessments and estimates of uncertain future events, including upturns and downturns in property markets and availability of similar properties, comparative sales evidence, land use, locality and residential zoning. The related carrying amount is disclosed in Note 9 and no impairment has been identified in the financial year.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

2. Summary of significant accounting policies (continued)

(x) Changes in accounting policy, accounting standards and interpretations

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

New and amended standards and interpretations

The Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2013:

- AASB 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities
- AASB 19 Employee Benefits (Revised 2011)
- AASB 13 Fair Value Measurement

The adoption of these new and amended Australian Accounting Standards have not materially impacted the Club's financial report for the year ended 31 October 2014.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Club for the annual reporting period ending 31 October 2014 include:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint arrangements
- AASB 12 Disclosure of Interests in Other Entities
- IFRS 15 Revenue from Contracts with Customers

The Club has considered these new Australian Accounting Standards and Interpretations not yet effective and does not expect these to have a material impact to the Club's financial report.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

	2014 \$	2013 \$
3. Revenue		
Revenue from Football related activities		
Gate receipts	3,337,002	2,274,247
Distributions from the AFL	10,984,114	10,846,244
Merchandise	694,843	723,068
Membership, annual reserved seating and general fundraising	6,991,962	6,312,247
Marketing & corporate sponsorship	6,970,924	6,368,135
Other revenue	1,454,124	1,616,165
Total revenue from Football related activities	30,432,969	28,140,106
Revenue from other activities		
Social and gaming revenue	11,660,095	11,291,234
Total revenue from other activities	11,660,095	11,291,234
Total revenue	42,093,064	39,431,340
Other income		
Interest	10,348	12,733
AFL financial assistance package	-	1,450,000
Insurance recovery	125,102	-
Total other income	135,450	1,462,733

Notes to the Financial Statements (continued)

Year ended 31 October 2014

	Note	2014 \$	2013 \$
4. Expenses			
Expenses			
<i>Finance Costs</i>			
- Interest paid to external entities		272,334	219,721
Total finance costs		272,334	219,721
<i>Employee benefits expense</i>			
Salary, wages and termination expense		19,645,199	21,818,944
Superannuation expense		1,371,304	1,414,897
Total employee benefits expense		21,016,503	23,233,841
<i>Occupancy Expenses</i>			
Minimum lease payments		1,693,091	1,583,729
		1,693,091	1,583,729
<i>Other</i>			
Bad debts		50,118	(157)
Doubtful debts recognised/(recovered)		4,544	(10,203)

5. Cash and Cash Equivalents

Cash at bank and in hand		812,191	804,408
		812,191	804,408

Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand and bank overdraft in Note 12 as at 31 October 2014.

Cash at bank and in hand		812,191	804,408
Bank overdraft	12	(52,234)	(78,373)
Cash and cash equivalents		759,957	726,035

Financing facilities

The Club has a \$400,000 overdraft facility with Westpac. At 31 October 2014, the Club has utilised \$52,234 of this facility. The utilised portion of the facility will impose an interest rate of 8.63% per annum, with interest charged monthly.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

	2014 \$	2013 \$
6. Trade and Other Receivables		
Current		
Trade receivables	136,200	217,690
Less provision for impairment loss (a)	(4,544)	(53,979)
Other receivables	107,318	94,944
	238,974	258,655

(a) Movements in the provision for impairment loss were as follows:

Opening balance	53,979	64,025
Charge for the year	4,544	(157)
Previously recognised doubtful debts written off	(50,118)	314
Amounts recovered	(3,861)	(10,203)
Closing balance	4,544	53,979

7. Inventories

Merchandise	115,089	79,444
Food and beverage	78,540	70,550
	193,629	149,994

(a) Cost of Sales

Cost of Sales for the year ended 31 October 2014 totalled \$1,335,719 (FY13: \$1,388,902) for the Club.

Inventory assets have been pledged as security for commercial bill and overdraft liabilities as disclosed in note 5 and 13.

8. Other Assets

Prepayments	323,437	524,351
Other	207,230	133,965
	530,668	658,316

Notes to the Financial Statements (continued)

Year ended 31 October 2014

	2014 \$	2013 \$
9. Property, Plant and Equipment		
Furniture and fittings		
<i>Cost</i>		
Opening balance	470,558	490,086
Additions	8,320	23,555
Disposals	-	(43,083)
Closing balance	478,878	470,558
<i>Accumulated depreciation</i>		
Opening balance	322,931	327,199
Depreciation for the year	15,250	25,512
Disposals	-	(29,780)
Closing balance	338,181	322,931
<i>Net book value</i>	140,697	147,627
Plant and equipment		
<i>Cost</i>		
Opening balance	2,504,383	2,370,109
Additions	244,452	202,096
Disposals / Retirements	(53,748)	(67,822)
Closing balance	2,695,087	2,504,383
<i>Accumulated depreciation</i>		
Opening balance	1,814,349	1,496,427
Depreciation for the year	414,256	371,021
Disposals / Retirements	(5,504)	(53,099)
Closing balance	2,223,101	1,814,349
<i>Net book value</i>	471,987	690,034
Leasehold improvements		
<i>Cost</i>		
Opening balance	1,937,919	1,859,850
Additions	5,886	91,529
Disposals / Retirements	-	(13,460)
Closing balance	1,943,805	1,937,919
<i>Accumulated depreciation</i>		
Opening balance	564,419	421,789
Depreciation for the year	150,541	150,022
Retirements	-	(7,392)
Closing balance	714,960	564,419
<i>Net book value</i>	1,228,845	1,373,500
Motor vehicles		
<i>Cost</i>		
Opening balance	34,648	34,648
Disposals	(27,375)	-
Closing balance	7,273	34,648
<i>Accumulated depreciation</i>		
Opening balance	22,543	17,664
Depreciation for the year	4,874	4,879
Disposals	(23,393)	-
Closing balance	4,024	22,543
<i>Net book value</i>	3,249	12,106

Notes to the Financial Statements (continued)

Year ended 31 October 2014

Purchased Memorabilia

Cost

Opening balance	113,090	113,090
Additions	-	-
Closing balance	113,090	113,090
<i>Net book value</i>	113,090	113,090

Gaming Machines

Cost

Opening balance	1,631,617	1,325,524
Additions	467,150	366,361
Disposals	(214,136)	(60,268)
Closing balance	1,884,631	1,631,617

Accumulated depreciation

Opening balance	442,074	85,755
Depreciation for the year	341,194	374,235
Disposals	(163,850)	(17,916)
Closing balance	619,418	442,074
<i>Net book value</i>	1,265,212	1,189,543

Land

Cost

Opening balance	8,700,000	8,700,000
Closing balance	8,700,000	8,700,000
<i>Net book value</i>	8,700,000	8,700,000

Total property, plant and equipment

Opening balance	15,392,215	14,893,307
Additions	725,808	683,541
Disposals	(295,259)	(184,633)
Closing balance	15,822,764	15,392,215
<i>Accumulated depreciation</i>		
Opening balance	3,166,316	2,348,834
Depreciation for the year	926,115	925,669
Disposals	(192,747)	(108,187)
Closing balance	3,899,684	3,166,316
<i>Net book value</i>	11,923,080	12,225,899

All plant and equipment assets have been pledged as security for commercial bill and overdraft liabilities as disclosed in Note 5 and 13.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

	2014 \$	2013 \$
10. Intangible Assets		
Year ended 31 October		
Opening balance net of accumulated amortisation and impairment	2,902,391	3,232,470
Amortisation	(330,080)	(330,079)
Closing balance net of accumulated amortisation and impairment	2,572,311	2,902,391
At 31 October		
Cost (gross carrying amount)	3,300,793	3,300,793
Accumulated amortisation and impairment	(728,482)	(398,402)
Net carrying amount	2,572,311	2,902,391

Leighoak Club

The Club acquired 92 gaming machine entitlements (GME) at auction in May 2010 from the State Government.

Bentleigh Club

The Club acquired the Bentleigh Club's gaming machine entitlements through its merger with the Bentleigh Club on 5 October 2011. The Bentleigh Club acquired 88 gaming machine entitlements (GME) from the State Government during the year ended 31 October 2010.

Under this purchase agreement the Club is required to pay the liability in quarterly instalments ending 28 Feb 2017. In July 2014, The Melbourne Football Club executed an agreement with the Victorian Government to extend the re-payment profile for the gaming entitlements to 31 August 2017. The new arrangement came into effect for the August 2014 re-payment quarter.

These GME's came into effect on 16 August 2012, at which time the purchase price of the GME has been recorded as an intangible asset with payment for the entitlement to be made over the next 5 years. The useful life of the intangible asset is in line with the expiry of the gaming entitlements in August 2022. This asset is being amortised on a straight-line basis over the 10 years.

11. Investment accounted for using the equity method

On 17 November 2010, a Shareholder Agreement was executed with the tenants of AAMI Park which gave the Club ownership of 33% of the T Class Shares in Melbourne Sports Operations Pty Ltd ("MSO"). The execution of this agreement was for the purpose of the tenants at AAMI Park to share in the investment and costs associated with shared facilities.

Share of the joint venture's statement of financial position:

Cost of joint venture	335,683	335,683
Cash distribution received	(27,500)	(36,440)
Retained earnings	(85,647)	(44,106)
Share of the joint venture's profit or (loss):		
Loss	(3,553)	(5,101)
Carry value of investment in jointly controlled entity	218,983	250,036

Notes to the Financial Statements (continued)

Year ended 31 October 2014

		2014	2013
		\$	\$
12. Trade and Other Payables			
Current			
Trade creditors	(a)	1,754,544	2,258,356
Bank Overdraft		52,234	78,373
State gaming tax payable		155,873	120,784
Other creditors and accruals		1,343,878	1,390,116
Other Loans – VCGLR	(b)	561,136	660,159
GST Payable		89,662	101,104
		3,957,327	4,608,892
Non Current			
Other Loans – VCGLR	(b)	1,114,016	1,650,396
Other		10,303	13,114
		1,124,319	1,663,510
(a) Terms and Conditions			
(i) All payables are non-interest bearing.			
(ii) Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.			
(b) Loans – Victorian Commissioner of Gambling and Liquor Regulation (VCGLR)			
The current and non-current loans total \$1,675,152 relate to amounts payable to the Victorian Commissioner of Gaming Regulation for the remainder of gaming entitlements over the next 4 years.			
13. Interest Bearing Loans and Liabilities			
Current			
Commercial bill facility – Gaming	(i)	796,000	2,817,800
Commercial bill facility – Operating	(ii)	-	3,000,000
		796,000	5,817,800
Non-Current			
Commercial bill facility – Gaming	(i)	1,225,800	-
Commercial bill facility - Operating		3,700,000	-
		4,925,800	-
Total Interest Bearing Loans and Liabilities		5,721,800	5,817,000

The Club has two facilities with Westpac as at 31 October 2014.

(i) Gaming Facility

The facility enables the Club to draw funds to a limit of \$2.022m (fully drawn at 31 October 2014). As part of the Bentleigh Club merger the Club assumed the debt of the Bentleigh Club. The Club has committed to a quarterly repayment schedule commencing from 31 October 2012. Under the terms of the facility \$199k is repayable each quarter until the debt is extinguished.

A current liability of \$796k has been recognised at 31 October 2014. The remainder of the debt outstanding of \$1.226m has been classified as a non-current liability.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

13. Interest Bearing Loans and Liabilities (continued)

The facility maturity date is 31 October 2016 and is supported by a \$1.000m guarantee by the Australian Football League. The facility is also secured by a fixed and floating charge over all existing and future assets of the Club. Debt covenant requirements for this facility were waived for the 2014 financial year but are in place and expected to be achieved for the 2015 financial year.

(ii) Operating Facility

The facility provides the Club to draw funds up to a limit of \$4.1m (comprising \$0.4m overdraft, \$3.7m commercial bill facility). The commercial bill facility was drawn to \$3.7m as at 31 October 2014. The maturity date is 31 October 2016 and the amount drawn at 31 October 2014 is classified as a non-current liability. This facility can be used as either an overdraft facility or a commercial bill facility. This facility is supported by a \$4.1m guarantee provided by the Australian Football League.

This facility is also secured by a fixed and floating charge over all existing and future assets of the Club.

(iii) The carrying amount of the Club's borrowings approximates their fair value.

Capital Management

When managing capital, management's objective is to ensure the Club continues as a going concern, and has available funds to execute the Club's operational and strategic activities. The capital structure of the Club during the year consisted of debt, which included the interest bearing loans as disclosed above, and cash and cash equivalents.

The Club is not subject to any externally imposed capital requirements. The Club is prohibited by its Constitution from making distributions to members.

14. Provisions

	Annual Leave \$	Long Service Leave \$	Jackpot (Gaming Clubs) \$	Total \$
At 31 October 2014	317,986	217,920	23,482	559,388
Current	317,986	112,082	23,482	453,550
Non-current	-	105,838	-	105,838
	317,986	217,920	23,482	559,388
At 31 October 2013	262,872	171,919	11,723	446,514
Current	262,872	109,159	11,723	383,754
Non-current	-	62,760	-	62,760
	262,872	171,919	11,723	446,514

Notes to the Financial Statements (continued)

Year ended 31 October 2014

	2014 \$	2013 \$
15. Retained Earnings		
Retained earnings at beginning of financial year	3,272,495	6,375,056
Net profit	284,557	(3,102,561)
Retained earnings at end of financial year	3,557,052	3,272,495

16. Commitments

Operating leases

Commitments in relation to leases contracted for at reporting date but not recognised as liabilities are payable as follows:

- Not later than 1 year	787,723	1,255,078
- Later than 1 year but not later than 5 years	8,452,299	576,538
	9,240,022	1,831,616

The Club has entered into commercial leases on its premises at the Leighoak Club and for certain fixed assets. These leases have a term of between three years and 10 years.

The Club entered into a number of commercial leases with Melbourne and Olympic Parks Trust in June 2010. These leases have a term of 5 years. At the end of this period, the Club has the option to extend the lease for a further two 5 years periods and one 6 year period. There are no restrictions placed upon the Club by entering into these leases.

In relation to the future seasons, the Club has a liability for player and coaching contracts which comply with AFL regulations. Included in this, the following commitments exist in relation to signed player and coaches contractual arrangements. This excludes player payments associated with contingent performance obligations which are deemed not to be reliably measurable. These contingencies will only arise subject to the inclusion of the players on the Club's official list and performances. Player payments are substantially underwritten by the AFL in accordance with the Collective Bargaining Agreement between the AFL and the AFL Players Association.

- Not later than 1 year	10,393,369	11,402,323
- Later than 1 year but not later than 2 years	5,700,518	9,410,228
- Later than 2 years but not later than 5 years	690,000	5,137,600
	16,783,887	25,950,151

Bank Guarantees

Bank guarantees made by Westpac on behalf of the Club total \$610,650 (2013: \$610,650)

Notes to the Financial Statements (continued)

Year ended 31 October 2014

	2014 \$	2013 \$
17. Remuneration of Auditors		
Remuneration of Ernst & Young for audit of the financial reports of the Melbourne Football Club Limited:		
Remuneration for audit services	58,000	58,000
Remuneration for other services (a)	33,000	13,000

(a) Includes assurance related services

18. Remuneration of Key Management Personnel

Key management personnel are determined to be the Board of Directors, Chief Executive Officer, Chief Commercial Officer, Chief Finance Office, Manager Football Operations, General Manager Marketing & Communications, Human Resources Manager and the Senior Coach.

Directors of the Club have not been remunerated for the financial year.

Compensation for key management personnel

Salaries	3,155,000	2,854,323
Termination benefits	-	1,821,227
Other benefits - Motor vehicle purchase	-	18,384
Total compensation including termination payments	3,155,000	4,693,933

19. Related Parties

Directors and director-related entities

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

Geoffrey Freeman
 Jeremy Nichols (Appointed 1 November 2013)
 Peter Spargo (Resigned 14 October 2014)
 Russel Howcroft (Resigned 3 November 2014)

Certain director related transactions occur within a normal customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Club would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances.

Notes to the Financial Statements (continued)

Year ended 31 October 2014

19. Related Parties (Continued)

	2014 \$	2013 \$
Amounts provided to the Club:		
Geoffrey Freeman (Freeman McMurrick) - Corporate Packages	2,313	-
Russel Howcroft (George Patterson Y & R / Channel 10) - Corporate Packages	13,011	767
Peter Spargo (Spargo Group) - Corporate Packages	14,482	32,374
David Thurin (Applewood, Tigcorp) - Corporate Packages	8,271	7,284
John Trotter – Corporate Packages	11,216	12,492
Jeremy Nichols (Composure Group) – Corporate Packages	1,982	-
Glenn Bartless (Clayton Utz) – Corporate Packages	24,395	5,978

Notes to the Financial Statements (continued)

Year ended 31 October 2014

20. Financial Instruments

This note presents information about the Club's exposure to financial risks, the Club's objectives, policies and the processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Club's principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing liabilities and overdrafts.

Fair values

The fair values of the Club's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

Risk exposures and responses

(a) Interest rate risk

The Club's exposure to market interest rates relates predominately to the Club's holding of cash and cash equivalents and the Club's debt facility obligations.

The Club manages its exposure to key financial risks through the monthly financial reporting. The objective of this reporting is to support the delivery of the Club's financial targets whilst protecting future financial security.

The main risks arising from the Club's financial instruments are interest rate risk, credit risk and liquidity risk. The Club uses different methods to measure and manage these risks including assessment of market forecasts for interest rate risk, aging analysis to monitor credit and cash flow forecast to monitor liquidity risk.

(b) Foreign currency risk

The Club has no exposure to foreign currency risk.

(c) Liquidity risk

Liquidity risk is the risk that the Club will not be able to meet its financial obligations as they fall due. The Club's objective is to maintain a balance between continuity of funding and flexibility through the use of term loans.

The Club's approach to managing liquidity is to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Club's reputation. The Club monitors cash flow requirements daily, ensuring there is sufficient cash on demand to meet expected operational expenses.

21. Economic Dependency

The Melbourne Football Club Limited is economically dependent on the ongoing support of the Australian Football League through receipt of distributions and dividends.

22. Events after the Balance Sheet Date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the results of operations or the Club's state of affairs for the year ended 31 October 2014.

Directors' Declaration

In accordance with a resolution of the Directors of the Melbourne Football Club Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Melbourne Football Club Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Club's financial position as at 31 October 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards – Reduced Disclosure Requirements and *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Glen Bartlett



John Trotter

Melbourne
3 December 2014

Independent auditor's report to the members of Melbourne Football Club Limited

We have audited the accompanying financial report of Melbourne Football Club Limited, which comprises the statement of financial position as at 31 October 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility 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 and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

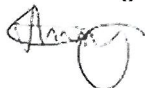
Opinion

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

- (a) giving a true and fair view of the financial position of Melbourne Football Club Limited at 31 October 2014 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*.



Ernst & Young



David Shewring
Partner
Melbourne,
3 December 2014



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