



FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2016

ACN 005 686 902



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Directors' Report

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

The Directors hereby present their report pursuant to the requirements of the Corporations Act 2001 on the state of affairs of the Club at 31 October 2016.

1. 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 and Principal Workplace Lawyer at 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.

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

Glen has specialised in the Industrial Relations area since 1986, including three years as a Union Advocate, four years as an academic and has practiced advising employers on all aspects of Workplace Relations and Employment Law since 1994.

He has acted for a wide range of significant Private and Public sector clients and some of Australia's largest employers, covering a wide range of industries. He is particularly skilled at identifying and advising on the employment law issues arising out of sales, mergers and liquidations.

He has held 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 Managing Director and owner of Tigcorp, a company that owns, develops and manages retirement communities, has a land subdivision section as well as an investment arm involved in listed and unlisted securities.

Directors' Report (continued)

He is a director of Vicinity Centres as well as Baker IDI Heart and Diabetes Institute and a member of the World Presidents' Organisation, the Australian Institute of Company Directors and the MCC.

David was previously involved in 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 and a member of the Alternate Revenue Streams Working Group. 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.

Directors' Report (continued)

Kate Roffey

Kate joined the Board in 2013. She is a Member of the Nominations and Remuneration Committee and 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 Berry Street and Melbourne University Sport.

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 and the Alternate Revenue Streams working group.

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, a member of the Alternate Revenue Streams working group 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.

Directors' Report (continued)

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 a member of the Alternate Revenue Streams working group.

He is Chief Executive Officer of Freestyle Technology which operates in the global M2M market - connecting devices in the fast growing world of the Internet. Freestyle operates in Australia, Korea and Taiwan. He is also on the Board of Racing Victoria Ltd.

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.

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.

He is currently a Director of the Centre for Independent Studies and Chair of the Faculty of Engineering, Computing and Mathematics 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 ASX-listed 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 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.

Directors' Report (continued)

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 Chair's the Alternative Revenue Streams Group.

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 1.5 million regular users and is used in thousands of schools nationwide.

She is on the Board of LaunchVic, the Victorian Government's \$60m fund to drive further growth in the tech ecosystem and is also early stage investor and advisor to fast growth companies Unlockd and Tribe.

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 family's local football club (East Malvern Knights) where she frequently performs the role of runner or umpire.

2. Chief Executive Officer and Company Secretary

Peter Jackson

Peter was appointed CEO of Melbourne Football Club on 1 May 2013 and he was appointed Company Secretary on 28 October 2013.

Prior to joining Melbourne Football Club, Peter held various positions in the AFL Industry. He was CEO and/or Managing Director of Essendon Football Club from 1996 -2009. Following his retirement from Essendon, Peter was appointed Chairman of AFL Victoria, a position he decided to relinquish on 1st November 2014 as a result of his ongoing role as CEO of Melbourne Football Club.

Peter 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.

3. Principal Activities

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

Directors' Report (continued)

4. Operating Results and Review of Operations

The statutory and operating profit for the year is \$720,218 (FY15: \$562,366).

2016 has been a year where the Club saw further improvement in its financial performance, following the significant turnaround in performance achieved during 2014 and 2015. Revenue grew by \$3.030m during the year to a total of \$47.552m. Football costs grew by \$0.635m during the year as the Club invested in players and their development, while other costs (excluding depreciation, amortisation and write offs) grew by \$2.149m, representing the cost of generating additional revenue combined with investment in strategic priorities.

A key factor in consolidating the financial performance was the support of members. A Club record 39,255 signed up for the 2016 season, while over 330,000 people attended home games this year – an increase of more than 72,000 from 2015. In particular the Club hosted significant crowds of over 60,000 for the ANZAC Eve game against Richmond and the Queen's Birthday game against Collingwood, which was also the second 'Freeze at the G' event raising funds for Motor Neurone Disease research. The Club thanks members for their generosity and ongoing support, in particular Foundation Heroes, Inner Sanctum and Coterie members who contributed over \$0.600m during the year.

The Club once again had a full suite of sponsors during 2016. The Club would like to thank Principal Partner, Automotive Holdings Group, for its support during 2016. The Club also thanks its Major Partners Tourism NT and the Northern Territory Government, IG, China Southern Airways, New Age Caravans, New Balance, Haymes Paint and Greenwood Capital, as well as all other commercial partners, for their support.

The Club received an additional \$0.528m in AFL distributions in FY16. \$0.298m of this related to an increase in base distributions which are received by all AFL clubs, with a \$0.230m increase in AFL equalisation distribution. These funds partially funded the additional investment in the football department, with the balance funded by the improved commercial activities of the Club.

The Club's gaming venues continued to perform well in 2016, with the combined net return exceeding \$2m. The Club undertook a refurbishment of Leigh Oak in 2016, investing \$1.268m into the venue to assist in maintaining the existing returns from its venues.

As outlined above, football department expenditure grew by \$0.635m in FY16. \$0.487m of this was invested into increasing resources to develop and prepare our players to perform at their potential.

The Club's balance sheet was in a healthy position at year end, with net assets of \$4.839m, underwritten by the Bentleigh Club land asset. Overall debt comprised of bank debt and gaming machine entitlement debt, and this has reduced by \$561k in 2016, which is completely attributable to gaming machine entitlement debt. Reducing debt has been a focus of the Club over the last three years, with total debt having reduced by \$2.658m since 2013, comprising of a \$1.680m reduction in gaming machine entitlement debt and a \$0.978m reduction in bank debt.

2016 saw further improvement in on-field performance, winning 10 games. Importantly, members would have seen the development of a number of young players who made significant contributions throughout the season, including a Club record four Rising Star nominations in Clayton Oliver, Christian Petracca, James Harmes and Oscar McDonald, in addition to Jayden Hunt, Josh Wagner and Sam Weideman who all debuted during the year.

The outstanding players in red and blue for 2016 were recognised at our Best and Fairest with Jack Viney taking out his first Keith 'Bluey' Truscott trophy. The captain, Nathan Jones, finished second, while Max Gawn, Dom Tyson and Jack Watts rounded out the top five. Max Gawn was also selected in the All Australian team in what was a breakout year for the ruckman.

2016 saw the departure of former Club Captain Jack Grimes. Jack played 100 games over nine seasons, and was Co-Captain from 2012 to 2014. Life Member Lynden Dunn also left the Club during the trade period after 165 games in the red and the blue. A number of other players departed at the completion of the season – the Club wishes these players all the best and thanks them for their service.

Directors' Report (continued)

In 2016 the Club farewelled Senior Coach Paul Roos from the Club. Paul made a significant contribution during his three years at the helm, and the Club thanks Paul and his family for the investment they made and wish them all the best for the future. Simon Goodwin has been handed the reins for 2017 following his two year apprenticeship as Senior Assistant, and the Club looks forward to watching the team continue to progress under Simon's leadership in the years ahead.

The Club was awarded one of eight inaugural licenses for the National Women's League competition, which will commence in 2017. The Club is proud of its pioneering role in women's football, having launched the exhibition games against the Western Bulldogs in 2013, the success of which has ultimately led to the development of a national competition. The final game in the exhibition series was televised to a national audience of over one million people. The Club also congratulates women's team captain Daisy Pearce for her continued leadership role within women's football, culminating in being named the AFL Football Woman of the Year.

The Club would like to thank the MCC for their ongoing support during 2016. The Club considers its relationship with the MCC to be fundamental to the future and is proud to be a sporting section of this great club.

The Board would like to take this opportunity to recognise the efforts of the Executive, Coaches and Staff of the Club during 2016. The Club is fortunate to have many talented and hard working people, and was pleased to have one of its Executive members, Jennifer Watt, recognised by winning the AFL's Graeme Samuel Scholarship during the year.

2016 has been a year where the Club has taken significant steps forward on the journey to being respected and great. While there is still much work to be undertaken, the Board is confident it has the right people in the right positions for the exciting time ahead. We would like to thank the members for permitting us the privilege of serving as directors.

5. Events Subsequent to Balance Date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the results of operations or the Club's state of affairs for the year ended 31 October 2016.

6. Likely developments

The Directors believe that there are no developments likely to materially impact the Club.

7. Environmental Regulation

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

8. Auditors Independence Declaration

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration is set out on page 11 and forms part of the Directors' Report for the year ended 31 October 2016.

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.

Directors' Report (continued)

– Other audit services - \$24,500

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	7	7
John Trotter	7	6
Geoff Freeman	7	6
David Thurin	7	6
Kate Roffey	7	6
Jeremy Nichols	7	7
Steven Morris	7	6
Mohan Jesudason	7	7
David Robb	7	6
Jane Martino	7	5

*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 18th day of November 2016.



Glen Bartlett



John Trotter



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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 2016, 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

Alison Parker
Partner
18 November 2016

Statement of Comprehensive Income

For the year ended 31 October 2016	Note	2016 \$	2015 \$
Revenue	3	47,552,639	44,522,144
Other income	3	13,559	15,153
Social club and gaming expenses		(8,572,716)	(7,836,782)
Football department costs		(21,927,456)	(21,292,206)
Cost of sales		(1,415,631)	(1,408,968)
Administration costs		(3,699,845)	(3,369,150)
Corporate, membership and fundraising expenses		(8,110,107)	(7,096,210)
Finance costs	4	(234,953)	(245,219)
Marketing & communications expenses		(1,719,422)	(1,600,535)
Amortisation		(330,080)	(330,080)
Depreciation		(835,770)	(795,781)
Net profit/(loss) for the period	15	720,218	562,366
Other comprehensive income for the period		-	-
Total comprehensive income for the period		720,218	562,366
Net profit/(loss) for the period attributable to members		720,218	562,366
Total comprehensive income for the period attributable to members of Melbourne Football Club Limited		720,218	562,366

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

Statement of Financial Position

As at 31 October 2016	Note	2016 \$	2015 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,258,300	1,237,632
Trade and other receivables	6	227,161	66,335
Inventories	7	290,319	186,188
Other assets	8	425,025	537,267
TOTAL CURRENT ASSETS		2,200,805	2,027,422
NON CURRENT ASSETS			
Property, plant and equipment	9	13,225,160	11,829,684
Intangible assets	10	1,910,371	2,242,231
Investment accounted for using the equity method	11	147,679	189,853
TOTAL NON CURRENT ASSETS		15,283,210	14,261,768
TOTAL ASSETS		17,484,015	16,289,190
CURRENT LIABILITIES			
Trade and other payables	12	3,831,484	3,545,566
Interest bearing liabilities	13	792,000	594,000
Finance lease liabilities		377,959	313,702
Provisions	14	651,870	670,782
Income received in advance		2,266,294	1,836,019
TOTAL CURRENT LIABILITIES		7,919,607	6,960,069
NON CURRENT LIABILITIES			
Trade and other payables	12	4,683	560,375
Finance lease liabilities		338,847	229,177
Interest bearing liabilities	13	4,136,800	4,328,800
Provisions	14	244,442	91,351
TOTAL NON CURRENT LIABILITIES		4,724,772	5,209,703
TOTAL LIABILITIES		12,644,379	12,169,772
NET ASSETS		4,839,636	4,119,418
MEMBERS' FUNDS			
Retained earnings	15	4,839,636	4,119,418
TOTAL MEMBERS' FUNDS		4,839,636	4,119,418

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

Statement of Cash Flows

For the year ended 31 October 2016	Note	2016 \$	2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		47,822,089	45,475,117
Interest received		13,559	15,153
Payments to suppliers and employees		(44,927,623)	(42,748,472)
Interest and other costs of finance paid		(234,953)	(245,219)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		2,673,072	2,496,579
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(2,057,269)	(673,769)
Payments for gaming entitlements		(561,135)	(561,135)
(Contribution to)/distribution from Equity Accounted Investment	11	(40,000)	15,000
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(2,658,404)	(1,219,904)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(594,000)	(799,000)
Proceeds from borrowings		600,000	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		6,000	(799,000)
Net increase/(decrease) in cash held		20,668	477,675
Cash at the beginning of the year		1,237,632	759,957
CASH AT THE END OF THE FINANCIAL YEAR	5	1,258,300	1,237,632

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

Statement of Changes in Equity

For the year ended 31 October 2016	Retained earnings	Total Equity
	\$	\$
BALANCE AS AT 1 NOVEMBER 2014	3,557,052	3,557,052
Net profit for the year	562,366	562,366
Other comprehensive income	-	-
Total comprehensive income for the period	562,366	562,366
BALANCE AS AT 31 OCTOBER 2015	4,119,418	4,119,418
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 2016	4,839,636	4,839,636

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

Notes to the Financial Statements

Year ended 31 October 2016

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 2016 was authorised for issue in accordance with a resolution of the Directors on 18 November 2016.

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 \$720,218 for the year ended 31 October 2016.

The Club had positive operating cash flows of \$2.673m during the 2016 year, net assets of \$4.839m and a net current asset deficiency of \$5.719m at 31 October 2016. The deficiency includes \$2.266m unearned income relating to 2017 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 2016, 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 2016

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 2016 the Melbourne Football Club Limited did not have any subsidiaries.

(d) Business Combination

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

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

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

Notes to the Financial Statements (continued)

Year ended 31 October 2016

2. Summary of significant accounting policies (continued)

(e) Revenue Recognition

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

Revenues are detailed in Note 3 and comprise revenue earned from AFL dividends and distributions, membership, reserved seating, sponsorships, fundraising, gate receipts, corporate hospitality and gaming activities. Revenues are recognised at the fair value of the consideration received, net of the amount of goods and services tax (GST). Sponsorships involving contra arrangements are recognised as revenue equivalent to the fair value of the services provided by the sponsor. Interest income is recognised as it accrues using the effective interest method. Gaming revenue is recognised net of gaming wins and losses. Fundraising and membership income is accounted for on the basis of the period to which it relates. Income received in the year ended 31 October 2016, but relating to future accounting periods is carried on the Statement of Financial Position and will be recognised in the period in which it relates.

(f) Property, Plant and Equipment

Cost

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

Depreciation and Amortisation of Property, Plant and Equipment

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

Furniture and fittings	10% - 33%
Computer hardware	25% - 33%
Computer software	33% - 40%
Plant and equipment	7.5% - 15%
Motor vehicles	12.5%
Gaming Machines	12.5% - 33%
Purchased memorabilia	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.

Notes to the Financial Statements (continued)

Year ended 31 October 2016

2. Summary of significant accounting policies (continued)

(g) Inventories

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

(h) Intangibles

Intangible assets acquired separately are measured 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.

(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.

Notes to the Financial Statements (continued)

Year ended 31 October 2016

2. Summary of significant accounting policies (continued)

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Other employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service.

Expected future payments are discounted using market yields at 31 October 2016 on High Quality Corporate Bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(l) Goods and Services Tax

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

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

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

(m) Comparative Figures

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

(n) Cash and cash equivalents

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

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

(o) Trade and other receivables

Trade receivables, which generally have 0 - 30 day terms, are recognised 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.

Notes to the Financial Statements (continued)

Year ended 31 October 2016

2. Summary of significant accounting policies (continued)

(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.

(r) Income received in advance

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

(s) Interest in a joint venture

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

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

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

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

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

(t) Members' liability on winding up

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

Notes to the Financial Statements (continued)

Year ended 31 October 2016

2. Summary of significant accounting policies (continued)

(u) Leases

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

(v) The Club as a lessee

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

(w) Significant accounting judgments, estimates and assumptions

In applying the Club's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Club. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Long service leave provision

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

Estimation of useful lives of assets

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

Land fair value measurement at recognition

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

Notes to the Financial Statements (continued)

Year ended 31 October 2016

2. Summary of significant accounting policies (continued)

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

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

New and amended standards and interpretations

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 2015. The adoption of these new and revised Standards and Interpretation has resulted in no change to the Club's accounting policies.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Club for the annual reporting period ending 31 October 2016 include:

- AASB 9 Financial Instruments
- AASB 15 Revenue from Contracts with Customers
- AASB 16 Leases

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

Notes to the Financial Statements (continued)

Year ended 31 October 2016

	2016 \$	2015 \$
3. Revenue		
Revenue from Football related activities		
Gate receipts	4,592,047	3,727,330
Distributions from the AFL	12,758,742	12,231,103
Merchandise	986,269	861,523
Membership, annual reserved seating and general fundraising	7,578,057	7,253,885
Sponsorship & corporate hospitality	8,916,023	8,094,174
Other revenue	528,216	417,429
Total revenue from Football related activities	35,359,354	32,585,444
Revenue from other activities		
Social and gaming revenue	12,193,285	11,936,700
Total revenue from other activities	12,193,285	11,936,700
Total revenue	47,552,639	44,522,144
Other income		
Interest	13,559	15,153
Total other income	13,559	15,153

Notes to the Financial Statements (continued)

Year ended 31 October 2016

	2016 \$	2015 \$
4. Expenses		
Expenses		
<i>Finance Costs</i>		
- Interest paid to external entities	234,953	245,219
Total finance costs	234,953	245,219
<i>Employee benefits expense</i>		
Salary, wages and termination expense	22,574,348	21,789,683
Superannuation expense	1,664,503	1,572,708
Total employee benefits expense	24,238,851	23,362,391
<i>Occupancy Expenses</i>		
Minimum lease payments	1,703,950	1,491,076
	1,703,950	1,491,076
<i>Other</i>		
Bad debts	-	-
Doubtful debts recognised/(recovered)	-	-
5. Cash and Cash Equivalents		
Cash at bank and in hand	1,258,300	1,237,632
	1,258,300	1,237,632

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 2016.

Financing facilities

At 31 October 2016, the Club had a \$400,000 (FY15: \$400,000) overdraft facility with Westpac (undrawn). The overdraft facility, if utilised, will incur an interest rate of 7.97% per annum, with interest charged monthly.

Notes to the Financial Statements (continued)

Year ended 31 October 2016

	2016 \$	2015 \$
6. Trade and Other Receivables		
Current		
Trade receivables	221,958	62,354
Less provision for impairment loss (a)	(3,321)	(4,544)
Other receivables	8,524	8,525
	227,161	66,335

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

Opening balance	4,544	4,544
Charge for the year	-	-
Previously recognised doubtful debts written off	(1,223)	-
Amounts recovered	-	-
Closing balance	3,321	4,544

7. Inventories

Merchandise	187,417	105,536
Food and beverage	102,902	80,652
	290,319	186,188

(a) Cost of Sales

Cost of Sales for the year ended 31 October 2016 totalled \$1,413,851 (FY15: \$1,408,968) for the Club.

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

8. Other Assets

Prepayments	312,066	307,173
Other	112,959	230,094
	425,025	537,267

Notes to the Financial Statements (continued)

Year ended 31 October 2016

	2016 \$	2015 \$
9. Property, Plant and Equipment		
Furniture and fittings		
<i>Cost</i>		
Opening balance	478,878	478,878
Additions	-	-
Disposals / Retirements	-	-
Closing balance	478,878	478,878
<i>Accumulated depreciation</i>		
Opening balance	359,230	338,181
Depreciation for the year	21,050	21,050
Disposals / Retirements	-	-
Closing balance	380,280	359,231
<i>Net book value</i>	98,598	119,647
Plant and equipment		
<i>Cost</i>		
Opening balance	2,795,270	2,695,087
Additions	260,066	111,190
Disposals / Retirements	-	(11,007)
Closing balance	3,055,336	2,795,270
<i>Accumulated depreciation</i>		
Opening balance	2,420,667	2,223,101
Depreciation for the year	159,161	208,573
Disposals / Retirements	-	(11,007)
Closing balance	2,579,828	2,420,667
<i>Net book value</i>	475,508	374,603
Leasehold improvements		
<i>Cost</i>		
Opening balance	2,016,147	1,943,805
Additions	1,266,130	72,342
Transfers	182,523	-
Disposals / Retirements	-	-
Closing balance	3,464,800	2,016,147
<i>Accumulated depreciation</i>		
Opening balance	867,977	714,960
Depreciation for the year	310,732	153,016
Disposals / Retirements	-	-
Closing balance	1,178,709	867,976
<i>Net book value</i>	2,286,091	1,148,171
Motor vehicles		
<i>Cost</i>		
Opening balance	7,273	7,273
Disposals / Retirements	-	-
Closing balance	7,273	7,273
<i>Accumulated depreciation</i>		
Opening balance	5,478	4,024
Depreciation for the year	1,455	1,454
Disposals / Retirements	-	-
Closing balance	6,933	5,478
<i>Net book value</i>	340	1,795

Notes to the Financial Statements (continued)

Year ended 31 October 2016

Purchased Memorabilia

Cost

Opening balance	113,090	113,090
Additions	-	-
Disposals / Retirements	-	-
Closing balance	113,090	113,090

Accumulated Depreciation

Opening Balance	113,090	-
Depreciation for the year	-	113,090
Disposals/Retirements	-	-
Closing Balance	113,090	113,090
Net Book Value	-	-

Gaming Machines

Cost

Opening balance	2,220,961	1,884,631
Additions	652,760	336,330
Disposals / Retirements	-	-
Closing balance	2,873,721	2,220,961

Accumulated depreciation

Opening balance	918,016	619,418
Depreciation for the year	343,372	298,598
Disposals / Retirements	-	-
Closing balance	1,261,388	918,016
Net book value	1,612,333	1,302,945

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	182,523	-
Additions	52,290	-
Transfers	(182,523)	182,523
Closing Balance	52,290	182,523
Net book value	52,290	182,523

Total property, plant and equipment

Opening balance	16,514,142	15,822,764
Additions	2,231,246	702,385
Disposals / Retirements	-	(11,007)
Closing balance	18,745,388	16,514,142
Accumulated depreciation		
Opening balance	4,684,458	3,899,684
Depreciation for the year	835,770	795,781
Disposals / Retirements	-	(11,007)
Closing balance	5,520,228	4,684,458
Net book value	13,225,160	11,829,684

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 2016

	2016 \$	2015 \$
10. Intangible Assets		
Year ended 31 October		
Opening balance net of accumulated amortisation and impairment	2,242,231	2,572,311
Amortisation	(330,080)	(330,080)
Closing balance net of accumulated amortisation and impairment	1,910,371	2,242,231
At 31 October		
Cost (gross carrying amount)	3,300,793	3,300,793
Accumulated amortisation and impairment	(1,390,422)	(1,058,562)
Net carrying amount	1,910,371	2,242,231

Leighoak Club

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

Bentleigh Club

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

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

The useful life of the intangible asset is in line with the expiry of the gaming entitlements in August 2022. This asset is being amortised on a straight-line basis over the 10 years.

11. Investment accounted for using the equity method

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

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

Opening investment in joint venture	256,243	271,243
Cash (distribution received)/ injection	40,000	(15,000)
Investment in joint venture	296,243	256,243
Retained earnings	(66,390)	(52,261)
Share of the joint venture's profit or (loss):		
Loss	(82,174)	(14,129)
Carrying value of investment in jointly controlled entity	147,679	189,853

Notes to the Financial Statements (continued)

Year ended 31 October 2016

		2016	2015
		\$	\$
12. Trade and Other Payables			
Current			
Trade creditors	(a)	1,352,715	1,549,240
State gaming tax payable		240,456	150,515
Other creditors and accruals		1,522,955	1,212,005
Other Loans – VCGLR	(b)	552,882	561,136
GST Payable		162,476	72,670
		3,831,484	3,545,566
Non-Current			
Other Loans – VCGLR	(b)	-	552,882
Other		4,683	7,493
		4,683	560,375

(a) Terms and Conditions

(i) All payables are non-interest bearing.

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

(b) Loans – Victorian Commissioner of Gambling and Liquor Regulation (VCGLR)

The current and non-current loans total \$552,882 relate to amounts payable to the Victorian Commissioner of Gaming Regulation for the remainder of gaming entitlements over the next year.

13. Interest Bearing Loans and Liabilities

Current

Commercial bill facility – Gaming	(i)	792,000	594,000
		792,000	594,000

Non-Current

Commercial bill facility – Gaming	(i)	436,800	1,228,800
Commercial bill facility – Operating		3,700,000	3,100,000
		4,136,800	4,328,800

Total Interest Bearing Loans and Liabilities		4,928,800	4,922,800
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The Club has two facilities with Westpac as at 31 October 2016.

(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 is repayable each quarter until the debt is extinguished. One quarter repayment was deferred during the year as part of the provision of funding for the refurbishment for the Leigh Oak Club.

A current liability of \$0.792m (FY15: \$0.594m) has been recognised at 31 October 2016. The remainder of the debt outstanding of \$0.437m (FY15: \$1.229m) has been classified as a non-current liability.

Notes to the Financial Statements (continued)

Year ended 31 October 2016

13. Interest Bearing Loans and Liabilities (Continued)

The facility maturity date is 31 December 2017 and 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 \$3.700m (FY15: \$3.100m) as at 31 October 2016 (overdraft undrawn). The maturity date is 31 December 2017 and the amount drawn at 31 October 2016 is classified as a non-current liability. This facility can be used as either an overdraft facility or a commercial bill facility. This facility is supported by a \$4.500m guarantee provided by the Australian Football League.

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

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

Capital Management

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

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

14. Provisions

	Annual Leave \$	Long Service Leave \$	Jackpot (Gaming Clubs) \$	Total \$
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
Current	422,582	220,622	27,578	670,782
Non-current	-	91,351	-	91,351
At 31 October 2015	422,582	311,973	27,578	762,133

Notes to the Financial Statements (continued)

Year ended 31 October 2016

	2016 \$	2015 \$
15. Retained Earnings		
Retained earnings at beginning of financial year	4,119,418	3,557,052
Net profit	720,218	562,366
Retained earnings at end of financial year	4,839,636	4,119,418

16. Commitments

Operating leases and other commitments

Commitments contracted for at reporting date but not recognised as liabilities are payable as follows:

- Not later than 1 year	1,352,703	2,123,929
- Later than 1 year but not later than 5 years	4,971,762	5,476,177
- Later than 5 years	2,994,804	3,843,092
	9,319,269	11,443,198

The Club has entered into operating leases on certain commercial properties. The Club has the option, under commercial properties with lease terms of 3 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.

- Not later than 1 year	13,390,946	11,673,538
- Later than 1 year but not later than 2 years	10,439,067	6,200,000
- Later than 2 years but not later than 5 years	7,480,995	4,250,000
	31,311,008	22,123,538

Bank Guarantees

Bank guarantees made by Westpac on behalf of the Club total \$879,106 (2015: \$879,106)

Notes to the Financial Statements (continued)

Year ended 31 October 2016

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	58,000	58,000
Remuneration for other audit services	24,500	28,000

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, Human Resources Manager and the Senior Coach.

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

Compensation for key management personnel

Salaries	3,497,785	3,431,720
Total compensation	3,497,785	3,431,720

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 2016

19. Related Parties (Continued)

	2016 \$	2015 \$
Amounts provided to the Club:		
Glen Bartlett - Corporate Packages	11,408	15,589
David Thurin - Corporate Packages	2,571	9,965
John Trotter - Corporate Packages	10,719	7,315
Geoffrey Freeman - Corporate Packages	2,398	290
Jeremy Nichols - Corporate Packages	1,617	3,410
Kate Roffey - Corporate Packages	-	40
Mohan Jesudason - Corporate Packages	-	440
Jane Martino - Corporate Packages	1,292	430
David Robb - Corporate Packages	-	375
Steve Morris - Corporate Packages	7,988	540

Notes to the Financial Statements (continued)

Year ended 31 October 2016

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 meet its financial obligations as they fall due. The Club's objective is to maintain a balance between continuity of funding and flexibility through the use of term loans.

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

21. Economic Dependency

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

22. Events after the Balance Sheet Date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the results of operations or the Club's state of affairs for the year ended 31 October 2016.

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 2016 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
18 November 2016

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

We have audited the accompanying financial report of the Melbourne Football Club Limited ("the Club"), which comprises the statement of financial position as at 31 October 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

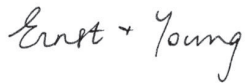
Independence

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies. We have given to the directors of the Club a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

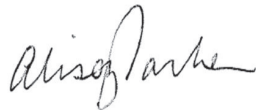
Opinion

In our opinion the financial report of the Melbourne Football Club is 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 2016 and of its performance for the year ended on that date; and
- ii complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



Ernst & Young



Alison Parker
Partner

Melbourne
18 November 2016



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