



ST KILDA SAINTS FOOTBALL CLUB LIMITED  
CONSOLIDATED ENTITY  
ABN 86 005 174 836



ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDING 31 OCTOBER 2012

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## PRESIDENT'S REPORT 2012

The easiest measure of annual success for a football club is the premiership ladder position, however, I am pleased to report that 2012 was a year of improvement for the Club across most of our activities.

As I look back on the numerous achievements of previous years, I suggest that we have enjoyed a period of relative, although not ultimate, success for the Club.

On the field, we played in 3 Grand Finals in 2 years and this followed on from a number of years of Preliminary Finals appearances. Off the field we had successfully completed the move to the Linen House Centre in Seaford and made other significant improvements internally.

However, as we entered 2012, we faced some significant challenges that were highlighted in last year's report such as stadia returns, a difficult overall economic environment and the impact on revenues, the need for greater fan engagement and the need to develop the business model into one which was more sustainable on a long term basis. Against this, we remained determined to continue to invest in our core business of football and looked forward to the new era under our new coach Scott Watters.

This report demonstrates that we have made considerable progress in most areas. This, however, does not mean that we are satisfied - there remains much to be done but the progress made has been considerable and pleasing and I congratulate the management team on their results.

### Review against Key Areas of Focus for 2012

In my President's Report on the 2011 year, I set out the areas of focus for Season 2012.

The table below provides a summary of what we said we would do in 2012 and our achievements against this list.

Key Area	Specific Focus for 2012	Outcome
<b>Strategic Plan</b>	The Strategic Plan will set out a clear future direction for the Club. This 4-year strategic plan to be completed by end-April.	The 5-year strategic framework was presented to the Board in May 2012 and approved as part of our 2013 Budget process in September 2012.
<b>Return to Profit</b>	The Club needs to return to profit as soon as possible. This is being addressed through a range of new initiatives & cost control measures across the entire business.	Operating Profit before depreciation & amortisation is \$631,135 (loss of \$1.5m in prior year).
<b>Debt Elimination</b>	Early strategic work has been undertaken on a debt reduction program. A detailed strategy will be finalised during the 2012 season, which will then be rolled out in the 2013 season.	The Club has developed a foundation-type program designed to raise capital for the purposes of key strategic priorities as well as a focus on debt elimination. This is on track to be launched in 2013.
<b>New Business</b>	The Club's current financial model is very much reliant on strong on-field success. Other Clubs have developed alternative revenue streams other than match day. We will study similar opportunities for St Kilda closely.	Our historic venture into Wellington, New Zealand was born from this focus. Other initiatives continue to be explored and developed.
<b>Membership</b>	Strategic membership initiatives through local engagement programs are being developed to take advantage of our new location [Frankston]. It is critical that members in our traditional heartland remain relevant and engaged [Moorabbin]. Our traditional base is a vital part of our Member Development Program for 2012.	Right from the lead up to the 2012 season with the production of our TV campaign, our Fan Engagement activities continued in 2012 across both Frankston and Moorabbin. We staged a number of member events at Moorabbin during 2012 and continued to conduct appearances and events throughout the Frankston and Bayside area. All of these activities were reported on saints.com.au. We have also expanded our engagement with other supporter groups both locally and interstate.
<b>Moorabbin</b>	The redevelopment of Moorabbin Oval to a community friendly football facility is a key part of our Heartland Strategy and we are well placed to deliver on this.	The Club has secured the commitment of Kingston Council to support its broad vision for a community sporting hub at Moorabbin Reserve. The Club recently appointed the Gamba Group to develop a feasibility study for presentation to the State Government on the community infrastructure needs.
<b>Football</b>	It is critical that we have a competitive football team that has a clear mandate and a plan to play winning football. We will continue to deliver an efficient football model given our resources, by investing in only the highest calibre people both on and off the field.	In the 2011 President's Report we identified 10 key appointments in the Football department to assist Chris Pelchen and Scott Watters. Pleasingly at the end of the 2012 season, there has only been one departure from this group which allows greater continuity as we enter preparations for Season 2013. We have further strengthened our sports science team, our Football Academy and our development programs with high quality new appointments.



## THE FINANCIAL PERFORMANCE FOR THE 2012 YEAR

I am pleased to announce that the Club has recorded an operating profit.

For the 2012 financial year, the St Kilda Football Club delivered an operating profit before depreciation, amortisation and finance costs of \$631,135 which is a considerable turnaround of \$2,131,907 when compared to the prior year's trading deficit of \$1,500,772.

Reconciliation of operating profit	2012	2011
Operating profit before depreciation, amortisation & finance costs	\$631,135	(\$1,500,772)
Less depreciation and amortisation	(\$1,053,705)	(\$773,448)
Less finance costs	(\$209,509)	(\$139,116)
Add non-operating income	\$195,261	\$1,142,187
Comprehensive Income (loss) for the year	(\$436,818)	(\$1,271,149)

The Club's statutory financial result was a net deficit of \$436,818 after taking into account depreciation and amortisation expense (non-cash) of \$1,053,705 (including \$568,549 of depreciation for the Linen House Centre at Frankston) and non-operating items.

### The key financial points of the 2012 financial result are as follows:

**Turnover:** Increase in operating revenue of \$3,400,406 (12%) to \$30,645,555. The only time the Club has reached the \$30m mark previously was on the back of the two grand final appearances in 2010.

**AFL Future Funding:** The AFL's contribution of \$2.115m includes \$700k in recognition of the relatively poorer returns at Etihad Stadium which are not completely within our control. Before allowing for this additional \$700k, Match returns at Etihad Stadium in 2012 were down by \$51k on 2011.

We acknowledge the support of the AFL and the Future Fund distributions in partly assisting us in achieving this financial turnaround. The Future Fund allowed the Club to add key resources to improve our business operations in both Football and Administration.

**Football Expenditure:** The Club's investment into football grew by \$988k in 2012. Apart from the increase in players wages, the major growth was in the player development area, with new Assistant Line coaches, Development coaches and the expansion of the Leadership and Mentoring programs.

**Membership:** while member numbers were down 4,097 against 2011, our net profit result in membership was up \$319k as a result of greater efficiencies. We also continued to invest more in our aim of having a greater level of engagement with our members and fans.

**Merchandise:** Merchandise revenues were up \$413k and net profit was up by \$271k, largely due to the highly successful member's jumper and player milestone pieces and the increased focus on improving the quality of our website interaction with members.



## OTHER POSITIVE OUTCOMES FOR THE 2012 YEAR

### Strategic Framework 2013-2017

In July 2011, the Club engaged Sports Business Partners to assist its Executive Management Team develop a strategic framework that provides a roadmap for the next 5 years, through to the end of 2017 financial year.

This roadmap was completed in early May 2012 after several off-site workshops & internal sessions and was formally approved by the Board as part of the 2013 Budget process in September this year.

The development of the strategic framework first considered the Board's Primary Purpose statement which was developed in April 2011.

***To achieve success, instill pride and earn respect for Saints people through winning football and good citizenship.***

*Since 1873, successive generations of passionate and committed "Saints" have embraced the Club and made it their own. Those people have been and will continue to be both, for the Club and community.*

*The St Kilda Football Club exists because of that commitment and our purpose is to return that investment to the absolute best of our ability through our actions, both on and off the field.*

By understanding why the Club exists, a vision for the Club was able to be developed to clearly articulate what the organisation aspires to be.

***Our vision is to be a power club in the AFL that attracts the best commercial and playing talent.***

***We will succeed through inspiration, innovation and intent.***

In turn, the Club's Executive set out a series of statements that defined the current mission of all Club employees in pursuit of our agreed vision.

*Our mission is to...*

- Be **unwavering** in our pursuit of AFL Premierships
- Be **highly regarded** for our competitive spirit, commercial standing, values and citizenship.
- Lead with considered decision making and **control our own destiny** by building a sustainable commercial model
- Be an **employer of choice** that provides a progressive work environment

In simple terms, our vision and our mission provide a clear direction on where we want to go and importantly what it will take to get us there.

Having defined our boundaries, the Club's Executive considered each of the functional areas of the business to answer the questions, where do we want to see this business area in 5 years' time (Desired Outcomes) and what do we need to do in the next 12 to 18 months to achieve our stated ambitions (Key Initiatives).

The result is the creation of 9 Pillars that represent the functional areas of the business and cover the entire operation of the Club.

### These are:

1. Leadership & People
2. Football
3. Membership, Fan Development & Community
4. Merchandise
5. Communications
6. Finance
7. Sponsorship & Sales
8. Facilities & Stadiums
9. New Zealand

The dialogue and debate throughout this process led to the development of nearly 100 Key Initiatives across the 9 Pillars for the Club's Executive to drive through the business over the next 5 years.



## NEW ZEALAND

I am delighted that the St Kilda Football Club has taken the lead in becoming the first AFL club to play home matches for AFL Premiership points outside of Australia.

In a history making agreement between the Club, the AFL and Wellington City Council, the Saints will play the Sydney Swans on ANZAC Day in 2013 at Wellington's world-class Westpac Stadium.

The start time for this will see the match played after the traditional Essendon and Collingwood game held at the MCG and broadcast live into Australia - guaranteeing the Club with a significant television audience across Australia and New Zealand.

Our agreement also provides for potentially an additional four premiership points matches for the Saints in Wellington between 2014 and 2015 (up to two each year including ANZAC Day each year) plus a pre-season match in 2014 and 2015.

The AFL has described our decision to play home matches in New Zealand as visionary. We believe that this initiative may provide the Club with a significant point of difference from our competitors in a very crowded environment.

## FOOTBALL

We welcomed a new senior coach in Scott Watters to the Club, our 44th coach in this our 140th anniversary as a VFL/AFL Club year history.

We are delighted with the fresh approach that both Chris Pelchen and Scott Watters have brought to our football department and their commitment to support the initiatives necessary to improve not just football activities, but all aspects of the Club.

All season I have heard our senior players and our members comment positively on the quality of our emerging young players and our game style.

We debuted 6 players this year and we congratulate Sam Dunnell, Terry Milera, Jack Newnes, Sebastian Ross, Ahmed Saad and Beau Wilkes. They join exciting talents including David Armitage, Ben McEvoy, Jack Steven, Rhys Stanley and Aaron Siposs to name a few.

Our 2012 season finished with the same number of wins (12) as our 2011 season, however, such was the nature of this year that we missed the AFL Finals by two games. I note that we lost three games by six points or less and six games by fewer than 13 points.

Two great St Kilda players reached milestones that only a few in our history have achieved. These two players are both great champions of our Club.

We offer our sincere congratulations to Lenny Hayes and Stephen Milne in becoming the 8th and 9th players to play 250 games for this great Club. Stephen also had the honour of being named an All-Australian in consecutive years and Sean Dempster also received well deserved recognition as an All-Australian in 2012.

Our 2012 season concluded with the awarding of our Trevor Barker Medal for our Best & Fairest player. We congratulate Lenny Hayes on winning this award for the third time and after missing 2011 with a knee reconstruction, makes his win even more remarkable.

By winning for the third time, Lenny joins Club greats such as Eicke, Cubbins, Davis, Ross, Baldock, Burke, Harvey and Riewoldt as players who have won three or more Best & Fairest awards for the Saints. I note that the first six players in this list are all members of the St Kilda Football Club Hall of Fame.



## FOOTBALL APPOINTMENTS

As the 2012 financial year concluded, the Club made a number of key appointments to the Football Department. This importantly has allowed us to continue to build critical expertise and experience into our Football Department.

Tony Micale commenced in the dual role of Academy Manager / Assistant Coach – Midfield (assisting Dean Laidley). Tony is highly regarded and joins the Saints following his previous position as Senior Coach of East Perth FC in the WAFL Competition.

Tony will play an integral role in developing the Saints Player Academy (with Simon McPhee, Paul Hudson & Jaymie Graham) in addition to providing valuable support to Scott Watters (and particularly Dean Laidley as Midfield Coach).

Other new staff who have commenced employment with the Saints during October include:

Bill Davoren – High Performance Manager

Simon Kearney – Sports Science Manager

Luke Vella – Exercise Physiologist

## COMMERCIAL APPOINTMENTS

Lisa Laing joined the Club as General Manager of Membership, Fan Development and Community prior to the start of the 2012 season. Lisa was a key appointment for the Club and has brought her vast experience after working with the AFL as Membership Shared Services Manager for the past 9 years, with a further 7 years at Ticketmaster. Lisa has already had a significant influence on our 2013 membership campaign.

A new position has been created for the purpose of building a Future Fund / Foundation and Glenn Tanner, one of our existing members of the Club's Executive Management Team, has been appointed as General Manager of this initiative. The importance of this project cannot be understated.

In order to compete in the highly competitive AFL industry, the Foundation will focus on raising capital for the purposes of key strategic priorities. These activities will include bequests, debt elimination and providing for key critical current and future infrastructure development.

As a result of Glenn's move to this role, Shane Wakelin has joined the Club in the position of General Manager, Commercial Operations. Shane will manage Sponsorship, Corporate Commercial and the Events activities of the Club.

Shane has been the Associate Director of Corporate Finance at Deloitte Touche and Tohmatsu for the past four years. He was actively engaged in client relationships and the generation of new business. He is a former Saints player, having played 94 games (1994-2000) plus a further 158 games with Collingwood (2001-2008).

Luke Holmesby has been appointed as the Club's lead football writer. The rapid growth of AFL digital content provides significant commercial opportunities and is a growing priority. Luke's appointment will be an integral component to this strategy.

## BOARD APPOINTMENTS

John Gdanski, Simon Grant and Ross Levin retired as Directors during the year. I would like to thank Ross and John for their many years of service to the Club which was recognised with their appointment as Life Members at the recent Best and Fairest. I also extend my thanks to Simon for his contributions to the Club as a Director.

Following these changes, a sub-committee was formed to look at both the existing and required skills and experience of the Board. This committee then set out to find and attract the best people to the Club and I believe this is reflected in the calibre of our Director-elects. Following receipt of relevant regulatory approvals, it is intended to appoint the following as Directors:



### Russell Caplan

- Former Chairman Shell Australia, 42 years with Shell in UK, Europe, USA
- Non-executive director of Orica Limited and of QR National Limited.
- Chairman of the Melbourne and Olympic Parks Trust

### Paul Kirk

- Chartered Accountant, specialist in business strategy and business improvement
- Former Senior Partner at PwC leading Global Restructuring Practice in Tokyo and New York
- Former Director in the inaugural launch year of Melbourne Rebels

### Danni Roche OAM

- Olympic Gold medallist, Australian women's hockey team, Atlanta 1996
- Director, Hockey Australia
- 10 years experience working in financial sector - Telstra, UBS, Evans and Partners

### Jack Rush QC

- Appointed by Victorian Government to conduct a review of the senior command of Victoria Police and as SC assisting the Royal Commission into the 2009 Victorian Bushfires.
- Former Chairman of the Victorian Bar Council, Executive of the Law Council of Australia and the Australian Bar Association.
- Chair of the AFL Grievance Tribunal

These appointments, I think, appropriately reinforce the direction of the Club as we continue to look for the highest quality of expertise at all levels.

## SUMMARY

This will be my last year as President of this great Club. Under our Constitution, the President's role is limited to two terms of three years and I am now commencing my last year of a second term.

The Board will be working actively during 2013 to identify the most appropriate candidate to be the next St Kilda Football Club President.

I take the opportunity to reflect on the learnings gathered since 2008

The game of AFL continues to be highly competitive, never more so, requiring skilled and courageous athletes to be at the peak of fitness to compete in one of the toughest endurance and physically demanding sports in the world, on a weekly basis.

The business is more complex than it has ever been. Commitment, experience, strategic intent and many people sharing a common vision are minimum requirements to deliver business growth and successful on field team results.

The 2012 season may well be viewed as a turning point in the recent history of the St Kilda Football Club. A new coach, the debut of several exciting young players, the adoption of a 5-year strategic framework, which led to an historic announcement to play the first AFL match for premierships points outside of Australia, the continued appointment of outstanding executives and the announcement of four new highly credentialed Directors to assist in the Board leadership of this great Club.

When writing this President's Report last year, we had endured a complex 12 months and I reflect that today we have a future as exciting as at any time in our Club's proud history.

And as always, Go Saints!

Greg Westaway

President





## DIRECTORS' REPORT

Your directors submit their report on the St Kilda Saints Football Club Limited Consolidated Entity ("Group") for the year ended 31 October 2012.

### Directors

The names and details of the directors in office at any time during the year and up to the date of this report are:

<b>Greg Westaway</b>	President
Qualifications	Fellow of Chartered Institute of Logistics and Transport, Awarded the Centenary Medal for Services to the Transport Industry.
Experience	Director of Gregorys Transport Pty Ltd, Director of Westhall Enterprises Pty Ltd, Director of various private companies, Former General Manager of B.J Ahern Transport Pty Ltd.
Other responsibilities	Chairman of Meetings and Chairman of Remuneration Committee
<b>Ross Levin</b>	Vice President
Resigned	30 September 2012
Qualifications	Bachelor of Laws, Bachelor of Economics, Graduate Diploma Labour Law.
Experience	A Senior Partner of Rigby Cooke Lawyers. Non-executive director of Cape Lambert Resources Ltd, an ASX top 300 Company. Trustee for CEDA, the Committee for Economic Development Australia; Board member of Melbourne University Advisory Board for Graduate Law Studies; Director - Perth Glory FC; Adviser to Government and some of Australia's largest companies.
Other responsibilities	Member of Remuneration Committee
<b>Nathan Burke</b>	Director
Qualifications	Diploma of Teaching, Diploma of Business Management.
Experience	Currently Director and Chief Operations Officer at CallActive Pty Ltd. Owner/Director of YardStick Concepts Pty Ltd specialising in culture and leadership review and development.  Represented the St Kilda Football Club in 323 games (including 8 finals) from 1987-2003, winning the Trevor Barker award for St Kilda's Best and Fairest player in 1993, 1996 and 1999
<b>John Gdanski</b>	Director
Resigned	30 September 2012
Qualifications	Bachelor of Law, Bachelor of Economics, Masters of Law, Member of American Bar Association, Member of International Law Society, Diploma of Commercial Studies, Associate Member Institute of Arbitrators.
Experience	Director of Sackville Wilks Solicitors since September 2011. Founding Partner; Fetter Gdanski Solicitors for 15 years. Worked at Freehill Hollingdale & Page for four years and Clayton Utz for four years. Heavily involved in the Building and Construction Industry. Major shareholder Michelangelo Family Restaurants and Pinocchio's Restaurant.
<b>Simon Grant</b>	Director
Resigned	8 December 2011
Qualifications	Bachelor of Laws & Bachelor of Commerce. Fellow of the Chartered Institute of Company Secretaries. Fellow of the Australian Risk Policy Institute.
Experience	Over 20 years senior executive, management and board experience, including with Australian Unity Group, Foster's Brewing Group and Datacraft. Former solicitor with Freehills. Most recently was CEO – Australia & America for MacarthurCook Limited. Currently General Manager – Legal, Risk & Compliance for the Netwealth Group and Director, Australian Risk Policy Institute. Experienced in business strategy, corporate governance, risk and commercial law.
Other responsibilities	Member of Audit and Risk Committee
<b>Michael Nettlefold</b>	Managing Director & Chief Executive Officer
Experience	Current Chief Executive Office of the St Kilda Football Club. Owns a private group of companies with national operating activities in food manufacturing, food retailing and the health care sector. Represented St Kilda Football Club between 1979 -1983 and Fitzroy Football Club between 1983-1985 (total of 74 matches including 2 finals).



<b>Andrew Thompson</b>	Director
Qualifications	Diploma of Financial Planning
Experience	Investment advisor for Canaccord. Worked as an investment advisor for ABN AMRO Morgans from 2004 to 2008. Represented the St Kilda Football Club in 221 games (including 11 finals) from 1997-2007, winning the Trevor Barker award for St Kilda's Best and Fairest player in 2000.
<b>Peter Summers</b>	Director
Qualifications	Bachelors of Economics & Member of the Institute of Chartered Accountants
Experience	Peter Summers is the Managing Director and Chief Executive Officer AV Jennings Limited. He has been a Director of the Company since August 1998 and an employee of the Company and its related corporations since 1984. Prior to his appointment as Managing Director and Chief Executive Officer in February 2009, Peter was the Company's Chief Financial Officer and Finance Director. Mr. Summers is a Chartered Accountant having worked previously with Price Waterhouse, has extensive experience in general and financial management as well as mergers and acquisitions.
Other responsibilities	Chairman of Audit Committee
<b>Ian McLeod</b>	Director
Qualifications	Harvard Business School
Experience	Ian joined Australian conglomerate Wesfarmers in May 2008 as Managing Director of the Coles Food, Liquor & Convenience chain, with the task of restoring customer confidence and team member pride in company after a decade of declining business performance. Ian spent most of his career with ASDA supermarkets where he was a member of the UK Management Board and also the Executive Board of Wal-Mart Germany. Prior to his Coles appointment, he was CEO of Halfords Group Plc and was part of the private equity backed team that improved Halfords performance and successfully floated the company on the London Stock Exchange in 2004. Ian has a large breadth of experience from the sporting world. He spent two years as CEO of Celtic plc, the listed Company controlling Celtic Football Club and was a Non-Executive Director for 5 years of the Fulham Football Club in the English Premier League. He is also a director of Melbourne Victory in the A-League.

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

### Directors' Meetings

The number of directors' meetings and the number of meetings attended by each of the directors during the financial year were:

	Number of meetings eligible to attend	Number of meetings attended
Greg Westaway	12	10
Ross Levin	11	4
Nathan Burke	12	9
John Gdanski	11	6
Simon Grant	1	1
Michael Nettlefold	12	11
Andrew Thompson	12	11
Peter Summers	12	11
Ian McLeod	12	8



## DIRECTORS REPORT (CONTINUED)

### Company Secretary

The following person held the position of Company Secretary during and at the end of the financial year:

Mr. Marcus van Lint – Bachelor of Business (Accounting), Member of the Institute of Chartered Accountants in Australia. Mr. van Lint has worked for St Kilda Saints Football Club Ltd for the past eight years, firstly as the Finance Manager and currently as the General Manager – Finance. He was previously employed by William Buck as a Senior Auditor. Mr. van Lint was appointed Company Secretary on 6<sup>th</sup> July 2007.

### Principal Activities

The principal activities of the consolidated group during the financial year consisted of competing as a member of the Australian Football League competition, the promotion of Australian Rules Football and offering sporting and social facilities to members.

There has been no significant change in those activities.

### Objectives and Strategies of the Company

#### The Company's short term objectives are to:

- Identify and continue to develop elite playing talent in a manner that balances football performance with good citizenship
- Identify and grow non-football commercial opportunities
- Actively find ways to convert Saints supporters to members
- Build match returns through innovation including:
  - Stadium revenue
  - Seat sales growth
  - Corporate activity
  - Anzac Day match in Wellington New Zealand
- Continue to build the connection between the Club, its members, and the community

#### The Company's long term objectives are to:

- Develop the Club business activities financially so it is:
  - Debt free, and;
  - Has the unfettered ability to finance the growth of its commercial and football operating activities
- Redevelop Moorabbin Oval to the benefit of both the Club and the community
- Become an employer that continues to attract the best people and that respects and encourages diversity
- Become recognised and respected as one of the leading AFL clubs in the area of community engagement

## DIRECTORS REPORT (CONTINUED)

### Review and Results of Operations

The consolidated loss before income tax and finance costs is **\$227,309** (2011: Loss \$1,132,033). The net loss of the consolidated group for the financial year after providing for income tax, finance costs and asset write-down is 2012: **\$436,818** (2011: Loss \$1,271,149).

A review of the operations is contained in the President's Report on pages 2 – 7.

### After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated group in future financial years.

### Indemnification and Insurance of Officers

#### Indemnification

Under the Company's Constitution, the directors and officers shall be indemnified by the Company against all costs, losses, expenses and liabilities incurred by the directors or officers thereof in the course of the business and it shall be the duty of directors out of the funds of the Company to pay and satisfy all such costs, losses, expenses and liabilities.

#### Insurance Premiums

During the financial year the Company paid insurance premiums in respect of directors' and officers' liability insurance contracts on behalf of the consolidated group. Such insurance contracts insure against certain liabilities (subject to specific exclusions) for persons who are or have been directors or officers of the consolidated group.

The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the consolidated group.

### Proceedings on Behalf of the Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings.

### Environmental Regulation

The operations of the consolidated group are not subject to any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

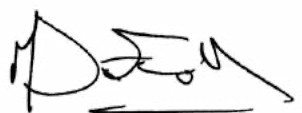
#### Auditor's Independence Declaration

The auditor's independence declaration for the year ended 31 October 2012 has been received and can be found in page 12 of the directors' report.

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



**Greg Westaway**



**Michael Nettlefold**

Melbourne

Dated on this 22<sup>nd</sup> November 2012.



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**Auditor's Independence Declaration  
To the Directors of St Kilda Saints Football Club Limited**

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of St Kilda Saints Football Club Limited for the year ended 31 October 2012, I declare that, 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.

GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants

S C Trivett  
Partner - Audit & Assurance

Melbourne, 22 November 2012



## STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2012

	Notes	Consolidated	
		2012	2011
		\$	\$
Operating Revenues	2(a)	30,645,555	27,245,149
Non-Operating Revenues	2(b)	195,261	1,142,187
<b>Total Revenue</b>		<b>30,840,816</b>	<b>28,387,336</b>
Administration & Facilities Management		4,464,063	3,743,855
Football		17,962,408	16,974,040
Fundraising		471,743	98,597
Ground & Maintenance		179,673	177,993
Membership & Reserved Seats		3,015,829	3,731,185
Merchandise		1,121,857	980,156
Social Club		747,756	656,918
Sponsorship & Events		3,104,796	3,156,625
<b>Total Expenses</b>		<b>31,068,125</b>	<b>29,519,368</b>
<b>Profit/(Loss) before related income tax expense, finance costs and asset write-down</b>		<b>(227,309)</b>	<b>(1,132,033)</b>
Finance Costs	3	209,509	139,116
<b>Profit/(Loss) before related income tax expense</b>		<b>(436,818)</b>	<b>(1,271,149)</b>
Income tax expense/(benefit)	4	-	-
<b>Profit/(Loss) after related income tax expense</b>		<b>(436,818)</b>	<b>(1,271,149)</b>
Other Comprehensive Income from the year, net of tax		-	-
<b>Total Comprehensive Income (loss) for the year</b>		<b>(436,818)</b>	<b>(1,271,149)</b>

The accompanying notes form part of these financial statements.



## STATEMENT OF FINANCIAL POSITION

As at 31 October 2012

	Notes	Consolidated	
		2012	2011
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents	7	502,504	94,366
Trade and other receivables	8	736,733	881,387
Inventories	9	149,445	188,475
Other assets	13	295,545	131,347
<b>Total current assets</b>		<b>1,684,227</b>	<b>1,295,576</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	12,037,394	11,944,302
Intangibles	12	1,243,418	62,727
<b>Total non-current assets</b>		<b>13,280,812</b>	<b>12,007,029</b>
<b>Total assets</b>		<b>14,965,039</b>	<b>13,302,605</b>
<b>Current liabilities</b>			
Trade and other payables	14	2,859,042	2,094,900
Other current liabilities	15	609,430	15,255
Short-term borrowings	16	4,390,000	4,642,648
Employee Benefits	17	501,695	411,668
<b>Total current liabilities</b>		<b>8,360,167</b>	<b>7,164,561</b>
<b>Non-current liabilities</b>			
Trade and other payable	14	878,178	-
Employee Benefits	17	93,128	67,750
<b>Total non-current liabilities</b>		<b>971,306</b>	<b>67,750</b>
<b>Total liabilities</b>		<b>9,331,473</b>	<b>7,232,221</b>
<b>Surplus of net assets</b>		<b>5,633,566</b>	<b>6,070,384</b>
<b>Members' equity</b>			
Contributed equity	18	5	5
Accumulated profits		5,633,561	6,070,379
<b>Total members' equity</b>		<b>5,633,566</b>	<b>6,070,384</b>

The accompanying notes form part of these financial statements.



## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2012

	Retained Earnings	Contributed Equity	Total
Consolidated Group	\$	\$	\$
<b>Balance at 1 November 2010</b>	7,341,528	5	7,341,533
Total comprehensive income attributable to members of consolidated group	(1,271,149)	-	(1,271,149)
<b>Balance at 31 October 2011</b>	6,070,379	5	6,070,384
Total comprehensive income (loss) attributable to members of consolidated group	(436,818)	-	(436,818)
<b>Balance at 31 October 2012</b>	5,633,661	5	5,633,566

The accompanying notes form part of these financial statements.





## STATEMENT OF CASH FLOWS

For the year ended 31 October 2012

	Notes	Consolidated	
		2012	2011
		\$	\$
<b>Cash flows from operating activities</b>			
Receipts from customers, members, sponsors & AFL		33,075,507	30,210,097
Frankston development funds		-	1,095,050
Moorabbin redevelopment funds		198,000	-
Payments to suppliers and employees		(31,176,487)	(33,256,895)
Interest received		11,368	9,753
Finance costs		(249,200)	(139,116)
<b>Net cash flows provided by (used in) operating activities</b>	20(a)	<b>1,859,188</b>	<b>(2,081,111)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(1,120,675)	(2,216,878)
Purchase of intangible assets		(77,727)	-
<b>Net cash flows provided by (used in) investing activities</b>		<b>(1,198,402)</b>	<b>(2,216,878)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings		2,600,000	2,800,000
Repayment of borrowings		(2,010,000)	(1,500,000)
<b>Net cash flows provided by (used in) financing activities</b>		<b>590,000</b>	<b>1,300,000</b>
<b>Net increase/(decrease) in cash held</b>		<b>1,250,786</b>	<b>(2,997,989)</b>
<b>Add cash at the beginning of the financial year</b>		<b>(748,282)</b>	<b>509,731</b>
<b>Cash and cash equivalents at the end of the financial year</b>	20(b)	<b>502,504</b>	<b>(748,282)</b>

The accompanying notes form part of these financial statements.



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

### 1. Statement of Significant Accounting Policies

The financial report includes the consolidated financial statements and notes of St Kilda Saints Football Club Ltd Consolidated Entity ('Group'). The financial Statements were authorised for issue by the directors on the 22<sup>nd</sup> November 2012.

#### Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, reduced disclosure requirements (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board, and Corporations Act 2001.

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

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

#### a) Adoption of New and Revised Accounting Standards

The Group has adopted all the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have a significant impact on the financial performance or position of the Group.

No other new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

The directors have considered the impact of Accounting Standards and Interpretations issued but not yet effective and do not believe the impact of these will be significant to the financial statements in future reporting periods.

#### b) Going Concern

The financial report had been prepared on the basis that the St Kilda Saints Football Club Ltd and controlled entities are a going concern. The consolidated group's directors consider the going concern assumption to be an appropriate basis, which is dependent on;

- (i) the support of the consolidated group's banker and the AFL in respect of the continued provision of its finance facility, and
- (ii) the consolidated group being able to generate sufficient funds through membership, sponsorship and other sources to achieve a satisfactory trading performance in order for the consolidated entity to meet its debts as and when they become due and payable.

#### c) Principles of Consolidation

A controlled entity is any entity St Kilda Saints Football Club Ltd has the power to govern the financial and operating policies so as to obtain benefits from its activities. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are considered.

A list of controlled entities is contained in Note 10 to the financial statements.

As at reporting date the assets and liabilities of all controlled entities have been incorporated into the consolidated financial statements as well as their results for the year ended. Where controlled entities have entered (left) the consolidated group during the year, their operating results have been included (excluded) from the date of control was obtained (ceased).

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those policies applied by the parent entity.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

### 1. Statement of significant accounting policies (continued)

#### d) Income Tax

The companies in the group are exempt from income tax as an exempt sporting organisation in accordance with s.50-45 of the Income Tax Assessment Act, with the exception of St Kilda Football Club Ltd, which is a tax paying entity.

The income tax expense (revenue) for the year comprises current income tax expense (revenue) and deferred tax expense (revenue).

Current income tax expense charged to the profits or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expenses (revenues) are charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax base of assets and liabilities and their full carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantially enacted at reporting date. The measurement also reflects the manner in which management expects to recover or settle the carrying amount of their related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

#### e) Inventories

Inventories are measured at lower of cost and net realisable value. Cost is based on an actual weighted average. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

#### f) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

#### e) Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

### 1. Statement of significant accounting policies (continued)

#### h) Depreciation and amortisation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land and memorabilia, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The useful lives used for each class of assets are:

	Useful lives	Depreciation basis
Leasehold improvements	4 – 50 years	Straight line
Plant and equipment	3 – 20 years	Straight line
Gaming licenses	10 years	Straight line

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

#### i) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

#### j) Financial Instruments

##### Classification and Subsequent Measurement

Finance instruments are subsequently measured at fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- the amount at which the financial asset or financial liability is measured at initial recognition;
- less principal repayments;
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- less any reduction for impairment.

The effective interest method is used to allocate interest income or expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revision to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

### 1. Statement of significant accounting policies (continued)

The Group does not designate any interest in subsidiaries or associates as being subject to the requirements of accounting standards specifically applicable to financial instruments.

(i) Loans and receivables

Loan and receivables are non-derivative financial assets with fixed or determined payments that are not quoted in an active market and are subsequently measured at amortised costs using the effective interest rate method.

(ii) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

### Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the Statement of Comprehensive Income.

### k) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### l) Employee Benefits

(i) Wages, salaries and annual leave

Provision is made for the consolidated group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year together with benefits arising from wages and salaries and annual leave which will be settled after one year, have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(ii) Long service leave

Liabilities for long service leave are measured at the present value of the estimated future cash outflows to be made by the entity in respect of services provided by employees up to the reporting date. Interest rates attaching, as at reporting date, to Commonwealth Government Guaranteed Securities are used to discount the estimated future cash flows to their present value.

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

(iii) Superannuation

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



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

### 1. Statement of significant accounting policies (continued)

#### m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

#### n) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of *three* months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

#### o) Revenue Recognition

Sales revenue comprises revenue earned from the sales of memberships, reserved seating, corporate marketing, sponsorships, events and fundraising, sale of merchandise, gate receipts, AFL distributions, Social Club activities and gaming revenue. Sales revenue is recognised when the goods or services are provided.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed.

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

Grant revenue is recognised in the Statement of Comprehensive Income when it is controlled. When there are conditions attached to the grant relating to the use of grant funds for specific purposes it is recognised in the Balance Sheet as a liability until those conditions are met or services provided.

#### p) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the income period in which they are incurred.

#### q) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

### 1. Statement of significant accounting policies (continued)

#### r) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

##### *Key Estimates — Impairment*

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

##### *Key Judgments — Doubtful Debts Provision*

Included within accounts receivable at 31 October 2012 are amounts receivable from five debtors with balances ranging from \$1,955 to \$26,673 and aged greater than the Group's standard trading terms. The doubtful debt provision provides each of these debtors. The Group will nevertheless be pursuing full payment of these debts.

#### s) Intangibles

##### *Gaming Licences*

Gaming licences that are acquired by the Group are stated currently at cost less accumulated amortisation. The gaming machine entitlements commenced on 16th August 2012 and are effective for 10 years thereafter. It is assessed annually for impairment.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

	Consolidated	
	2012	2011
	\$	\$
<b>2. Revenue</b>		
<b><i>(a) Revenue from Operating Activities</i></b>		
AFL & Gate Receipts	13,115,339	10,242,451
Finance & Administration	100,102	29,854
Fundraising	787,991	282,387
Membership & Reserved Seats	7,353,883	7,750,153
Merchandise	1,462,604	1,049,975
Social Club	1,100,105	944,798
Sponsorship & Events	6,714,163	6,938,019
	<b>30,634,187</b>	<b>27,237,637</b>
<b><i>Revenue from Other Activities</i></b>		
Interest – Financial institutions	11,368	7,512
	<b>30,645,555</b>	<b>27,245,149</b>
<b><i>(b) Non-operating Revenues</i></b>		
Frankston development funds	15,255	1,139,946
Moorabbin redevelopment funds	180,000	-
Interest relating to Frankston development funds	6	2,241
	<b>195,261</b>	<b>1,142,187</b>
<b>Total Revenue</b>	<b>30,840,816</b>	<b>28,387,336</b>





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

	Consolidated	
	2012	2011
	\$	\$
<b>3. Expenses</b>		
<i>Finance costs:</i>		
Financial Institutions	209,509	139,116
<i>Amortisation of:</i>		
Leasehold improvements – Linton Street	9,585	5,719
Leasehold improvements – Linen House Centre	568,549	462,006
<i>Depreciation of:</i>		
Property, plant and equipment	449,449	305,723
Total depreciation and amortisation of property plant and equipment	1,027,583	773,448
<i>Amortisation of:</i>		
Licenses – gaming entitlements	26,122	-
<i>Net expense including movements in:</i>		
Provision for impairment of receivables	(81,132)	(43,533)
<i>Net expense for movements in provision for:</i>		
Employee entitlements	115,405	91,080
<i>Rental expense on Operating leases:</i>		
Minimum lease payments	130,629	140,486
<i>Employee Benefit Expenses</i>		
Salary, wages, termination expense and other benefits	18,483,349	16,210,504
Superannuation expense	961,094	893,133
Total employee benefit expense	19,444,443	17,103,637



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

	Consolidated	
	2012	2011
	\$	\$
<b>4. Income Tax Expense</b>		
(a) The components of tax expense comprise		
Current Tax	-	-
Under/(over) provision in respect of prior years	-	-
	-	-
(b) The prima facie tax on loss before income tax is reconciled to the income tax as follows:		
Prima facie tax credit on loss before income at 30%	131,046	381,344
Add:		
Tax effect of:		
- Under / (over) provision in respect of prior years	-	-
- Sundry items	-	-
Less:		
Tax effect of:		
- Unrecognised tax losses and temporary differences	(2,654)	(62,761)
- (Profit) / losses exempt from income tax	(128,392)	(318,583)
Income tax attributable to the entity	-	-
<b>5. Key Management Personnel Compensation</b>		
- Short-term benefits	2,521,997	2,092,348
- Post employment benefits	143,245	112,594
- Termination benefits	32,421	73,919
	2,697,664	2,278,861
Number of key management personnel	13	12
<b>6. Auditor's Remuneration</b>		
Amounts received or due and receivable by the auditor for:		
- auditing or reviewing the accounts and consolidated accounts of the St Kilda Saints Football Club Ltd and the accounts of each of its controlled entities	39,560	32,100
- other services	10,250	11,500
	49,810	43,600
<b>7. Cash and Cash Equivalents</b>		
Cash at bank	430,530	-
Cash on hand	71,974	94,366
	502,504	94,366



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

	Consolidated	
	2012	2011
	\$	\$
<b>8. Trade and Other Receivables</b>		
<b>Current</b>		
Trade receivables	470,126	904,047
Provision for impairment of receivables	(42,305)	(123,437)
	<b>427,821</b>	<b>780,610</b>
Other receivables	308,912	100,777
	<b>736,733</b>	<b>881,387</b>

### (b) Provision for Impairment of Receivables

Current trade and term receivables are non-interest bearing loans and generally on 30 day terms. Trade and term receivables are assessed for recoverability based on the underlying terms of the contract. A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in the other expenses item.

Movement in the provision for impairment of receivables is as follows:

	Opening Balance 01/11/2010	Charge for The year	Amount Written Off	Closing Balance 31/10/2011
<b>Consolidated Group</b>	\$	\$	\$	\$
(i) Current Trade Receivables	166,970	(43,533)	-	123,437

	Opening Balance 01/11/2011	Charge for The year	Amount Written Off	Closing Balance 31/10/2012
<b>Consolidated Group</b>				
(i) Current Trade Receivables	123,437	(136,926)	55,794	42,305

	Consolidated	
	2012	2011
	\$	\$
<b>9. Inventories</b>		
Merchandise Stock	139,407	178,437
Food & Liquor	10,038	10,038
	<b>149,445</b>	<b>188,475</b>

### 10. Controlled Entities

	Country of incorporation	Controlling Interest	
		2012	2011
St Kilda Football Club Ltd	Australia	100%	100%



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

	Consolidated	
	2012	2011
	\$	\$
<b>11. Property, Plant and Equipment</b>		
<b>Leasehold Improvements</b>		
At cost	12,559,167	12,352,598
Accumulated amortisation	(2,113,348)	(1,535,214)
	<b>10,445,819</b>	<b>10,817,384</b>
<b>Plant and Equipment</b>		
At cost	3,286,826	2,379,211
Accumulated depreciation	(1,709,786)	(1,260,337)
	<b>1,577,040</b>	<b>1,118,874</b>
<b>Capital Works in Progress</b>		
At cost	14,535	8,044
<b>Total property, Plant and Equipment</b>		
At cost	15,860,528	14,739,854
Accumulated depreciation / amortisation	(3,823,134)	(2,795,551)
	<b>12,037,394</b>	<b>11,944,302</b>

### (a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year

	Plant and equipment	Leasehold improvements	Capital works in progress	Total
	\$	\$	\$	\$
<b>Consolidated Group:</b>				
Balance at the beginning of year	1,118,874	10,817,384	8,044	11,944,302
Additions	907,615	73,758	139,302	1,120,675
Transfers	-	132,811	(132,811)	-
Depreciation Expense	(449,449)	(578,134)	-	(1,027,583)
Carrying amount at the end of year	1,577,040	10,445,819	14,535	12,037,394

	2012	2011
	\$	\$
<b>12. Intangible Assets</b>		
<b>Gaming Licences</b>		
At cost	1,254,540	62,727
Accumulated Amortisation	(26,122)	-
	<b>1,228,418</b>	<b>62,727</b>
<b>Other Intangibles</b>		
At cost	15,000	-
Total Intangible Assets	<b>1,243,418</b>	<b>62,727</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

### (a) Movement in Carrying Amounts

#### Consolidated Group:

	Gaming Licences	Other Intangibles	Total
	\$	\$	\$
Balance at the beginning of year	62,727	-	62,727
Additions	1,191,813	15,000	1,206,813
Amortisation charge	(26,122)	-	(26,122)
Carrying value at the end of year	1,228,418	15,000	1,243,418

#### Consolidated

2012	2011
\$	\$

### 13. Other Assets

#### Current

Prepayments

295,545	131,347
---------	---------

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

### 14. Trade and Other Payables

#### Current

Unsecured Liabilities

Trade payables

1,756,844	1,067,351
-----------	-----------

Sundry payables & accrued expenses

1,102,198	1,027,549
-----------	-----------

2,859,042	2,094,900
-----------	-----------

#### Non Current

Unsecured Liabilities

Sundry payables & accrued expenses

878,178	-
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### 15. Other Current Liabilities

Income in advance

609,430	15,255
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### 16. Financial Liabilities

#### Current

Secured Liabilities

Commercial Bill

4,390,000	3,800,000
-----------	-----------

Bank Overdraft

-	842,648
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4,390,000	4,642,648
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### Financing arrangements

The consolidated entity has access to the following lines of credit:

Commercial Bill facilities

Total facilities available

5,000,000	5,000,000
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Facilities utilised at balance date

(4,390,000)	(4,642,648)
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Facilities not utilised at balance date

610,000	357,352
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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### For the year ended 31 October 2012

The facility is summarised as follows:

The Commercial Bill facility expires on 31st October 2012. The new facility in place on the 1st November 2012 has been reduced by \$250,000 to \$4,750,000. The Group has two Commercial Bills outstanding at 31st October 2012. A 63 day Commercial Bill for \$700,000 will mature on 24th December 2012 at an interest rate of 4.01% and a 92 day Commercial Bill for \$3,690,000 which matures on 29th January 2013 at an interest rate of 3.98%

Security.

Guarantee limited to \$5,000,000 given by the Australian Football League ACN 004 155 211 to expire 31st October 2012. The guarantee and facility has reduced to \$4,750,000 on the 1st November 2012 and is in place until 31st October 2013.

The fair value of current borrowings approximates their carrying amount as the impact of discounting is not significant.

	<b>Consolidated</b>	
	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>17. Employee Benefits</b>		
<b>Current</b>		
Annual Leave	<b>382,571</b>	313,875
Long Service Leave	<b>119,124</b>	97,793
	<b>501,695</b>	411,668
<b>Non Current</b>		
Long Service Leave	<b>93,128</b>	67,750
<b>(a) Aggregate Employee Entitlements</b>	<b>594,823</b>	479,418
<b>(b) Number of Employees</b>		
Number of full time employees at year end	<b>59</b>	57

The current portion of these liabilities represents St Kilda Saints Football Club Limited's obligations to which the employee has a current legal entitlement. These liabilities arise mainly from accrued annual leave entitlement at reporting date.

A provision has been recognised for employee entitlements relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been included in Note 1.

### 18. Issued Capital

5 fully paid ordinary shares	<b>5</b>	5
There are no voting rights attached to the shares		

St Kilda Saints Football Club Ltd is a Company limited by guarantee. Under the Company's Constitution the liability of members is limited to \$20 each (for members who joined prior to 1st November 2006) and \$1 each (for members who joined on or after 1st November 2006) in the event of the Company being wound up. At the end of the financial year there were 35,453 members (2011: 39,547).

No dividends were declared since the start of the financial year.  
 No recommendation for payment of dividends has been made.



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

	Consolidated	
	2012	2011
	\$	\$

### 19. Capital and Leasing Commitments

#### (a) Operating lease payable commitments:

Future non-cancellable operating lease rentals of property, plant and equipment, not provided for in the financial statements and payable:

not later than one year	118,287	189,637
later than one year and not later than five years	272,313	367,550
later than five years	1,514,744	1,799,258
	<b>1,905,344</b>	<b>2,356,445</b>

Operating lease commitments include the lease of property located at 32-60 Linton Street, Moorabbin. The lease with the City of Kingston Council has a 75 year term that ends on 1<sup>st</sup> January 2040. Lease payments are payable in arrears on the last day of the month. Operating leases also include photocopiers and computer equipment. The Club has entered into a 50 year lease with the Frankston City Council to lease the facilities, oval and car park at Linen House Centre, Seaford. The leased premises at Seaford house the Club's administration and training facilities. The total value of the lease payments over the lease period is \$50 which was prepaid at 31 October 2011.

#### (b) Minimum Player Payments

not later than one year	7,609,985	8,093,280
later than one year and not later than five years	3,385,000	1,560,000
later than five years	-	-
	<b>10,994,985</b>	<b>9,653,280</b>

#### (c) Gaming machines commitments:

The Club has a commitment to The Victorian Commission for Gambling Regulation to purchase a licence for 83 gaming entitlements and is obligated to the following commitments:

not later than one year	-	62,727
later than one year and not later than five years	-	1,003,632
later than five years	-	125,454
	-	<b>1,191,813</b>

Each of the 83 gaming entitlements is for 10 years commencing 16 August 2012. During the year the Company took up a payable of \$1,129,086 for the balance of amounts due to the Victorian Commission for Gambling and Liquor Regulation, this amount is included in current and non current payables in Note 14. The balance of instalments is to be made over the next 4 years until August 2016.

#### (d) Linen House Centre capital commitments:

The entity has entered into various contracts for the development of a new training and administration facility at Linen House Centre in Seaford, Victoria. The remaining contractual commitments are as follows:

not later than one year	-	217,090
	-	<b>217,090</b>



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

	Consolidated	
	2012	2011
	\$	\$
<b>20. Cash Flow information</b>		
<b>(a) Reconciliation of cash flow from operations with profit after income tax</b>		
Profit/(loss) after income tax	(436,818)	(1,271,149)
Non cash flows in profit from ordinary activities		
– Net (profit)/loss on disposal or write-off of property & equipment	-	-
– Depreciation and Amortisation of non-current assets	1,053,705	773,448
<b>Changes in assets and liabilities</b>		
– (Increase) / decrease in trade and other receivables	144,654	835,931
– (Increase) / decrease in inventory	39,030	(46,830)
– (Increase) / decrease in other assets	(164,198)	(70,800)
– Increase / (decrease) in employee benefits	115,405	93,899
– Increase / (decrease) in other current liabilities	594,175	(2,172,768)
– Increase / (decrease) in trade and other payables	513,235	(222,842)
Cash flow from operations	1,859,188	(2,081,111)
<b>(b) Reconciliation of cash</b>		
Cash balance comprises:		
– cash at bank	430,530	-
– cash on hand	71,974	94,366
	502,504	94,366
– bank overdraft	-	(842,648)
Closing cash balance	502,504	(748,282)

## 21. Events After the Balance Sheet Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 October 2012

### 22. Contingent Liabilities

#### Company in Liquidation

A claim from the liquidators of a former Sponsor has been brought against the parent entity. Proceedings have been issued in the Magistrates Court. The action is being vigorously defended. The statement of claim is for funds received of \$69,300.

### 23. Economic Dependency

A significant portion of the income of the consolidated group is derived from the holding of licences issued by the Australian Football League and the Victorian Commission for Gambling Regulation.

### 24. Company Details

The registered office of the Company is:

St Kilda Saints Football Club Ltd  
32-60 Linton Street  
Moorabbin Victoria 3189

The principal place of business of the Company is:

St Kilda Saints Football Club Ltd  
151 East Road  
Seaford Victoria 3198

## DIRECTORS' DECLARATION

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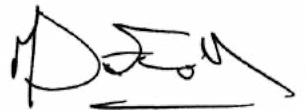
The directors of the Company declare that:

1. the financial statements and notes, as set out on pages 13 to 32, are in accordance with the *Corporations Act 2001* and:
  - a. comply with Accounting Standards and the Corporations Regulations 2001; and
  - b. give a true and fair view of the financial position as at 31 October 2012 and of the performance for the year ended on that date of the Company and consolidated group;
2. the Chief Executive Officer and Chief Financial Officer have each declared that:
  - a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
  - b. the financial statements and notes for the financial year comply with the Accounting Standards; and
  - c. the financial statements and notes for the financial year give a true and fair view;
3. in the director's opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Greg Westaway**



**Michael Nettlefold**

Melbourne

Dated on this 22<sup>nd</sup> November 2012



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### **Independent Auditor's Report To the Members of St Kilda Saints Football Club Limited**

We have audited the accompanying financial report of St Kilda Saints Football Club Limited (the "Company"), which comprises the consolidated statement of financial position as at 31 October 2012, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 of the Consolidated Entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

#### **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 - Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the Directors determines 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.

#### **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 us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 judgement, 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 control relevant to the Company'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 Company's internal control. 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.

#### **Auditor's opinion**

In our opinion the financial report of St Kilda Saints Football Club Limited is:

- a in accordance with the Corporations Act 2001, including giving a true and fair view of the Consolidated Entity's financial position as at 31 October 2012 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.



GRANT THORNTON AUDIT PTY LTD  
Chartered Accountants



S C Trivett  
Partner - Audit & Assurance

Melbourne, 22 November 2012





