FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2017

ACN 005 686 902

Contents

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 2017.

1. 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.

2. Operating Results and Review of Operations

The statutory and operating profit for the year is $1,363,060 (FY16: $720,218).

2017 has been a year of further financial growth for the Club. Revenue grew by $4.436m to a total of $51.989m. Football costs grew by $2.296m during the year, of which $1.847m was attributable to the growth in player payments limits following the finalisation of the industry's Collective Bargaining Agreement, with the remainder representing the club's increased investment in players and their development. Other costs (excluding depreciation and amortisation) grew by $1.323m, representing the cost of generating additional revenue combined with investment in strategic priorities, including the addition of an AFLW team.

A key factor in the financial result was the support of members. A Club record 42,233 signed up for the 2017 season, while the Club also broke its attendance record with over 830,000 people watching the team play this year – an increase of more than 146,000 from 2016. The Club launched 'The Welcome Game' against St Kilda in Round 21, an initiative aimed at encouraging people of all backgrounds to attend AFL football and engage with the Club, which saw a crowd of over 50,000 in attendance. Over 70,000 people attended the Queen's Birthday clash against Collingwood, which also was the third fundraiser for the Fight MND campaign led by Neale Daniher, while 85,000 attended the Club's annual ANZAC Eve game against Richmond, which was a Tigers home game in 2017.

2017 saw the Club grow its suite of commercial partners. The Club would like to thank Co-Principal Partners, Automotive Holdings Group and i-Select for their support during 2017. The Club also thanks its Major Partners the Northern Territory Government and Tourism NT, IG, China Southern Airlines, New Balance, VicHealth and Fernwood Fitness, as well as all other commercial partners for their support.

The Club received an additional $2.955m in AFL distributions in FY17. An increase in base distributions, which are received by all AFL clubs and are tied to the finalisation of the player's Collective Bargaining Agreement which governs player payment limits, accounted for $1.913m of the year on year growth. A further $0.273m was received from the AFL in relation to AFLW player payments. An increase of $0.768m relating to AFL Competitive Balance distributions was also received, which partially funded the investment in Club strategic priorities.

The Club fielded a team in the inaugural AFLW competition in 2017. The total investment was $0.699m, comprising team costs of $0.398m and player payments of $0.301m. As outlined above the player costs were primarily covered by distributions from the AFL, while the other costs were recovered through sponsorship, membership and merchandise revenue relating to the AFLW program.

The Club had net assets of $6.203m at balance date, underwritten by the Bentleigh Club land asset. The Club's overall debt at the end of 2016 totalled $5.482m, comprised of bank debt of $4.929m and gaming machine entitlement debt of $0.553m, and has reduced by $1.353m during 2017 to a total of $4.129m. This amount entirely relates to bank debt, with the gaming machine entitlement debt extinguished during the year. This reduction has been achieved while the Club has invested into its gaming assets, with capital expenditure in the form of refurbishments totalling $1m across Leighoak and Bentleigh Club during the year. The Club will continue to prioritise debt reduction over the coming years, as it has done since 2014 with reduction of $4.000m over the past four years.

The Club's gaming venues continued to provide strong operating cashflow during the year, despite a reduction in gross venue revenue of $0.552m. This reduction was primarily driven by business interruption associated with refurbishment works, and has been partially offset by a reduction in food and beverage cost of sales and lower venue expenditure. The net impact of these works on venue trading cashflow during the year was $0.225m.

The financial position of the Club and the results achieved over previous years will allow the Club to further invest into its strategic priorities in 2018. The Club will continue to invest into its football program, as it is the Club's core purpose, however will also invest into resources to grow the fan base in order to build a sustainable commercial business for the long term. As a result while the Club is budgeting for a profit in 2018, it is unlikely to be at the levels achieved in 2017.

2017 saw further improvement in on-field performance, winning 12 games. While the finish to the season was disappointing for players, coaches, staff and members alike, it should not define whether this year was a success or not – what comes out of the year in terms of longer term performance should be the measure. Members would have regularly seen a team made up of 10 -12 players younger than 22 and who have played less than 50 games, including Clayton Oliver, Christian Petracca, Jesse Hogan, Angus Brayshaw, Jayden Hunt and Christian Salem, who along with the similarly experienced Jake Lever who was added during the trade period, will form the nucleus of our team for the years to come.

The outstanding players in red and blue for 2017 were recognised at our Best and Fairest with Clayton Oliver capping off a breakout year by taking out his first Keith 'Bluey' Truscott trophy. Jack Viney finished second, with Nathan Jones and Jordan Lewis tied for third, while Neville Jetta rounded out the top five. Michael Hibberd was rewarded for his successful debut year for the Club, winning All Australian selection, while Neville Jetta and Jeff Garlett were also recognised for their years by being selected in the All Australian squad of 40.

2017 as usual saw the departure of a number of players at the completion of the season. Former Club Captain Jack Trengove left the Club after 86 games over eight seasons, having played only seven games over the last four years after battling a career threatening foot injury. Colin Garland retired after 11 seasons and 141 games however will remain with the Club in a coaching capacity. Jack Watts also left the Club during the trade period after 153 games in the red and the blue. A number of other players departed at the completion of the season – the Club wishes all of these players all the best and thanks them for their service.

As noted previously, 2017 saw the Club compete in the inaugural AFLW competition. The team performed strongly, winning five of their seven games and finishing third on the ladder. Daisy Pearce, Mel Hickey, Karen Paxman and Elise O'Dea capped off fantastic years with selection in the All Australian squad, with Daisy named as captain, while Daisy was also rewarded with the MFC Best & Fairest for her stellar year.

The Club would like to thank the MCC for their ongoing support during 2017. The Club values its relationship with the MCC and is proud to be a sporting section of this great club.

2017 has been a year of significant improvement, both on the field and off the field with many highlights along the way. It is important to recognise the improvement and development opportunities created over the course of the year as the Club heads into 2018. The Board is confident that the Club is positioned for long term sustainable success, on and off the field. We would like to thank the members for permitting us the privilege of serving as directors.

3. Events Subsequent to Balance Date

As at 31 October 2017 the Club's banking facilities had an expiry date of 31 December 2017 and are therefore disclosed as current liabilities. The banking facilities were subsequently renewed on 9 November 2017 with an expiry date of 31 December 2019 and repayments of $0.900m being due in the year ending 31 October 2018. Refer to note 13 for further details.

There has been no other 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 2017.

4. Likely developments

The Directors will continue to progress the strategic objectives of the Club and in this context there are no matters at the date of this report that are expected to materially impact the Club.

5. Environmental Regulation

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

6. Auditors Independence Declaration

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration is set out on page 11 and forms part of the Directors' Report for the year ended 31 October 2017.

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 audit services - $29,000

7. Directors

Glen Bartlett

Glen joined the Board in 2013. He was also appointed President of the Melbourne Football Club in 2013. He also Chair's the Facilities Working Group.

He is the Managing Director of Bartlett Workplace, a company specialising in Industrial Relations (IR) including: IR and Employment Legal services; IR and HR Advisory services, Workplace Investigations; and Workplace Management capability and Leadership development training. Bartlett Workplace has a national reach with offices in Melbourne and Perth.

Prior to setting up Bartlett Workplace, Glen practised law for 15 years with Clayton Utz Lawyers including 3 years as Managing Partner.

He has held a number of board positions both within the Public and Private sectors, including: Sports/Entertainment; Sport/Events Infrastructure Management; Universities; and Not for Profit and Industry Associations

Glen over the years has given his time and expertise to a wide range of community organisations including WA football, indigenous communities and various charities both in Victoria and WA. Glen is a respected advocate for the sports industry, having held various roles over the years including: Honorary Legal Advisor on Rules for the WAFL, President of the WAFL Players Association, member of the Appeals Tribunal for the WAFL and WA players' representative on the national AFL Players Agents Association board (AFLPA) from 1998-2000.

Glen was a successful former Australian Rules footballer who played for the West Coast Eagles, and was part of their inaugural team, winning their Best Clubman award in 1987. He was captain of East Perth for four years before retiring after achieving life membership at the age of 26. He also represented WA and was appointed Vice Captain against South Australia in 1990. Glen retired to concentrate on his law studies, becoming a lawyer in 1996.

David Thurin

David joined the Board in 2008. He is a Member of the Club's Audit and Risk Committee.

David is the Executive Chairman and owner of Tigcorp, a company that owns, develops and manages retirement communities, has land subdivision interests as well as an investment arm involved in listed and unlisted securities.

He is a director of Vicinity Centres which is an ASX 50 company and he is a director of the Baker Heart and Diabetes Institute. He is also a member of the Young Presidents' Gold Organisation, the Australian Institute of Company Directors and the Melbourne Cricket Club.

David was previously involved in retail property management and development and was the Joint Managing Director of the Gandel Group of Companies and Gandel Retail Management. He was also previously the Chairman of the International Diabetes Institute, a director of the Gandel Retail Property Trust, CFSGAN Retail Property Trust and the Novion Property Group.

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 Master's Degree in Management from Stanford University, California.

David is a Foundation Hero Legend and is the only Platinum Legend.

John Trotter

John joined the Board in 2011. He is a Vice Chairman of Melbourne Football Club, Chair of the Audit and Risk sub Committee. He is also Chair 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.

He is currently Chairman and a non-executive director of the Entity Solutions Group of companies specialising in contingent workforce solutions in Australia, New Zealand and parts of Asia.

John worked in the Accounting and consultancy industries for over 37 years both in Australia and globally. He specialised in Corporate Governance, Risk Management and business growth. He had a number of leadership roles with global firm Deloitte: Global Managing Partner - Risk Services, Asia Pacific Managing Partner Risk services and most recently Managing Partner of Deloitte Victoria. In these roles he served global clients across Australia, Asia, Europe and the America's.

He is 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.

John is a Foundation Hero Gold Legend, a member of the Ron Barassi Bequest Society, Coterie, the Melbourne Business Community, the MFC Club Lunch, the Demon Army and the Melbourne Cricket Club.

He has had significant involvement in Amateur football spanning over 40 years as a player, administrator, sponsor and President. He also played a key role in bringing the "Peace Team" a combined team of Israeli's and Palestinians to the AFL International Cup in 2008 and 2011.

Geoff Freeman

Geoff joined the Board in 2013. He is a Vice Chairman of Melbourne Football Club and Chair of the Club's Nominations & Remunerations Committee.

Geoff was a founding partner of Freeman McMurrick. This 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 served for many years on the Aon Australian Advisory Board and other industry boards.

He holds an advanced diploma in financial services and is a qualified practising insurance broker.

Geoff is a Foundation Hero Silver Legend.

Kate Roffey

Kate joined the Board in 2013. She is a Member of the Facilities working group.

She is currently the Director of Economy, Innovation and Liveability at Wyndham City and is also the Chair of the Victorian Regional Channels Authority and Enterprise Maribyrnong, and a Board member of Melbourne University Sport and Member of the Ministerial Freight Advisory Committee and Ministerial Golf Taskforce.

Kate is the former CEO of the Committee for Melbourne, former CEO of VicSport and the Senior Manager responsible for the Melbourne Park Tennis Centre redevelopment and Government Relations at Tennis Australia.

Kate holds qualifications in Sports Science, Sport Administration, and Psychology, and is a Graduate Member of the Australian Institute of Company Directors.

Kate has a strong background in professional 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 joined the Melbourne board in 2013. He is a member of the Audit and Risk Committee.

He is involved in various football related initiatives building on his AFL and VAFA experiences. He brings considerable experience in culture and leadership in both business and sport to the Melbourne Football Club Board.

For more than 20 years he has worked in the Management Consultant industry specialising in organisational strategy, culture, leadership, team development and change. He brings passion, energy and intelligence to helping people in organisations play at their best.

He is Managing Director and Founder of Composure Group and works with senior executives in both large and small to medium size companies. He has led and managed consulting businesses with global, ASX listed and privately owned businesses.

He has an MBA from RMIT and a Bachelor of Applied Science [PE].

His football background includes playing for the Melbourne Football Club from 1983 to 1986 – including four senior matches in 1986 – and later playing with Old Melburnians from 1987 to 1994, captaining the club from 1992-94, which included B grade and A grade premierships.

Steve Morris

Steve joined the Board in 2014 and is a member of the Nominations and Remuneration Committee and is the Board's representative trustee of the Red and Blue Foundation.

He is currently General Manager of Agentplus, providing software, trust accounting and administration services to the property management industry around Australia.

He is the founder of Peloton Shareholder Services, offering shareholder management and capital raising solutions to a range of ASX listed companies. He is the Chairman of Water Resources Group and a Non-Executive Director of De Grey Mining.

Steve's previous experience is predominantly in stockbroking, including as Head of Private Clients Australia for Paterson's Securities, one of Australia's largest retail stockbroking firms, and Managing Director of Intersuisse Ltd.

He holds a Diploma in Financial Markets, is a Master Stockbroker and Responsible Executive of the ASX.

Steve is co-founder of Club Lunch – an active supporter group that is part of the Melbourne Business Community and raises funds that are put into the Football Department. He has also been a player sponsor and is a Foundation Hero.

Mohan Jesudason

Mohan joined the Board in 2015.

He is Chief Executive Officer and managing director of Freestyle Technology Ltd, which operates in the global Internet of Things market - connecting devices in the fast growing world of the Internet. Freestyle operates in Australia, Korea, Japan, China and Taiwan. He is a past director of Racing Victoria Ltd, Telecom Mobile Ltd and Hutchison 3 in Australia.

Prior to Freestyle, Mohan was Managing Director of Tabcorp Gaming and Group Marketing for 10 years. Before this, he held leadership roles with Telecom New Zealand and National Mutual Life Association of Australasia in Australia and New Zealand.

Mohan holds a Bachelor of Economics from Monash University, a Graduate Diploma in Accounting and a Diploma from the Insurance Institute of Australia.

Mohan is a Foundation Hero.

Born in Sri Lanka, Mohan immigrated to Australia in 1972 where he completed his High School and University education.

David Robb

David joined the Board in 2015 and is a member of the Nominations and Remuneration Committee.

He is currently a Director of Navitas Limited and Chair of the Faculty of Engineering and Mathematical Sciences at the University of Western Australia and was for almost ten years until September 2016 the Managing Director and CEO of Iluka Resources Limited, an ASX100 mineral sands company with operations in Australia and the US, a global sales footprint and investment activities in many countries.

Prior to his time at Iluka, David worked in the downstream oil industry with BP in Australia, the UK, the USA and Asia, before joining Wesfarmers in Perth in 1995. He was appointed General Manager, Business Development for the Wesfarmers Group in 1996 and as Managing Director of Wesfarmers Energy in 1999. In 2004 he was appointed an Executive Director on the board of Wesfarmers Limited, a role relinquished in 2006 on joining Iluka.

Previous roles include being a Director of the Centre for Independent Studies, Chairman of Consolidated Rutile Limited and Deputy Chair of Methodist Ladies College, Perth.

David holds a Bachelor of Science degree, a Graduate Diploma in Personnel Administration, has completed the Harvard University Business School Advanced Management Program and is a Fellow of the Australian Institute of Management and the Australian Institute of Company Directors.

David was born in Melbourne and is a life-long supporter of Melbourne. He was part of the cheer squad in the 'duffle coat and desert boot' VFL era. He is a Foundation Hero.

In his university days, he played amateur football in Victoria and Western Australia, with a successful period as president of the University Football Club in Western Australia.

Jane Martino

Jane joined the Board in 2015. Jane is an entrepreneur in the technology sector and is well known for the development of start-up company Shout which was acquired by ANZ Bank in 2015. She is also co-founder of not-for-profit Smiling Mind, centred on delivering free online Mindfulness Meditation programs to young people, which regularly trends on the App Store, has 2 million regular users and is used in thousands of schools nationwide.

She is investor and on the Board of fast growth company Tribe and is currently SVP Global Operations at Unlockd.

Her original career was in media and communications founding her own agency at age 25 which was subsequently sold to the Bastion Group in 2009.

Jane is a Foundation Hero.

Jane balances her weekends between AFL matches and her three son's local football club (East Malvern Knights) where she frequently performs the role of runner or umpire.

8. 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 joined the Board of Australian Schools Plus in August 2015. Schools Plus exists to improve the education outcomes of Australian students in disadvantaged schools through access to philanthropy.

Peter holds a Bachelor of Commerce Degree from Adelaide University.

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	8	7
John Trotter	8	7
Geoff Freeman	8	8
David Thurin	8	7
Kate Roffey	8	7
Jeremy Nichols	8	7
Steven Morris	8	8
Mohan Jesudason	8	8

David Robb	8	7
Jane Martino	8	7

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

10. Indemnification and Insurance of Officers

Insurance and indemnity arrangements concerning Directors of the Club have continued in the current year. 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), David Thurin and Jeremy Nichols 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 20th day of November 2017.

Glen Bartlett

John Trotter

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

As lead auditor for the audit of Melbourne Football Club Limited for the financial year ended

31 October 2017, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

David Shewring
Partner
20 November 2017

Statement of Comprehensive Income

For the year ended 31 October 2017	Note	2017 $	2016 $
Revenue	3	51,988,711	47,552,639
Other income	3	11,531	13,559
Social club and gaming expenses		(7,920,370)	(8,030,857)
Football department costs		(24,223,494)	(21,927,456)
AFLW Football Costs		(699,970)	-
Cost of sales		(1,382,450)	(1,415,631)
Administration costs		(4,511,714)	(4,241,704)
Corporate, membership and fundraising expenses		(8,257,476)	(8,110,107)
Finance costs	4	(175,054)	(234,953)
Marketing & communications expenses		(2,126,823)	(1,719,422)
Amortisation		(330,080)	(330,080)
Depreciation		(1,009,751)	(835,770)
Net profit/(loss) for the period	15	**1,363,060**	**720,218**
Other comprehensive income for the period		-	-
Total comprehensive income for the period		**1,363,060**	**720,218**
Net profit/(loss) for the period attributable to members		1,363,060	720,218
Total comprehensive income for the period attributable to members of Melbourne Football Club Limited		**1,363,060**	**720,218**

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

Statement of Financial Position

As at 31 October 2017	Note	2017 $	2016 $
CURRENT ASSETS			
Cash and cash equivalents	5	841,408	1,258,300
Trade and other receivables	6	238,459	227,161
Inventories	7	179,906	290,319
Other assets	8	542,420	423,242
TOTAL CURRENT ASSETS		**1,802,193**	**2,199,022**
NON CURRENT ASSETS			
Property, plant and equipment	9	14,497,197	13,225,160
Intangible assets	10	1,582,074	1,912,154
Investment accounted for using the equity method	11	131,394	147,679
TOTAL NON CURRENT ASSETS		**16,210,665**	**15,284,993**
TOTAL ASSETS		**18,012,858**	**17,484,015**
CURRENT LIABILITIES			
Trade and other payables	12	3,764,812	3,831,484
Interest bearing liabilities	13	4,128,800*	792,000
Finance lease liabilities		423,674	377,959
Provisions	14	990,005	651,870
Income received in advance		2,030,529	2,266,294
TOTAL CURRENT LIABILITIES		**11,337,820**	**7,919,607**
NON CURRENT LIABILITIES			
Trade and other payables	12	1,873	4,683
Finance lease liabilities		368,133	338,847
Interest bearing liabilities	13	-*	4,136,800
Provisions	14	102,336	244,442
TOTAL NON CURRENT LIABILITIES		**472,342**	**4,724,772**
TOTAL LIABILITIES		**11,810,162**	**12,644,379**
NET ASSETS		**6,202,696**	**4,839,636**
MEMBERS' FUNDS			
Retained earnings	15	6,202,696	4,839,636
TOTAL MEMBERS' FUNDS		**6,202,696**	**4,839,636**

* Note: As at 31 October 2017 the Club's banking facilities had an expiry date of 31 December 2017 and are therefore disclosed as current liabilities. The banking facilities were subsequently renewed on 9 November 2017 with an expiry date of 31 December 2019 and repayments of $0.900m being due in the year ending 31 October 2018. Refer to note 13 for further details.

Statement of Cash Flows

For the year ended 31 October 2017	Note	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		51,741,646	47,822,089
Interest received		11,531	13,559
Payments to suppliers and employees		(48,395,345)	(44,927,623)
Interest and other costs of finance paid		(175,054)	(234,953)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		**3,182,778**	**2,673,072**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,206,788)	(2,057,269)
Payments for gaming entitlements		(552,882)	(561,135)
Contribution to Equity Accounted Investment	11	(40,000)	(40,000)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**(2,799,670)**	**(2,658,404)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(800,000)	(594,000)
Proceeds from borrowings		-	600,000
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**(800,000)**	**6,000**
Net increase/(decrease) in cash held		(416,892)	20,668
Cash at the beginning of the year		1,258,300	1,237,632
CASH AT THE END OF THE FINANCIAL YEAR	5	**841,408**	**1,258,300**

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

Statement of Changes in Equity

For the year ended 31 October 2017	Retained earnings	Total Equity
	$	$
BALANCE AS AT 1 NOVEMBER 2015	**4,119,418**	**4,119,418**
Net profit for the year	720,218	720,218
Other comprehensive income	-	-
Total comprehensive income for the period	**720,218**	**720,218**
BALANCE AS AT 31 OCTOBER 2015	**4,839,636**	**4,839,636**
BALANCE AS AT 1 NOVEMBER 2016	**4,839,636**	**4,839,636**
Net profit for the year	1,363,060	1,363,060
Other comprehensive income	-	-
Total comprehensive income for the period	**1,363,060**	**1,363,060**
BALANCE AS AT 31 OCTOBER 2017	**6,202,696**	**6,202,696**

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

Notes to the Financial Statements

Year ended 31 October 2017

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 2017 was authorised for issue in accordance with a resolution of the Directors on 20 November 2017.

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 $1,363,060 for the year ended 31 October 2017.

The Club had positive operating cash flows of $3.183m during the 2017 year, net assets of $6.203m and a net current asset deficiency of $9.536m at 31 October 2017. The deficiency includes $4.129m of interest bearing liabilities, with those facilities being extended post balance date expiring 31 December 2019 and only $0.900m now due to be repaid in 2018. The deficiency also includes $2.031m unearned income relating to 2018 memberships - this is a service liability and has no cash outflow impact. Other payables are to be repaid from operating cashflows generated by the Club.

The Directors have assessed the financial performance and financial position of the Club at 31 October 2017, 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 2017

2. Summary of significant accounting policies (continued)

(b) Statement of compliance

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

The Club is a not-for-profit, private sector entity which is not publicly accountable. Therefore, the financial statements for the Group are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

(c) Basis of Consolidation

At 31 October 2017 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.

(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 2017, 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.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

2. Summary of significant accounting policies (continued)

(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	20%
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.

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

(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 on 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.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

2. Summary of significant accounting policies (continued)

(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

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.

(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 2017 on High Quality Corporate Bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

2. Summary of significant accounting policies (continued)

(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 on 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.

(o) Trade and other receivables

Trade receivables, which generally have 0 - 30 day terms, are recognised and carried at original invoice amount less any allowance for impairment and/or credit notes issued. 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 value of estimated future cash flows. Bad debts are written off when identified. Non-current receivables are carried at the net present value of future cash flows they represent.

(p) Trade and other payables

Trade and other payables are carried at 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.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

2. Summary of significant accounting policies (continued)

(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.

(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.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

2. Summary of significant accounting policies (continued)

(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.

(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

In the current financial year, the Club has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 November 2016. The adoption of these new and revised Standards and Interpretation has resulted in no change to the Club's accounting policies.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

	2017 $	2016 $
3. Revenue		
Revenue from Football related activities		
Gate receipts	5,366,974	4,592,047
Distributions from the AFL	15,713,629*	12,758,742
Merchandise	1,085,881	986,269
Membership, annual reserved seating and general fundraising	8,057,900	7,578,057
Sponsorship & corporate hospitality	9,399,004	8,916,023
Other revenue	724,274	528,216
Total revenue from Football related activities	**40,347,662**	**35,359,354**
Revenue from other activities		
Social and gaming revenue	11,641,049	12,193,285
Total revenue from other activities	**11,641,049**	**12,193,285**
Total revenue	**51,988,711**	**47,552,639**
Other income		
Interest	11,531	13,559
Total other income	**11,531**	**13,559**

*$1.913m of the increase in AFL distributions are base distributions received by all clubs and are tied to the finalisation of the player's Collective Bargaining Agreement. A further $0.273m of the increase in AFL distributions related to funding of AFLW player payments.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

	2017 $	2016 $
4. Expenses		
Expenses		
Finance Costs		
- Interest paid to external entities	175,054	234,953
Total finance costs	**175,054**	**234,953**
Employee benefits expense		
Salary, wages and termination expense	25,985,535	22,574,348
Superannuation expense	1,892,352	1,664,503
Total employee benefits expense	**27,877,887**	**24,238,851**
Occupancy Expenses		
Minimum lease payments	1,823,112	1,703,950
	1,823,112	**1,703,950**
Other		
Bad debts	-	-
Doubtful debts recognised/(recovered)	-	-

5. Cash and Cash Equivalents

	2017 $	2016 $
Cash at bank and in hand	1,007,181	1,258,300
Bank overdraft	(165,773)	-
	841,408	**1,258,300**

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 as at 31 October 2017.

Financing facilities

At 31 October 2017, the Club had a $400,000 (FY16: $400,000) overdraft facility with Westpac ($165,773 drawn). The overdraft facility, will incur an interest rate of 7.97% per annum, with interest charged monthly.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

	2017 $	2016 $
6. Trade and Other Receivables		
Current		
Trade receivables	233,256	221,958
Less provision for impairment loss (a)	(3,321)	(3,321)
Other receivables	8,524	8,524
	238,459	**227,161**
(a) Movements in the provision for impairment loss were as follows:		
Opening balance	3,321	4,544
Charge for the year	-	-
Previously recognised doubtful debts written off	-	(1,223)
Amounts recovered	-	-
Closing balance	**3,321**	**3,321**

7. Inventories

	2017 $	2016 $
Merchandise	101,677	187,417
Food and beverage	78,229	102,902
	179,906	**290,319**

(a) Cost of Sales
Cost of Sales for the year ended 31 October 2017 totalled $1,382,450 (FY16: $1,413,851) 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

	2017 $	2016 $
Prepayments	390,747	312,066
Other	151,673	111,176
	542,420	**423,242**

Notes to the Financial Statements (continued)

Year ended 31 October 2017

	2017 $	2016 $
9. Property, Plant and Equipment		
Furniture and fittings		
Cost		
Opening balance	478,878	478,878
Additions	109,102	-
Disposals / Retirements	-	-
Closing balance	**587,980**	**478,878**
Accumulated depreciation		
Opening balance	380,280	359,230
Depreciation for the year	26,740	21,050
Disposals / Retirements	-	-
Closing balance	**407,020**	**380,280**
Net book value	**180,960**	**98,598**
Plant and equipment		
Cost		
Opening balance	3,055,336	2,795,270
Additions	313,768	260,066
Disposals / Retirements	-	-
Closing balance	**3,369,104**	**3,055,336**
Accumulated depreciation		
Opening balance	2,579,828	2,420,667
Depreciation for the year	199,502	159,161
Disposals / Retirements	-	-
Closing balance	**2,779,330**	**2,579,828**
Net book value	**589,774**	**475,508**
Leasehold improvements		
Cost		
Opening balance	3,464,800	2,016,147
Additions	1,154,716	1,266,130
Transfers		182,523
Disposals / Retirements	-	-
Closing balance	**4,619,516**	**3,464,800**
Accumulated depreciation		
Opening balance	1,178,709	867,977
Depreciation for the year	390,520	310,732
Disposals / Retirements	-	-
Closing balance	**1,569,229**	**1,178,709**
Net book value	**3,050,287**	**2,286,091**
Motor vehicles		
Cost		
Opening balance	7,273	7,273
Disposals / Retirements	-	-
Closing balance	**7,273**	**7,273**
Accumulated depreciation		
Opening balance	6,933	5,478
Depreciation for the year	338	1,455
Disposals / Retirements		
Closing balance	**7,271**	**6,933**
Net book value	**2**	**340**

Notes to the Financial Statements (continued)

Year ended 31 October 2017

Purchased Memorabilia		
Cost		
Opening balance	113,090	113,090
Additions	-	-
Disposals / Retirements	-	-
Closing balance	**113,090**	**113,090**
Accumulated Depreciation		
Opening Balance	113,090	113,090
Depreciation for the year		-
Disposals/Retirements	-	-
Closing Balance	**113,090**	**113,090**
Net Book Value	**-**	**-**
Gaming Machines		
Cost		
Opening balance	2,873,721	2,220,961
Additions	528,365	652,760
Disposals / Retirements	-	-
Closing balance	**3,402,086**	**2,873,721**
Accumulated depreciation		
Opening balance	1,261,388	918,016
Depreciation for the year	392,651	343,372
Disposals / Retirements	-	-
Closing balance	**1,654,039**	**1,261,388**
Net book value	**1,748,047**	**1,612,333**
Land		
Cost		
Opening balance	8,700,000	8,700,000
Closing balance	**8,700,000**	**8,700,000**
Net book value	**8,700,000**	**8,700,000**
Capital Works in Progress		
Cost		
Opening Balance	52,290	182,523
Additions	175,837	52,290
Transfers	-	(182,523)
Closing Balance	**228,127**	**52,290**
Net book value	**228,127**	**52,290**
Total property, plant and equipment		
Opening balance	18,745,388	16,514,142
Additions	2,281,788	2,231,246
Disposals / Retirements	-	-
Closing balance	**21,027,176**	**18,745,388**
Accumulated depreciation		
Opening balance	5,520,228	4,684,458
Depreciation for the year	1,009,751	835,770
Disposals / Retirements	-	-
Closing balance	**6,529,979**	**5,520,228**
Net book value	**14,497,197**	**13,225,160**

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 2017

	2017 $	2016 $
10. Intangible Assets		
Year ended 31 October		
Opening balance net of accumulated amortisation and impairment	1,912,154	2,242,234
Amortisation	(330,080)	(330,080)
Closing balance net of accumulated amortisation and impairment	**1,582,074**	**1,912,154**
At 31 October		
Cost (gross carrying amount)	3,300,793	3,300,793
Accumulated amortisation and impairment	(1,718,719)	(1,388,639)
Net carrying amount	**1,582,074**	**1,912,154**

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 though 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.

Payment for the gaming machine entitlements was on deferred terms, with the final instalment paid in August 2017.

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.

	2017 $	2016 $
Share of the joint venture's statement of financial position:		
Opening investment in joint venture	296,243	256,243
Cash (distribution received)/ injection	40,000	40,000
Investment in joint venture	**336,243**	**296,243**
Retained earnings	(146,564)	(66,390)
Share of the joint venture's profit or (loss):		
Loss	(58,285)	(82,174)
Carrying value of investment in jointly controlled entity	**131,394**	**147,679**

Notes to the Financial Statements (continued)

Year ended 31 October 2017

		2017	2016
		$	$
12. Trade and Other Payables			
Current			
Trade creditors	(a)	1,914,206	1,352,715
State gaming tax payable		170,492	240,456
Other creditors and accruals		1,635,075	1,522,955
Other Loans – VCGLR		-	552,882
GST Payable		45,039	162,476
		3,764,812	**3,831,484**
Non-Current			
Other Loans – VCGLR		-	-
Other		1,873	4,683
		1,873	**4,683**

(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.

13. Interest Bearing Loans and Liabilities

		2017	2016
Current			
Commercial bill facility – Gaming	(i)	1,228,800	-
Commercial bill facility – Operating	(ii)	2,900,000	792,000
		4,128,800	**792,000**
Non-Current			
Commercial bill facility – Gaming	(i)	-	436,800
Commercial bill facility – Operating	(ii)	-	3,700,000
		-	**4,136,800**
Total Interest Bearing Loans and Liabilities		**4,128,800**	**4,928,800**

The Club has two facilities with Westpac as at 31 October 2017.

(i) Gaming Facility

The facility enables the Club to draw funds to a limit of $1.229m. 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 $0.198m was repayable each quarter until the debt is extinguished. The quarter repayments were deferred during the year as part of the provision of funding for the refurbishment for the Leighoak Club.

The facility had an expiry date of 31 December 2017, and was due to be renewed prior to balance date to reflect the quarterly payment terms. Due to external processing issues with Westpac and the supplier of the facility guarantee, the Australian Football League, the facility was renewed on 9 November 2017 with an expiry date of 31 December 2019. As a result the full amount of the facility was recorded as a current liability as at 31 October 2017.

Upon renewal of the facility on 9 November 2017, payments totalling $0.900m are required in 2018.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

13. Interest Bearing Loans and Liabilities (Continued)

The facility is supported by a $0.896m 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.

(ii) Operating Facility

The facility provides the Club to draw funds up to a limit of $4.500m (comprising $0.400m overdraft and a $4.100m commercial bill facility). The commercial bill facility was drawn to $2.900m (FY16: $3.700m) as at 31 October 2017 with $0.166m of the overdraft facility drawn. This facility can be used as either an overdraft facility or a commercial bill facility.

The facility had an expiry date of 31 December 2017, and was due to be renewed prior to balance date to reflect the quarterly payment terms. Due to external processing issues with Westpac and the supplier of the facility guarantee, the Australian Football League, the facility was renewed on 9 November 2017 with an expiry date of 31 December 2019. As a result the full amount of the facility was recorded as a current liability as at 31 October 2017. No mandatory repayments are scheduled for 2018.

The facility is supported by a $4.500m guarantee provided 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.

(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 $
Current	446,551	353,103	190,351	990,005
Non-current	-	102,336	-	102,336
At 31 October 2017	**446,551**	**455,439**	**190,351**	**1,092,341**
Current	415,289	180,427	56,154	651,870
Non-current	-	244,442	-	244,442
At 31 October 2016	**415,289**	**424,869**	**56,154**	**896,312**

Notes to the Financial Statements (continued)

Year ended 31 October 2017

	2017 $	2016 $
15. Retained Earnings		
Retained earnings at beginning of financial year	4,839,636	4,119,418
Net profit	1,363,060	720,218
Retained earnings at end of financial year	**6,202,696**	**4,839,636**

16. Commitments

Operating leases and other commitments
Commitments contracted for at reporting date but not recognised as liabilities are payable as follows:

	2017 $	2016 $
- Not later than 1 year	1,400,535	1,352,703
- Later than 1 year but not later than 5 years	4,453,446	4,971,762
- Later than 5 years	2,112,585	2,994,804
	7,966,566	**9,319,269**

The Club has entered into operating leases on certain commercial properties ranging from 5 to 10 years. The Club has the option, under some of its leases, to lease the assets for additional terms of five and six years.

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.

	2017 $	2016 $
- Not later than 1 year	15,286,578	13,390,946
- Later than 1 year but not later than 2 years	10,045,395	10,439,067
- Later than 2 years but not later than 5 years	4,576,634	7,480,995
	29,908,607	**31,311,008**

Bank Guarantees
Bank guarantees made by Westpac on behalf of the Club total $897,106 (2016: $897,106).

Notes to the Financial Statements (continued)

Year ended 31 October 2017

17. Remuneration of Auditors

Remuneration of Ernst & Young for audit of the financial reports of the Melbourne Football Club Limited:

Remuneration for financial statement audit services	61,000	58,000
Remuneration for other audit services	29,000	24,500

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 Officer, General Manager Football Operations, General Manager Marketing & Communications, General Manager People, Performance and Culture and the Senior Coach.

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

Compensation for key management personnel

Salaries	2,642,378	3,497,785
Total compensation	**2,642,378**	**3,497,785**

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.

Glen Bartlett
David Thurin
John Trotter
Geoffrey Freeman
Jeremy Nichols
Kate Roffey
Mohan Jesudason
Jane Martino
David Robb
Steve Morris

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 2017

19. Related Parties (Continued)

	2017 $	2016 $
Amounts provided to the Club:		
Glen Bartlett - Corporate Packages	15,292	11,408
David Thurin - Corporate Packages	1,028	2,571
John Trotter - Corporate Packages	8,071	10,719
Geoffrey Freeman - Corporate Packages	1,176	2,398
Jeremy Nichols - Corporate Packages	805	1,617
Kate Roffey - Corporate Packages	1,750	-
Mohan Jesudason - Corporate Packages	-	-
Jane Martino - Corporate Packages	2,615	1,292
David Robb - Corporate Packages	3,888	-
Steve Morris - Corporate Packages	3,582	7,988

Notes to the Financial Statements (continued)

Year ended 31 October 2017

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 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.

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

(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 meets 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

As at 31 October 2017 the Club's banking facilities had an expiry date of 31 December 2017 and are therefore disclosed as current liabilities. The banking facilities were subsequently renewed on 9 November 2017 with an expiry date of 31 December 2019 and repayments of $0.900m being due in the year ending 31 October 2018. Refer to note 13 for further details.

Notes to the Financial Statements (continued)

Year ended 31 October 2017

There has been no other 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 2017.

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 2017 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
20 November 2017

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

Opinion

We have audited the financial report of the Melbourne Football Club Limited ("the Club"), which comprises the statement of financial position as at 31 October 2017, the statement of comprehensive income, statement of changes in equity and 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 Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 31 October 2017 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the 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 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 Company'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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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 Company'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 Company'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 Company 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.

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

David Shewring
Partner
Melbourne
20 November 2017

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