MELBOURNE FOOTBALL CLUB LIMITED

AND ITS CONTROLLED ENTITIES

ACN 005 686 902

CONSOLIDATED ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2020

Contents

Directors' Report

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

The Directors hereby present their report pursuant to the requirements of the Corporations Act 2001 on the state of affairs of the Club at 31 October 2020.

1. Principal Activities

The principal activities of the Club are to field teams bearing the Club's name within the Australian Football League and associated competitions, and to promote the game of Australian Rules Football.

2. Operating Results and Review of Operations

Key Highlights

- The Club has eliminated its debt during the year (FY19: $2.000m), and held cash reserves of $1.652m at year end. This has been driven by the liquidation of the majority of the Club's investment portfolio during the year as part of the suite of levers pulled in response to COVID-19;
- The Club's Balance Sheet remains strong, with net assets of $21.243m at year end (FY19: $11.134m). The Balance Sheet is underpinned by the Club's Bentleigh Club land holdings of $22.500m, which have been revalued to their fair value in 2020 in accordance with Australian Accounting Standards;
- The Club reduced its operating expenditure by $16.589m (33%) as part of its management of COVID-19. However these cost reductions were unable to offset the revenue reduction of $17.955m caused by COVID-19, and have resulted in the Club recording a statutory loss of $3.690m and an operating loss of $2.953m for the year.

2020 has been a year like no other in recent memory as people across the globe have tackled the impact of COVID-19. The AFL industry has not been immune to this, with the AFLW season cancelled during its finals series, and the men's season reduced in length and then postponed at the conclusion of Round 1. The men's season was able to recommence, albeit without crowds, before relocating to the northern states as Victoria battled the emergence of a COVID-19 second wave.

It took high levels of commitment from all involved to ensure that the 2020 AFL season was completed. The Club acknowledges efforts at all levels – from the AFL, state and territory governments including Queensland where our players called home for three months, to players, coaches, staff, members and sponsors – which facilitated this achievement.

The Demon faithful showed unparalleled loyalty during 2020. The Club had 40,571 members during the year, including 2,823 members who signed up following the initial postponement of the season in March. The Club had one of the lowest member cancellation rates in the AFL despite members not being able to attend one game in Victoria. The Board thanks all Club members for their ongoing support – you are the lifeblood of our Club, and we look forward to welcoming everyone back to the MCG during 2021.

The Board would also like to recognise the efforts of players and staff during the year, who worked tirelessly to minimise the impact of COVID-19 and complete the AFL season, many doing so whilst relocated interstate away from family.

The Club responded to COVID-19 by activating its Crisis Management Team. The team included the Club's executive, as well as Board Chair Glen Bartlett and Chair of the Audit, Risk & Integrity Committee, John Trotter. The Crisis Management Team was responsible for implementing the Club's response in accordance with the Board approved operating principles, and the Club's Values Framework of Trust, Respect, Unity and Excellence. The Crisis Management Team met on eight occasions in the weeks following the advent of COVID-19.

The financial impact of COVID-19 on the Club has been significant during the year, given the nature of social distancing restrictions and scheduling interruptions that it caused. This has resulted in the Club recording a statutory loss for the year of $3.690m, and an operating loss of $2.954m. A reconciliation of these figures is provided below:

		2020	2019
		$	$
	Statutory Loss	**(3,690,499)**	**(1,975,304)**
Add back	Asset write offs	736,967	90,913
	Investment in Training & Administration Facility Project	-	243,573
	Costs associated with sale of Leighoak Club	-	60,399
	Operating Loss	**(2,953,532)**	**(1,580,419)**

Whilst it is disappointing to record an operating loss, the size of this loss is significantly lower than what was contemplated in the days immediately following the emergence of COVID-19. The efforts to mitigate the size of the loss have enabled the Club to be categorised as a "Non-Assisted Club", and has not needed to draw on the AFL's debt facility that was implemented to assist the industry manage the financial downturn driven by COVID-19. The Club's Balance Sheet remains one of the strongest in the AFL, underpinned by its land holdings of $22.500m, and is now debt free and in $1.652m cash surplus following the decision to liquidate the majority of the Club's investment portfolio during the year. The portfolio had been established with liquidity in mind in order to be able to respond to business development opportunities but, given the significant financial impacts of COVID-19, the decision was taken to apply the funds, together with the cost savings and fundraising initiatives, to supporting the Club's operations.

Whilst the Club was able to take steps to re-set its cost base following the onset of COVID-19, it is important to note that much of the Club's cost was incurred in the first half of the financial year prior to COVID-19 arriving. As a result the Club was unable to remove enough cost from the business to match the decline in revenue. The Club however is confident the steps it has taken to re-set its cost base will hold it in good stead to improve the financial result during 2021.

Further details on the Club's financial management during the year are outlined below:

Revenue
The Club's operating revenue declined by $17.955m (37%) during the year to $30.633m. This reduction was driven by the impact of COVID-19, with key variances from the prior year outlined below:

- Sponsorship and corporate income declined by $4.577m (45%). This was due to a combination of the Club's inability to hold corporate functions (including match day events) during the year as a result of COVID-19 restrictions, and also a reduction in sponsorship income as a result of the reduced number of games played in 2020. The impact of this revenue decline was partially offset by reduced expenditure in delivering events during the year. The Club retained all of its contracted commercial partners during 2020, and is grateful for their ongoing support;
- $4.469m (72%) decline in match returns. This was driven by the relocation of matches out of Victoria from Round 6 onwards and that those games hosted in Victoria occurred without crowds. The Club however did manage to play a home game in Alice Springs as part of its agreement with the Northern Territory government, and this was an important revenue source for the Club during the year;
- AFL income declined by $3.710m (23%). This occurred following the AFL's decision to suspend Competitive Balance payments as a result of its own cost cutting measures from mid-year, as well a reduction in the AFL's Base Distribution corresponding with revised player payments from April onwards;
- Revenue from the Club's gaming venue, the Bentleigh Club, reduced by $2.837m (62%). The venue closed in late March in accordance with the Victorian government's COVID-19 restrictions and did not re-open during this financial year;
- $1.863m (19%) decline in membership and fundraising income. The Club's membership tally reduced from 52,421 in 2019 to 40,571 in 2020, driven by COVID-19 restrictions regarding the attendance of members at games. Included within the Club's overall membership and fundraising

income was $1.053m of fundraising specific income, primarily from the Club's "Proud to Belong, Proud to Give" campaign, as well as its Lottery. The Club thanks its members for their ongoing loyalty and continued support during an incredibly challenging year.

In addition, the Club also received $3.931m in funds relating to the Federal Government's Jobkeeper program during 2020. These funds were passed on to staff in accordance with the requirements of the program.

Expenses
The Club's operating expenditure declined by $16.589m (33%) during the year to $33.777m. Many of the cost savings were attributable to the decline in revenue generation associated with COVID-19, as well as decisions made by the Club to re-set its cost base to prudently manage through this period. The key variances from 2019 are outlined below:

- Men's football program costs reduced by $7.991m (30%), represented by a reduction of $4.132m in player salaries following an agreement reached between the AFL and the AFLPA, and $3.859m in other program costs;
- Gaming venue costs reduced by $1.536m (51%) following the requirement to close the venue in March in accordance with COVID-19 restrictions.
- Corporate, membership and fundraising costs declined by $5.242m (53%), as a result of the lower revenue generation outlined previously;
- Administration and marketing & communications expenditure reduced by $1.758m (22%), as a result of cost reduction initiatives implemented by the Club. This included the renegotiation of the Club's lease agreement with Melbourne & Olympic Parks Trust during the year, following the temporary relocation of the football program to Casey Fields.

The reduction in football program costs, administration and marketing & communications expenditure outlined above included significant reductions in staff salary costs. The Club's salary costs (excluding players and Jobkeeper payments) reduced by $5.608m (32%) in 2020, as a result of a combination of a reduction in headcount, reduced working hours by those staff remaining, and executive pay cuts. The Club acknowledges that many loyal staff have departed the Club over this period because of the industry's financial circumstances. The Club thanks them for their service.

Balance Sheet
The Club's Balance Sheet remains strong, which has enabled the Club to manage the impact of COVID-19 during the year. The key details of the Balance Sheet are outlined below:

- The Club is debt free at year end, with cash reserves of $1.652m on hand. This is a result of the measures taken by the Club to limit the financial impact of COVID-19, including its cost reduction program outlined previously, as well as the liquidation of the majority of its investment portfolio which is further detailed below. This also ensured that the Club remains a "Non-Assisted" Club with regards to AFL liquidity and financing support which, importantly, allows the Club to retain greater control over resourcing within the Club, including its football program;
- The accounting policy for the treatment of the Club's land holdings has transitioned from the Historical Cost method to the Fair Value method. This has resulted in the land being recorded in the Balance Sheet at year end at $22.500m, in accordance with its independently assessed fair value. The Club has made this accounting policy change given the significant discrepancy between the Historical Cost of $8.700m and its current fair value – continuing to retain the Historical Cost method did not allow the financial statements to reflect the underlying financial strength of the Club;
- The Club elected during the year to liquidate $6.871m from its investment portfolio following the emergence of COVID-19. This decision was made to ensure that the Club had access to sufficient liquidity to manage through any difficulties that arose from COVID-19, both in regards to cash reserves ($1.652m on hand at year end) and undrawn debt facilities ($4.5m available at year end). The investment principles established by the Club's Investment Committee enabled the liquidation of the portfolio to be an option once COVID-19 occurred, and whilst the liquidation resulted in capital losses of $198k, this was more than offset by the $253k earnings generated by the portfolio since its inception.

The Club's debt free status at year end represents the culmination of a debt reduction plan implemented by the Board at the end of 2013. This has resulted in debt reducing from its peak of $8.2m (including gaming machine entitlements) in 2013, to the debt free and cash surplus position the Club is now in at year end.

2021 Outlook
It is anticipated that the Club's financial performance during 2021 will continue to be significantly affected by the nature of COVID-19 restrictions during the men's season, which commences in March. These include but are not limited to interstate border restrictions, venue attendance capacities, and any training restrictions for our players.

At the time of writing, the COVID-19 situation in Victoria has improved to the extent that crowds are presently expected to return to the MCG during the cricket season, whilst restrictions regarding hospitality venues have eased and the Bentleigh Club has recommenced trading. The Club has prepared a base case cash flow forecast for the next 12 months based on the expectations that crowds are able to return in some capacity for the 2021 AFL season, and the Bentleigh Club can operate within social distancing guidelines.

2021 represents the first full year of the Club operating from a re-set cost base. This includes the industry wide reduction in the AFL's Football Department Soft Cap, which has reduced by $3.5m (36%) from the pre COVID-19 limit.

As part of its response to the impact of COVID-19, the AFL provided a Letter of Financial Support to all clubs that enabled them to draw on additional funding (debt) support if needed. Whilst the Club has had no requirement to draw on these funds during 2020, and is not anticipating needing to do so in 2021, this provides important financial support for the Club should it be required.

The Club commences 2021 with $1.652m of cash reserves, and undrawn banking facilities of $4.5m. This financial position, combined with the factors outlined above, have enabled the Directors to conclude that the going concern basis of accounting continues to be appropriate.

Football Programs
The Club set itself the expectation of making the finals in the AFL program in 2020 and unfortunately fell short of this benchmark, finishing in 9th position and half a game outside the eight. Whilst there was significant progress from the 17th placed finish in 2019, further improvement is required as we enter 2021.

The Club performed a review of its football department at the conclusion of the season, led by CEO Gary Pert, which has resulted in various changes, including the appointment of Alan Richardson in the role of GM: Football Performance, as well as the addition of Adem Yze to the Club's coaching department to support Simon Goodwin.

The outstanding players in red and blue for 2020 were recognised at our Best and Fairest with Christian Petracca winning his maiden Keith 'Bluey' Truscott trophy. Steven May finished second, whilst Club vice-captain Jack Viney rounded out the top three. Christian was also rewarded for his fantastic season with selection in the AFL's All Australian team, alongside Club Captain Max Gawn, who was selected for the fourth time.

A number of players recorded milestones during 2020. Neville Jetta played his 150th game for the Club, whilst Michael Hibberd and Adam Tomlinson also registered 150 AFL games after commencing their careers at other clubs. James Harmes, Christian Salem and Christian Petracca all passed the 100 game milestone during the season. The Club congratulates all players on reaching individual milestones during the year.

A number of players left the Club at the conclusion of the 2020 campaign. The Club thanks all departing players for their contribution Club during their time with the Club.

Our AFLW team made their first finals series, with a stirring win against GWS in the Semi-Final. Unfortunately COVID-19 denied the team the opportunity to progress further, with the season cancelled after that match. Libby Birch, Kate Hore, Daisy Pearce and Karen Paxman capped off their stellar years with selection in the AFLW All Australian squad, whilst Shelley Scott was awarded the Club's Best & Fairest for her excellent season.

Due to COVID-19 restrictions in Victoria, the Club's VFL and VFLW teams, Casey Demons, had their seasons cancelled without playing a match.

Training & Administration Facilities
The Club continued to engage in discussions with the Victorian State Government regarding the requirement for the Club to secure a long-term Training & Administration Facility. Whilst the key challenge for the project remains securing the appropriate location for the development, the Club remains confident that its discussions will result in an outcome within the MCG / MOPT precinct. The project is presently at a Feasibility Study phase, which is being funded by the State Government.

During the year the Club completed an upgrade of facilities at Casey Fields. The $8m project resulted in the construction of standalone changerooms for our AFLW players, who play their home games at Casey Fields, as well as the development of an indoor training centre to service all our football programs. This upgrade is particularly significant given the men's team will train at Casey Fields rather than at AAMI Park during 2021 as a result of COVID-19. The Club thanks the Victorian State Government, the City of Casey and the AFL for their continued support.

Director Succession Planning
During the year David Thurin retired as a director after 13 years of service to the Club. David departs the Club as a life member, having served on a number of Club committees including recently chairing the Club's Investment Committee. David has generously contributed to the Club during his time as a director, and is a Sapphire Blue Foundation Hero. Jane Martino also resigned as a director during 2020, having served since 2015. The Club thanks both David and Jane for their contribution, and wishes them both the best for the future.

The Board has reviewed its composition over the past 12 months, to ensure the right mix is in place to achieve the strategic objectives it has set out for the next three years. This process identified that with David Thurin retiring from the Board, ongoing expertise in the commercial real estate space was required. It was also identified that a director with a strong AFL background was necessary, given the Club's core business.

On 1 November the Club appointed David Rennick and Brad Green to the Club's Board as casual vacancies. David brings a wealth of experience to the Club, having held a number of non-executive directorships including within the property sector, and will be an important member of the Club's Facilities Working Group. Brad needs no introduction to the Demon faithful, having played 254 games across 13 seasons, including captaining the Club during 2011, with subsequent experience coaching and running his own business.

2020 has been a challenging year for all involved with the Club and the AFL industry. However the Club remains well placed to navigate these difficult times as a result of the Balance Sheet strength it has created in recent years. The Board is confident that the Club is well positioned, with the right people in the right roles, to achieve its goals in the years ahead. We would like to thank members for permitting us the privilege of serving as directors.

3. 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 2020.

4. Likely developments

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

5. Environmental Regulation

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

6. Auditors Independence Declaration

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration is set out on page 13 and forms part of the Directors' Report for the year ended 31 October 2020.

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

- Other audit services - $11,000

7. Directors

Glen Bartlett
Chairman

Glen joined the Board and was appointed Chairman of the Melbourne Football Club in August 2013.

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

Prior to setting up Bartlett Workplace, Glen practised law for 15 years with a leading national law firm including three years as Managing Partner based in Melbourne.

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

Glen over the years has given his time and expertise to a wide range of community organisations, including Western Australian football, indigenous communities and various charities both in Victoria and Western Australia. 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).

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. Glen retired to concentrate on his law studies, becoming a lawyer in 1996 specialising in employment law and industrial relations.

Mohan Jesudason
Vice-Chair

Mohan who joined the Board in 2015 is Vice-Chair of Melbourne Football Club and Chair of the Remuneration and Nominations Committee

He is currently Chief Executive Officer of X2M Connect Ltd (X2M). X2M operates in Australia, South Korea, Japan, China and Taiwan under the trading name of Freestyle Technology.
Mohan is also an Advisory Board Member of Enterprise Victoria, a fund raising and business networking organisation associated with the Liberal Party of Australia. He is a past director of Racing Victoria Ltd, Telecom Mobile Ltd, Hutchison 3 Ltd and

the Prince of Wales Trust in New Zealand.

Prior to X2M, Mohan was Managing Director of Tabcorp Gaming and Group Marketing for 10 years. Before this, he held leadership roles with Telecom New Zealand and National Mutual Life Association of Australasia, in Australia and New Zealand.

Mohan, an experienced director, brings to the Melbourne Football Club a deep background in Marketing, Digital, Finance and Major Project Management. He holds a Bachelor of Economics Degree from Monash University, a Graduate Diploma in Accounting, a Diploma from the Australian Insurance Institute and a Certificate in Direct Marketing from the Australian Direct Marketing Association.

Mohan is a Foundation Hero.

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

Kate Roffey
Vice-Chair

Kate joined the Board in 2013. She is a Vice-Chair of the Club and Chair of the Facilities Working Group.

Kate is currently the Director of Deals, Investment & Major Projects at Wyndham City and is also the Chair of the Victorian Regional Channels Authority and the Metro Trains Advisory Board, and Member of the Ministerial Better Planning and Approvals Review Board and is a Member of the Ministerial Freight Advisory Committee and Ministerial Golf Taskforce.

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

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

Kate has a strong background in professional sport and has had the opportunity to spend time with some of the world's leading sports teams, including the New York Yankees, Manchester United FC, Dallas Cowboys and Miami Dolphins, reviewing world's best sporting practice.

Brad Green

A former Club Captain and Life Member, Brad Green joined the Board in November 2020.

Brad played 254 games for Melbourne in a career that spanned 13 seasons.

He was awarded the Keith 'Bluey' Truscott Memorial Trophy after an outstanding year in 2010.

After retiring from football, Brad transitioned into coaching roles at both Carlton and North Melbourne and held a mentoring role as a leadership consultant for the Melbourne Renegades during the 2019/2020 season.

Brad also runs his own commercial business, as the Managing Director of GMH Fire and Safety Australia.

Steve Morris

Steve joined the Board in 2014 and is a member of the Nominations and Remuneration Committee, the Fundraising Working Group and is the Board's representative Trustee of the Red and Blue Foundation.

He is a Director of Conrad Capital and Non-Executive Chairman of Auric Mining Ltd. He was the founder of Peloton Shareholder Services, offering shareholder management and capital raising solutions to a range of ASX listed companies.

Steve's previous experience is predominantly in stockbroking and financial markets including as Head of Private Clients Australia for Patersons Securities, one of Australia's largest retail stockbroking firms and as Managing Director of Intersuisse Ltd. He has held senior executive positions within the Little Group and was Chairman of Purifloh Ltd and a Non-Executive Director of De Grey Mining until 2019.

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.

David Rennick

David joined the Board in November 2020 with more than 25-years' experience in the legal and property industries.

He is currently a Partner of Pinsent Masons.

Prior to that, he was Global Board member and Head of Australia for Pinsent Masons, CEO of an Australian law firm and a Director of an ASX-listed property development company.

His responsibilities encompass leadership, people & culture strategies, governance, compliance and risk.

David's areas of expertise include property development and master-planned community projects, corporate, commercial and retail real estate.

David is a Foundation Hero, Legend status, and a member of the Club's Inner Sanctum group.

David Robb

David joined the Board in 2015 and is a member of the Audit, Risk and Integrity Committee and the Investment Committee. He also Chairs the Fundraising Working Group.

He is a Director of the WA Cricket Foundation and was until recently Chair of the Faculty of Engineering and Mathematical Sciences at the University of Western Australia. He was previously a Director of Navitas Limited, a leading listed global education provider and for almost ten years until September 2016 was the Managing Director and CEO of Iluka Resources Limited, an ASX100 company.

Other previous roles include being an Executive Director of Wesfarmers Limited, Managing Director of Wesfarmers Energy, Director of the Centre for Independent Studies, Chairman of Consolidated Rutile Limited, Deputy Chair of Methodist Ladies College, Perth, President of the Institute of Management WA and senior positions in the downstream oil industry in Australia, the UK, the USA and Asia.

David brings to the Board his experience as a Chairman, CEO and non-executive director in listed, member-based and not-for-profit organisations with particular expertise in areas such as business management, finance, major projects and organisational performance transformation through leadership, people and culture development.

David holds a Bachelor of Science degree, a Graduate Diploma in Personnel

Administration, has completed the Harvard University Business School Advanced Management Program and is a Fellow of the Australian Institute of Management and the Australian Institute of Company Directors.

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

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.

John Trotter

John joined the Board in 2011. He is Chair of the Audit, Risk and Integrity Committee, Chair of the Bentleigh Club Sub Committee and a Member of the Investment Sub Committee. He has particular involvement at the Board level on risk management and finance operations of the club.

Until recently, he was Chairman and non-executive director of the Entity Solutions Group of companies specialising in contingent workforce solutions in Australia, New Zealand and parts of Asia. The group was recently sold to a US based Equity Funder.

He is an Advisory Board member of Ewert Leaf Architects and Landchecker a tech start-up.

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 Finance.

He had a number of leadership roles with global firm Deloitte: Global Managing Partner - Risk Services, Asia Pacific Managing Partner Risk services and 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. He is a former member of the Australian Auditing Standards Board.

He has had significant involvement in Amateur football spanning over 40 years as a player, administrator 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.

John is a Foundation Hero, Gold Legend status.

8. Chief Executive Officer and Company Secretary

Gary Pert

Gary Pert joined the Melbourne Football Club in October 2018 as Chief Executive Officer.

Prior to joining the Dees, Gary was CEO of the Collingwood Football Club. Under Gary's 10 year leadership, Collingwood became one of the powerhouse clubs of Australian sport, experiencing substantial commercial growth. The club featured in seven AFL Finals Series, reaching a Grand Final in 2011 and winning the Premiership in 2010.

His professional background includes a 12 year career with Austereo Radio Group, which culminated in four years as General Manager of Fox FM / Triple M and five years as the Austereo National Sales Director. He was also Managing Director of Channel Nine, Melbourne.

Gary had a distinguished 14-year AFL career between 1982 and 1995, during which he played 233 games.

Following his playing days, Gary served on the Collingwood FC Board for two years, prior to becoming the CEO, and was a long term board member of the Pacific Star Radio Network, overseeing the operation of SEN Radio.

Gary is a graduate of the Australian Institute of Company Directors and has a vast experience in media and sports administration.

David Chippindall David Chippindall was appointed Company Secretary in October 2018. David has been Chief Financial Officer of the Club since 2014, having joined the Club in 2010. David is an executive member of the Club's Audit, Risk & Integrity Committee, Bentleigh Club sub committee, Investment Committee and Facility Working Group. Prior to his appointment in a full time capacity at the Club David worked in a part time Opposition Analyst role within the Football Department.

David is a graduate of the Australian Institute of Company Directors and a member of the Institute of Chartered Accountants, and was previously employed by Ernst & Young.

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	14	14
John Trotter	14	14
David Thurin	14	14
Kate Roffey	14	14
Steven Morris	14	14
Mohan Jesudason	14	14
David Robb	14	14
Jane Martino	4	4

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

The Club has an Audit, Risk & Integrity Committee which met on three occasions during the year. John Trotter (Chairman), David Robb and Jane Martino were the Board representatives on this Committee during the year. The number of meetings held by the Audit, Risk & Integrity Committee were reduced during the year, given the higher number of full board meetings scheduled as part of the Club's response to COVID-19.

The Club activated its Crisis Management Team during the year to respond to COVID-19. The Team includes the Club's executive, as well as Board Chair Glen Bartlett and Chair of Audit, Risk & Integrity, John Trotter. The Crisis Management Team met on eight occasions 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 claimswhich may arise as a result of work performed in their capacity as a Director.

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 7th day of December 2020.

Glen Bartlett

John Trotter

Ernst & Young
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Building a better working world

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

As lead auditor for the audit of the financial report of Melbourne Football Club Limited for the financial year ended 31 October 2020, 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.

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

Ernst + Young

Ernst & Young

Alison Parker
Partner
7 December 2020

Consolidated Statement of Comprehensive Income

		Consolidated	
For the year ended 31 October 2020	**Note**	**2020 $**	**2019 $**
Revenue	3	30,633,851	48,588,415
Interest Income	3	190,540	198,364
JobKeeper Receipts	2, 3	3,931,800	-
Social club and gaming expenses		(1,469,329)	(3,005,543)
Men's Football costs		(18,427,863)	(26,419,557)
Women's Football costs		(1,375,657)	(1,234,838)
Cost of sales		(506,812)	(985,935)
Administration costs		(4,785,650)	(5,621,764)
Corporate, membership and fundraising expenses		(4,634,644)	(9,877,439)
Finance costs	4	(79,320)	(133,042)
Marketing & communications expenses		(1,366,849)	(2,289,480)
Amortisation costs		(130,400)	(130,400)
Depreciation expenses		(803,143)	(669,200)
Facilities project expenses		-	(243,573)
Asset write off expense		(736,967)	(90,913)
Leighoak Post-Sale Expenses		-	(60,399)
Realised Investment Losses at Amortised Cost		(198,256)	-
Employee Costs eligible through JobKeeper	2	(3,931,800)	-
Net profit/(loss) for the period		**(3,690,499)**	**(1,975,304)**
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Fair Value revaluation of land	16	13,800,000	-
Other comprehensive income for the period		**13,800,000**	**-**
Total comprehensive income / (loss) for the year			
Comprehensive income attributable to members		10,109,501	(1,975,304)
Total comprehensive income for the period attributable to members of Melbourne Football Club Limited		**10,109,501**	**(1,975,304)**

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

Consolidated Statement of Financial Position

As at 31 October 2020	Note	Consolidated 2020 $	Consolidated 2019 $
CURRENT ASSETS			
Cash and cash equivalents	5	1,652,615	225,508
Trade and other receivables	6	633,278	652,347
Inventories	7	216,183	248,474
Other assets	8	185,511	567,582
Financial Investments		510,661	1,000,000
TOTAL CURRENT ASSETS		**3,198,248**	**2,693,911**
NON CURRENT ASSETS			
Property, Plant and Equipment (Excluding Land)	9	1,531,938	2,765,249
Land Assets*	9	22,500,000	8,700,000
Intangible assets	11	233,808	364,208
Investment accounted for using the equity method	12	99,634	137,978
Right-of-use Assets	10	625,181	-
Financial Investments		-	6,580,230
TOTAL NON-CURRENT ASSETS		**24,990,561**	**18,547,665**
TOTAL ASSETS		**28,188,809**	**21,241,576**
CURRENT LIABILITIES			
Trade and other payables	13	3,505,713	4,306,073
Lease Liabilities		326,577	152,620
Provisions	15	599,822	800,955
Income received in advance		2,071,538	2,296,943
Bank overdraft	5	-	322,944
TOTAL CURRENT LIABILITIES		**6,503,650**	**7,879,535**
NON CURRENT LIABILITIES			
Lease Liabilities		297,923	94,626
Interest bearing liabilities	14	-	2,000,000
Provisions	15	143,875	133,555
TOTAL NON-CURRENT LIABILITIES		**441,798**	**2,228,181**
TOTAL LIABILITIES		**6,945,448**	**10,107,716**
NET ASSETS		**21,243,361**	**11,133,860**
MEMBERS' FUNDS			
Asset Revaluation Reserve	16	13,800,000	-
Retained earnings	16	7,443,361	11,133,860
TOTAL MEMBERS' FUNDS		**21,243,361**	**11,133,860**

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

* Carried at Historical Cost in 2019, and Fair Value in 2020

Consolidated Statement of Cash Flows

For the year ended 31 October 2020	Note	Consolidated 2020 $	Consolidated 2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		30,924,315	48,057,001
Interest received		190,540	198,365
JobKeeper receipts		3,435,000	-
Payments to suppliers and employees		(37,158,905)	(49,763,297)
Interest and other costs of finance paid		(60,282)	(133,042)
Interest on Lease Liabilities		(19,038)	-
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		**(2,688,370)**	**(1,640,973)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(236,208)	(652,110)
Net Proceeds/(Payments) for Financial Investments		6,871,314	(7,580,230)
Contribution to Equity Accounted Investment	11	(10,000)	(25,000)
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		**6,625,106**	**(8,257,340)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown / (Repayment) of Bank Overdraft facility		(322,944)	322,944
Repayment of borrowings		(2,000,000)	(628,800)
Principal Repayments of Lease Liabilities		(186,685)	-
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		**(2,509,629)**	**(305,856)**
Net increase/(decrease) in cash held		1,427,107	(10,204,169)
Cash at the beginning of the year		225,508	10,429,677
CASH AT THE END OF THE FINANCIAL YEAR	5	**1,652,615**	**225,508**

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

Statement of Changes in Equity

For the year ended 31 October 2020	Consolidated Retained Earnings $	Asset Revaluation Reserve $	Total Equity $
BALANCE AS AT 1 NOVEMBER 2018	**13,109,164**	**-**	**13,109,164**
Net profit / (loss) for the year	(1,975,304)	-	(1,975,304)
Other comprehensive income	-		-
Total comprehensive income for the period	**(1,975,304)**	**-**	**(1,975,304)**
BALANCE AS AT 31 OCTOBER 2019	**11,133,860**	**-**	**11,133,860**
BALANCE AS AT 1 NOVEMBER 2019	**11,133,860**	**-**	**11,133,860**
Net profit / (loss) for the year	(3,690,499)	-	(3,690,499)
Revaluation of Property, Plant & Equipment	-	13,800,000	13,800,000
Total comprehensive income for the period	**(3,690,499)**	**13,800,000**	**10,109,501**
BALANCE AS AT 31 OCTOBER 2020	**7,443,361**	**13,800,000**	**21,243,361**

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

Notes to the Financial Statements

Year ended 31 October 2020

1. Club Information

Melbourne Football Club Limited is incorporated in Australia and is a public 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 2020 was authorised for issue in accordance with a resolution of the Directors on 7 December 2020.

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, except for the Land class of Property Plant & Equipment, which have been measured at fair value.

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

(b) Going Concern & COVID-19 Impact

The COVID-19 pandemic and the resulting restrictions imposed by the government has had an unprecedented impact on the AFL industry and the Club in the 2020 financial year. In particular, the reduction in games for the season and no or reduced crowds at games due to social distancing requirements impacted the Club's revenues significantly.

The Club undertook significant cost reduction initiatives following the emergence of COVID-19, resulting in:

- $7.992m reduction in men's football program costs, incorporating the revised player payment agreement between the AFL and AFLPA, as well as the reduction of football department staffing costs; and
- $2.099m reduction in Administration and Marketing & Communications costs, comprising reductions in program expenditure, staff costs, and the Club's tenancy agreement.

The Club also made the decision to liquidate the majority of its Investment Portfolio holdings ($6.871m in total), which provided the Club with liquidity to appropriately manage any cashflow challenges arising from COVID-19.

The Club had positive cash flow for the financial year of $1.427m (including debt repayment of $2.000m), and at the balance sheet date had net assets of $21.243m, and a net current asset deficient position of $3.305m. The net current asset deficiency includes $2.071m of income in advance – whilst this represents a service obligation on the Club, it does not represent a cash outflow. In determining the

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

appropriateness of the basis of preparation, the Club has considered the impact of the COVID-19 pandemic on the Club's financial position at 31 October 2020 and its operations in future periods.

At 31 October 2020, the Club had $1.652m of cash and cash equivalents, as well as undrawn debt facilities of $4.500m which matures in December 2022.

As part of its response to the impact of COVID-19, the AFL provided a Letter of Financial Support to all clubs that enabled them to draw on additional funding (debt) support should any club exhaust their own cash reserves and debt facilities. Whilst the Club has had no requirement to draw on these funds, and is not anticipating needing to do so in 2021, this provides important protection for the Club should it be required. The Directors have also assumed that the Club would continue to be considered one of the 18 AFL licenced clubs in its competition strategy going forward, and continue to receive financial distributions from competition-wide revenues (ie. Television and other media rights).

At date of this report, the COVID-19 situation in Victoria has improved to the extent that crowds are presently expected to return to the MCG during the cricket season, whilst restrictions regarding hospitality venues have eased and the Bentleigh Club has recommenced trading. The Club has prepared a cash flow forecast for the next 12 months based on the expectations that crowds are able to return in some capacity for the 2021 AFL season, and the Bentleigh Club can operate within social distancing guidelines.

The Directors have assessed the financial performance and financial position of the Club at 31 October 2020, together with the Club's ongoing operating activities and anticipated future cash flows from operations, committed and planned AFL distributions, financing arrangements and if required, the AFL Letter of Financial Support. Based on these factors, the financial report has been prepared on a going concern basis and the Directors are satisfied that the Club will be able to continue to meet its liabilities as and when they fall due, over the next twelve months.

No adjustments have been made relating to the recoverability and reclassification of recorded asset amounts and classification of liabilities that might be necessary should the Club not continue as a going concern, particularly if current expectations in relation to crowds returning in some capacity for the AFL 2021 Season was not achieved.

(c) 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 consolidated financial statements for the Club are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs).

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

(d) Basis of Consolidation

At 31 October 2020, the Melbourne Football Club (‘MFC’) financial statements are prepared on a consolidated basis. The consolidated financial statements comprise the financial statements of the Club and its wholly owned and controlled entity, Casey FC Limited, as at 31 October 2020. Control is achieved when the Club is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Club controls an investee if, and only if, the Club has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Club has less than a majority of the voting or similar rights of an investee, the Club considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Club’s voting rights and potential voting rights

MFC re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Club obtains control over the subsidiary and ceases when the Club loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Club gains control until the date the Club ceases to control the subsidiary.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Club loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, noncontrolling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

(e) Business Combinations

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 Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

(f) Revenue Recognition

Revenue from contracts with customers

AASB 15 Revenue from Contracts with Customers creates a detailed framework for determining whether, how much and when revenue is recognised. AASB 15 supersedes AASB 118 Revenue and related interpretations and it applied, with limited exceptions, to all revenue arising from contracts with its customers.

AASB 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised as or when each performance obligation is satisfied at the amount of the transaction price allocated to that performance obligation. If the consideration in the contract includes a variable amount, the amount of consideration to which the entity is entitled in exchange for transferring the goods or services to the customer is estimated. The estimated variable consideration is constrained such that it is highly probable that a significant reversal of revenue will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

The Club has adopted AASB 15 using the modified retrospective approach, and the Club has undertaken an assessment of the impacts of transitioning to AASB 16 on its sources of revenue

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 2020, 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. It was assessed by the club that performance obligations for all revenue streams outlined above occur significantly within the reporting period, and therefore the adoption of AASB 15 on recognition of revenue based on performance obligations do not impact the Club's current revenue recognition.

(g) 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. Property, plant and equipment related to Land has been re-assessed during the 2020 year and is now recognised at fair value at the date of the revaluation, less any subsequent accumulated impairment losses (refer to Note 2 (y) and Note 9 for further details). Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

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:

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

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%

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 on acquisition.

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

(h) 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.

(i) 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.

(j) 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

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

(k) 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*.

(l) Provisions and employee benefits

(i) Wages, salaries and annual leave

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

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

(ii) Long service leave

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

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

Expected future payments are discounted using market yields at 31 October 2020 on High Quality Corporate Bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(m) 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.

(n) Comparative Figures

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

(o) Cash and cash equivalents

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

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.

(p) 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.

(q) Financial Asset Investments

Non-derivative financial instruments held by Melbourne Football Club comprise investments in equity and debt securities. A financial instrument is recognised if the Club becomes a party to the contractual provisions of the instrument. Financial Assets are derecognised if the Club's contractual rights to the cash flows from the financial assets expire or if the Club transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date (ie. The date that the Club commits itself to purchase or sell the asset).

Financial instruments held to collect that mature greater than 12 months after balance date are classified as non-current assets and are stated at amortised cost, with amortised capital expense from the investment recognised in the statement of comprehensive income. Financial Instruments held to collect that mature within 12 months of balance date are classified as current assets stated at amortised cost.

The financial investment assets are initially recognised at the cost price based on the quoted market price of the Financial Instrument at the date the club commits to purchase of the instrument, and are subsequently held at amortised cost.

(r) 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.

(s) 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.

(t) 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

(u) 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.

(v) 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.

(w) Leases

This section explains the impact of the adoption of AASB 16 Leases on the Club's Consolidated financial statements and discloses the new accounting policies that have been applied for the first full accounting period after 1 July 2019.

AASB 16 Leases supersedes AASB 117 Leases (AASB 117) and related interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

The Club has adopted AASB 16 retrospectively from 1 November 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transition provisions in the standard. The reclassification and the adjustments arising from the new leasing standard are therefore recognised in the opening consolidated Statement of Financial Position on 1 November 2019.

Before the adoption of AASB 16, the Group classified each of its Leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Club; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the

Lease at the inception date fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was note capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term.

In applying AASB 16 for the first time, the Club has used the following practical expedients permitted by the standard:

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics (where the interest rate is not implicit in the contract);
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 November 2019 as short-term leases;
- Excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- Relying on its assessment of whether leases are onerous immediately before the date of initial application

The Club did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (ie. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied to these leases from 1 November 2019.

Measurement of lease liabilities

The Club recognised lease liabilities in relation to leases which had been previously classified as ‘operating leases’ under the principles of AASB 117. These liabilities were measured at the present value of the remaining lease payments, which contained the following components:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index (CPI) or a fixed rate as outlined in the lease, initially measured using the index (CPI) or fixed rate as at the commencement date; and
- Lease payments with reasonably certain extension options

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases for the Club, the lessee’s incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The incremental borrowing rate is calculated by applying the interest rate on the Club’s external borrowings for a term near equivalent to the lease. If there are no borrowings that mature within a reasonable proximity of the lease term, indicative pricing of where the Club can price a new debt issue for a comparative term is used in the calculation.

After the date of initial adoption of AASB 16, the group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. If determined to be a lease, the accounting principles noted above is applied.

Measurement of right-of-use assets

The associated right-of-use assets for leases were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised in the

statement of financial position immediately before the date of initial application. Right-of-use assets are measured at cost comprising of the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date, less any lease incentives received;
- Any initial direct costs; and
- Restoration costs.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

After the date of initial adoption of AASB 16, the Club recognised right-of-use assets at the commencement date of the lease (ie. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Club is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are tested for impairment.

Lease Term

The Club determines the lease term as the non-cancellable period of a lease, together with both:

- The periods covered by an option to extend the lease if it is reasonably certain to exercise that option; and
- Periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option

Short-tern leases and leases of low-value assets

The Club applies the short-term lease recognition exemption to its short-term leases of property, plant and equipment (ie. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low-value. Lease payments on short-term leases and leases of low-value assets are recognised as an expense on a straight-line basis over the lease term.

Financial Statement Impact on adoption at 1 November 2019

The difference between the operating lease commitments disclosed at 31 October 2019 and the balance of the lease liabilities recognised at 1 November 2019 reflects:

- Discounting using the incremental borrowing rate;
- Reclassification of lease asset and liabilities already recognised on the balance sheet as finance leases; and
- Exclusion of leases exercised under practical expedients related to short term and low-value leases as at 1 November 2019;

The following table shows the adjustments for AASB 16 as recognised for each individual financial statement line item. Line items that were not affected by the changes have been included within “all other”.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

Consolidated Statement of Financial Position (Extract):

	31 October 2019 As originally presented $	Total AASB 16 Impact $	1 November 2019 Restated $
Current Assets			
All other current assets	2,693,911		2,693,911
Total Current Assets	**2,693,911**		**2,693,911**
Non-Current Assets			
Right-of-use assets		**154,956**	**154,956**
All other non-current assets	18,547,665	(154,956)	18,392,709
Total Non-Current Assets	18,547,665		18,547,665
Total Assets	**21,241,576**		**21,241,576**
Current Liabilities			
Lease Liabilities		**89,540**	**89,540**
All other current liabilities	7,879,535	(89,540)	7,789,995
Total Current Liabilities	**7,879,535**		**7,879,535**
Non-Current Liabilities			
Lease Liabilities		**94,626**	**94,626**
All other Non-Current Liabilities	2,228,181	(94,626)	2,133,555
Total Non-Current Liabilities	2,228,181		2,228,181
Total Liabilities	**10,107,716**		**10,107,716**
Net Assets	**11,133,860**		**11,133,860**
Equity			
Retained Earnings	**11,133,860**		**11,133,860**
Total Equity	**11,133,860**		**11,133,860**

(x) 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

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

Valuation of Land Property Plant & Equipment

The Club carries the Land class of Property, Plant and Equipment at fair value at its initial recognition date, which has been determined based on an external valuation that has been obtained on the subject property held. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market or in its absence, in the most advantageous market and is based on its highest and best use. 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.

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

Revaluation of Land (Property, Plant and Equipment)

The Club re-assessed its accounting policy for property, plant and equipment with respect to measurement of a certain class of property, plant and equipment after initial recognition related to the Land held. The Club had previously measured Land held (related to the Bentleigh Club site) using the cost model whereby, after initial recognition of the asset classified as property, plant and equipment, the asset was carried at cost less accumulated depreciation and accumulated impairment losses. A revaluation surplus is recorded in OCI and credited to the asset revaluation surplus in equity. However to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit and loss. A revaluation deficit is recognised in the statement of profit or loss, except to the extent that it offsets an existing surplus on the same asset in the asset revaluation surplus.

The Club elected to change the method of accounting for Land classified as property, plant and equipment as at the initial recognition date of 31 October 2020, as the Club believes that the revaluation model provides more relevant information to the users of the financial statement as it is more aligned to the strategic direction of the business. In addition, available valuation techniques provide reliable estimates of the properties' fair value. The Club applied the revaluation model prospectively.

After initial recognition, the Land held are measured at fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. For further details, refer to Note 9.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

2. Summary of significant accounting policies (continued)

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 2019. The adoption of these new and revised Standards and Interpretation has resulted in no change to the Club's accounting policies.

AASB 15 Revenue from Contracts with Customers

The Club has adopted AASB 15 Revenue from Contracts with Customers from 1 November 2019. The adoption of AASB 15 did not have a significant impact on the club's current revenue recognition previously applied.

AASB 16 Leases

AASB 16 supersedes AASB 117 Leases, IFRIC 4 *Determining whether an Arrangement contains a lease, SIC-15 Operating Leases – Incentives* and *SIC-27 Evaluating the Substance of Transactions involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Club adopted AASB 16 using the modified retrospective method of application, with the date of initial application of 1 November 2019. The Club elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 November 2019. Instead, the Club applied the standard only to contracts that were previously identified as leases applying AASB 117 and IFRIC 4 at the date of initial application. The Club also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Refer to Note 2 (v) above for further detail on the accounting policy applied.

(z) Government Grants - JobKeeper

During the year, the Club was entitled to government payments relating to employee retention schemes in Australia as a result of COVID-19. The Club has presented JobKeeper Grants related to payroll expenses as a separate income and related eligible employee payroll expense in the Statement of Comprehensive Income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

	Consolidated 2020 $	Consolidated 2019 $
3. Revenue from Continuing Operations		
Revenue from Football-Related Activities		
Gate Receipts	1,757,000	6,226,486
Distributions from the AFL	12,613,461	16,323,571
Merchandise	604,601	717,215
Membership, Annual Reserved Seating and General Fundraising	7,728,060	9,591,733
Sponsorship & Corporate Hospitality	5,622,789	10,200,661
Other Revenue	604,472	988,684
Total revenue from Football-Related Activities	**28,930,383**	**44,048,350**
Revenue from other activities		
Social and Gaming Revenue	1,703,468	4,540,065
Total Revenue from Other Activities	**1,703,468**	**4,540,065**
Total Revenue	**30,633,851**	**48,588,415**
Other Income		
Interest	190,540	198,364
JobKeeper Receipts	3,931,800	-
Total Other Income	**4,122,340**	**198,364**

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

	Consolidated 2020 $	Consolidated 2019 $
4. Expenses		
Finance Costs		
- Interest paid to external entities from continuing operations	60,282	133,042
- Interest Expense on Lease Liabilities	19,038	-
Total finance costs	**79,320**	**133,042**
Employee benefits expense		
Salary, wages and termination expense	20,138,550	29,390,081
Employee Costs eligible through JobKeeper	3,931,800	-
Superannuation expense	1,581,269	2,070,098
Total Gross employee benefits expense	**25,651,620**	**31,460,179**
JobKeeper Receipts	3,931,800	**-**
Total Net employee benefits expense	**21,719,819**	**31,460,179**
Occupancy Expenses		
Minimum lease payments	-	1,043,737
	-	**1,043,737**
Other		
Bad debts	-	1,445
Doubtful debts recognised/(recovered)	-	-

5. Cash and Cash Equivalents

	2020 $	2019 $
Cash at bank and in hand	1,652,615	225,508
	1,652,615	**225,508**

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 2020, as well as Overdraft facilities currently drawn down:

	2020 $	2019 $
Cash at bank and in hand	1,652,615	225,508
Bank overdraft	-	(322,944)
	1,652,615	**(97,436)**

Financing facilities

At 31 October 2020, the Club no longer holds an overdraft facility with Westpac (FY19: $400,000)., The facility was drawn at the end of the prior year ((FY19: $322,944 drawn).

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

	Consolidated 2020 $	Consolidated 2019 $
6. Trade and Other Receivables		
Current		
Trade receivables	59,633	625,021
Less provision for Doubtful Debts (a)	(1,155)	(1,155)
Other receivables (b)	574,800	28,481
	633,278	**652,347**

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

	2020 $	2019 $
Opening balance	1,155	2,600
Charge for the year	-	-
Previously recognised doubtful debts written off	-	(1,445)
Amounts recovered	-	-
Closing balance	**1,155**	**1,155**

(b) Other receivables are inclusive of $496,800 JobKeeper Receivable, refer to note 2 (z) for accounting policy treatment.

7. Inventories	2020 $	2019 $
Merchandise	194,803	137,466
Food and beverage	21,380	111,008
	216,183	**248,474**

(a) Cost of Sales

Cost of Sales for the year ended 31 October 2020 totalled $506,812 (FY19: $973,178) for the Club.

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

8. Other Assets	2020 $	2019 $
Prepayments	180,511	562,655
Other	5,000	4,927
	185,511	**567,582**

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

	Consolidated 2020 $	Consolidated 2019 $
9. Property, Plant and Equipment		
Furniture and fittings		
Cost		
Opening balance	429,631	377,886
Additions	99,736	51,745
Disposals / Retirements	(100,007)	-
Closing balance	**429,360**	**429,631**
Accumulated depreciation		
Opening balance	264,716	248,296
Depreciation for the year	41,725	16,420
Disposals / Retirements	(29,201)	-
Closing balance	**277,240**	**264,716**
Net book value	**152,120**	**164,915**
Plant and equipment		
Cost		
Opening balance	2,373,215	2,325,984
Additions	128,339	336,963
Disposals / Retirements	(409,508)	(289,732)
Closing balance	**2,092,046**	**2,373,215**
Accumulated depreciation		
Opening balance	1,859,890	1,870,695
Depreciation for the year	131,462	191,267
Disposals / Retirements	(275,246)	(202,072)
Closing balance	**1,716,106**	**1,859,890**
Net book value	**375,940**	**513,325**
Leasehold improvements		
Cost		
Opening balance	2,126,426	2,098,533
Additions	5,130	27,893
Disposals / Retirements	(1,278,295)	-
Closing balance	**853,261**	**2,126,426**
Accumulated depreciation		
Opening balance	837,974	596,048
Depreciation for the year	293,525	243,344
Disposals / Retirements	(816,288)	(1,418)
Closing balance	**315,211**	**837,974**
Net book value	**538,050**	**1,288,452**
Motor vehicles		
Cost		
Opening balance	7,273	7,273
Additions	-	-
Disposals / Retirements	-	-
Closing balance	**7,273**	**7,273**
Accumulated depreciation		
Opening balance	7,271	7,271
Depreciation for the year	-	-
Disposals / Retirements	-	-
Closing balance	**7,271**	**7,271**
Net book value	**2**	**2**
Purchased Memorabilia		

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

Cost		
Opening balance	113,090	113,090
Additions	-	-
Closing balance	**113,090**	**113,090**
Accumulated Depreciation		
Opening Balance	113,090	113,090
Depreciation for the year	-	-
Closing Balance	**113,090**	**113,090**
Net Book Value	**-**	**-**
Gaming Machines		
Cost		
Opening balance	1,969,622	1,773,182
Reclassification to ROU Assets	(191,650)	-
Additions	18,500	196,440
Disposals / Retirements	-	-
Closing balance	**1,796,472**	**1,969,622**
Accumulated depreciation		
Opening balance	1,171,067	960,789
Reclassification to ROU Assets	(36,694)	-
Depreciation for the year	185,559	218,169
Disposals / Retirements	10,714	(7,891)
Closing balance	**1,330,646**	**1,171,067**
Net book value	**465,826**	**798,555**
Land		
Cost		
Opening balance	8,700,000	8,700,000
Fair Value adjustment	13,800,000	-
Closing balance	**22,500,000**	**8,700,000**
Net book value	**22,500,000**	**8,700,000**
Capital Works in Progress		
Cost		
Opening Balance	-	-
Additions	266,972	4,569
Transfers	(266,972)	(4,569)
Closing Balance	**-**	**-**
Net book value	**-**	**-**
Total property, plant and equipment		
Opening balance	15,719,257	15,395,948
Reclassifications to ROU Assets	(191,650)	-
Additions	518,677	617,610
Fair Value adjustment	13,800,000	
Disposals / Retirements	(1,787,810)	(289,732)
Transfer of WIP	(266,972)	(4,569)
Closing balance	**27,791,502**	**15,719,257**
Accumulated depreciation		
Opening balance	4,254,008	3,796,189
Reclassifications to ROU Assets	(36,694)	-
Depreciation for the year	652,271	669,200
Disposals / Retirements	(1,110,021)	(211,381)
Closing balance	**3,759,564**	**4,254,008**
Net book value	**24,031,938**	**11,465,249**

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

Consolidated

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

	2020 $	2019 $
10. Right-of-use Assets		
Gaming Machines		
Cost		
Opening balance	-	-
Reclassifications from PPE	191,650	-
Closing balance	**191,650**	**-**
Accumulated depreciation		
Opening balance	-	-
Reclassification from PPE	36,694	-
Depreciation for the year	34,478	-
Closing balance	**71,172**	**-**
Net book value	**120,478**	**-**
Motor Vehicles		
Cost		
Opening balance	-	-
Additions	59,768	-
Closing balance	**59,768**	**-**
Accumulated depreciation		
Opening balance	-	-
Depreciation for the year	9,439	-
Closing balance	**9,439**	**-**
Net book value	**50,329**	**-**
Buildings		
Cost		
Opening balance	-	-
Additions	561,329	-
Closing balance	**561,329**	**-**
Accumulated depreciation		
Opening balance	-	-
Depreciation for the year	106,955	-
Closing balance	**106,955**	**-**
Net book value	**454,374**	**-**
Total Right-of-use Assets		
Cost		
Opening balance	-	-
Reclassification from PPE	191,650	
Additions	621,097	-
Closing balance	**812,747**	**-**
Accumulated depreciation		
Opening balance	-	-
Reclassification from PPE	36,694	
Depreciation for the year	150,872	-
Closing balance	**187,566**	**-**
Net book value	**625,181**	**-**

The above Right-of-use assets have been recognised from inception date of leases that have been entered into during the FY20 year, as well as assets from Finance leases previously accounted for on the balance sheet by the Club. There was no comparable balance on the balance sheet in FY19 due to the adoption of the AASB 16 standard at 1 November 2019.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

	Consolidated 2020 $	Consolidated 2019 $
11. Intangible Assets		
Year ended 31 October		
Opening balance net of accumulated amortisation and impairment	364,208	494,608
Amortisation – Bentleigh Club	(130,400)	(130,400)
Closing balance net of accumulated amortisation and impairment	**233,808**	**364,208**
At 31 October		
Cost (gross carrying amount)	1,303,998	1,303,998
Accumulated amortisation and impairment	(1,070,190)	(939,790)
Net carrying amount	**233,808**	**364,208**

Bentleigh Club

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

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.

During the 2018 Financial Year, the Club was invited to extend its gaming machine entitlements for the Bentleigh Club for a further 10 years. The Club made the decision not to extend its entitlements and as a result, gaming operations will conclude at the Bentleigh Club in August 2022.

12. 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.

	2020 $	2019 $
Share of the joint venture's statement of financial position:		
Opening investment in joint venture	431,243	406,243
Cash (distribution received)/ injection	10,000	25,000
Investment in joint venture	**441,243**	**431,243**
Retained earnings	(293,265)	(250,867)
Share of the joint venture's profit or (loss):		
Loss	(48,344)	(42,398)
Carrying value of investment in jointly controlled entity	**99,634**	**137,978**

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

		Consolidated	
		2020	**2019**
		$	**$**
13. Trade and Other Payables			
Current			
Trade creditors	(a)	1,584,867	3,394,623
State gaming tax payable		-	5,701
Other creditors and accruals		1,932,281	959,911
GST Payable (Net)		(11,435)	(54,162)
		3,505,713	**4,306,073**

(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.

14. Interest Bearing Loans and Liabilities

Current			
Commercial bill facility – Operating	(i)	-	-
		-	**-**
Non-Current			
Commercial bill facility – Operating	(i)	-	2,000,000
		-	**2,000,000**
Total Interest-Bearing Loans and Liabilities		**-**	**2,000,000**

The Club has one facility with Westpac as at 31 October 2020.

(i) Operating Facility

The facility provides the Club to draw funds up to a limit of $4.500m as a commercial bill facility. The commercial bill facility was fully repaid (FY19: $2.0m drawn) as at 31 October 2020.

The facility has an expiry date of 31 December 2022, after having renewed the facility agreement with Westpac Banking Corporation on 6 October 2020. Whilst there is no amount drawn on this facility at year end, if an amount was drawn it would be classified as a non-current liability given the facility expiry date extends beyond 12 months. No mandatory repayments were scheduled for 2020, however repayments totalling $2.0m were made for the year.

The facility is supported by a $3.500m guarantee provided by the Australian Football League. The facility is also secured by fixed and floating charges over existing and future assets of the Club.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

14. Interest Bearing Loans and Liabilities (Continued)

(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, cash and cash equivalents and holdings in Financial Instrument Investments.

The Club decided during the year to liquidate part of its Financial Instrument Investments in order to provide cash reserves and an undrawn debt facility, should it require access to these funds in order to manage the effects of COVID-19 into 2021.

In addition to its own capital sources, the Club also has access to debt funding via the AFL's centralised debt facility, which was implemented during April 2020 to assist the industry in managing the impact of COVID-19. The details of this facility were detailed in and AFL Letter of Financial Support. The Club did not require access to this facility during 2020.

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

15. Provisions

	Annual Leave $	Long Service Leave $	Jackpot (Gaming Clubs) $	Total $
Current	222,689	370,957	6,167	599,822
Non-current	-	143,875	-	143,875
At 31 October 2020	**222,689**	**514,832**	**6,167**	**743,697**
Current	385,949	409,810	5,196	800,955
Non-current	-	133,555	-	133,555
At 31 October 2019	**385,949**	**543,365**	**5,196**	**934,510**

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

	Consolidated	
	2020	**2019**
	$	**$**

16. Retained Earnings & Reserves

Retained earnings at beginning of financial year	11,133,860	13,109,164
Net profit	(3,690,499)	(1,975,304)
Retained earnings at end of financial year	**7,443,361**	**11,133,860**

OCI Items
The disaggregation of changes of OCI by each type of reserve in equity is shown below:

Asset Revaluation Reserve

Revaluation of Land held within PPE	13,800,000	-
	13,800,000	**-**

17. Commitments

AFL Player & Coaches Commitments:
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 and Coaches payments are substantially underwritten by the AFL in accordance with the Collective Bargaining Agreement between the AFL and the AFL Players Association. On 20th November 2020 the AFL and the AFLPA announced a revision to the total player payments limit for 2021, which is expected to change the commitments that existed at year-end.

- Not later than 1 year	14,938,500	15,687,026
- Later than 1 year but not later than 2 years	8,937,000	11,125,000
- Later than 2 years but not later than 5 years	6,990,000	8,140,000
	30,865,500	**34,952,026**

18. 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	67,430	67,430
Remuneration for other audit services	11,000	17,000

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

19. Remuneration of Key Management Personnel

Key management personnel are determined to be the Board of Directors, Chief Executive Officer, Chief Commercial Officer, Chief Financial Officer & Head of Major Projects, General Manager Football & Casey Operations, General Manager Marketing, Communications & Digital, and the Senior Coach.

Under the Club's constitution, remuneration for Directors of the Club is not permitted and there has been no remuneration paid to Directors in the financial year.

	Consolidated	
Compensation for Key Management Personnel	**2020 $**	**2019 $**
Salaries	2,573,664	3,013,150
Total Compensation	**2,573,664**	**3,013,150**

20. 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
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.

	Consolidated	
	2020 $	**2019 $**
Amounts provided to the Club:		
Glen Bartlett - Corporate Packages	-	3,548
David Thurin - Corporate Packages	-	1,930
John Trotter - Corporate Packages	-	3,579
Kate Roffey - Corporate Packages	-	-
Mohan Jesudason - Corporate Packages	-	-
Jane Martino - Corporate Packages	-	1,691
David Robb - Corporate Packages	-	5,950
Steve Morris - Corporate Packages	-	880

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

21. 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, financial instrument investments 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, the Club's debt facility obligations, and financial instrument investments held.

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

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

(b) Foreign currency risk

The Club has no exposure to foreign currency risk.

(c) Liquidity risk

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

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

(d) Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Club is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments held.

The Club's approach to credit risks with regards to trade receivables is based on established protocols in place for review of receivable ageing. Assessment is not performed using the expected credit loss model as it is not considered material to the financial statements, and collectability is not considered high risk.

Credit Risk in regard to Financial Instruments held are managed by the Club's Investments Sub-Committee. Investment decisions (including changes in investment composition) is reviewed and approved by the Investment Sub-Committee, and subsequently the Board, before investments are made. The Club invests only on quoted debt securities with very low credit risk. These factors are taken into consideration by management in mitigating risk of financial loss through a counterparty's potential failure to make payments.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2020

22. 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.

23. Events after the Balance Sheet Date

There has been no other matter or circumstance that has arisen since the end of the financial year that has significantly affected the results of operations or the Club's state of affairs for the year ended 31 October 2020.

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 consolidated 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 2020 and of its performance for the year ended on that date; and

  (ii) complying with *Australian Accounting Standards – Reduced Disclosure Requirements* (including the Australian Accounting Interpretations) and *Corporations Regulations 2001*; and

(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
7 December 2020

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

Opinion

We have audited the financial report of Melbourne Football Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

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

a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2020 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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

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

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

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

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Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our auditor's report.

Ernst + Young

Ernst & Young

Alison Parker

Alison Parker
Partner
Melbourne
7 December 2020

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