



# FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2021

ACN 005 686 902

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## Directors' Report

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

The Directors hereby present their report pursuant to the requirements of the Corporations Act 2001 on the state of affairs of the Club at 31 October 2021.

### 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

2021 has been an exceptional year for the Melbourne Football Club. Winning our 13<sup>th</sup> Premiership confirms our re-emergence as one of the pre-eminent clubs within the AFL, and is the culmination of the efforts to rebuild the Club on and off the field over recent years. In addition to the success of the men's team, our AFLW team also recorded a Club best performance by reaching a preliminary final, we set a new club membership record, managed through a second COVID affected year whilst recording an operating profit, and entered an agreement to divest the Bentleigh Club land.

Against a backdrop of COVID restrictions, it again took high levels of commitment from all involved to ensure that the 2021 AFL and AFLW seasons were completed. The Club acknowledges efforts at all levels – from the AFL, state and territory governments to players, coaches, staff, members and sponsors – which facilitated this achievement.

#### Key Highlights

- The Club recorded an operating profit for the year of \$2.1m. This represents a turnaround of \$5.1m from 2020, driven by a combination of strong cost control, the partial return of games played with crowds in attendance, and the 2021 Premiership.
- Despite the strong turnaround in financial performance year on year, Club finances were still affected significantly by COVID-19 in 2021. This included relocation of the Alice Springs and Queen's Birthday home games to New South Wales, playing three home games in Melbourne without crowds, and the relocation of the football department to Perth for the Finals Series. The Club estimates the adverse impact on 2021 net profit as a result was ~\$5m – \$6m.
- The Club's cash reserves were \$9.6m at year end (FY20: \$1.7m). This balance resulted from unprecedented retail activity during the final series and was offset by an increase in trade and other payables of \$2.6m and income received in advance of \$2.7m. It is pleasing for the Club to be in such a strong liquidity position after two COVID affected years.
- The Club entered a contract of sale for the Bentleigh Club land during the year. The sale contract is for \$23.7m, \$1.2m above the carrying value, and will enable the Club to create a Future Fund with the sale proceeds (after transaction costs) of ~\$23.3m upon settlement of the transaction in 2022.
- A Club record 54,495 dedicated Demons signed up as members in 2021, an increase of 13,769 from 2020. This achievement in the face of continuing uncertainty surrounding attendance at matches, including the relocation of Queen's Birthday to Sydney and the finals series outside Victoria, reflects the commitment and loyalty of our members. Whilst it was disappointing COVID restrictions meant that many of our members could not attend the Grand Final, the number of Demons proudly showing their colours and support during our finals campaign was a great source of pride and inspiration for all involved in the Club.

- Our partners have once again shown their fantastic support of the Club in 2021. The Club retained all but one partner from the COVID affected 2020 season, including Co-Principal partners Zurich and Jaguar, whilst also welcoming new partners Beyond Bank, Coinjar, Bleasedale Wines, Torrens University, Australian Bond Exchange, Prats and Snooza to the Club.

The Club recorded a statutory profit of \$2.6m during the year, and an operating profit of \$2.1m. A reconciliation of this is outlined below:

		2021	2020
		\$	\$
	<b>Statutory Profit</b>	<b>2,638,228</b>	<b>(3,690,499)</b>
Less	Gosch's Paddock Grant	(500,000)	
Add back	Asset write offs	-	736,967
	<b>Operating Profit</b>	<b>2,138,228</b>	<b>(2,953,532)</b>

To record an operating profit, and a year on year turn around of \$5.1m, in the second COVID affected year is satisfying for all involved in the Club. Whilst the Premiership was a significant driver of this result, so to was the Club's cost management efforts, and the increased revenue associated with a partial return to games played in front of crowds.

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

### Revenue

The Club's operating revenue increased by \$14.5m (47%) during the year to \$45.1m. This increase was driven by increases of:

- \$3.0m in match receipts, following a partial return to games played in front of crowds. The Club welcomed back 203,000 people to the Club's home games at the MCG during the season;
- \$2.7m (439%) in merchandise sales. The spike was driven by the Club's successful finals campaign, and this also contributed \$1.0m of the increase in prepaid income recognised on the Balance Sheet;
- \$2.7m in AFL distributions, with \$1.4m relating to a contribution of the increase in the total player payments limit, and \$1.0m relating to the reinstatement of Competitive Balance funding after it ceased part way through 2020 as a result of COVID-19. Competitive Balance payments in 2021 remained \$1.0m below their pre-COVID level;
- \$2.4m in sponsorship and corporate hospitality revenue, driven by a combination of return of corporate functions at matches, and sponsor finals bonuses; and
- \$1.7m in membership and fundraising income, driven by a Club record membership tally during the season.

In addition, the Club received \$1.6m in funds relating to the Federal Government's Jobkeeper program during 2021 (2020: \$3.9m). These funds were passed on to staff in accordance with the requirements of the program.

Whilst it was pleasing to record such a significant year on year increase in revenue, it is important to note that the Club's 2021 revenue remains \$3.5m below the 2019 (pre-COVID) operating revenue of \$48.6m. The 2019 revenue level was achieved during a season where the Club finished 17<sup>th</sup> on the ladder, and as a result the opportunity cost the Club endured during 2021 is more significant than the \$3.5m difference between these two years. Key revenue streams that were impacted by COVID during 2021 include:

- Match receipts, which were impacted by the requirement to relocate two of the Club's most significant matches, Queen's Birthday and its Alice Springs home game, as a result of COVID restrictions. The Club also played a further three matches without crowds at the MCG. The Club estimates that net financial impact of these match day factors was ~\$4m; and
- Membership, which was affected by the above-mentioned impact on home games, as well as the relocation of finals from Melbourne. It is estimated the impact of this was between \$1m - \$2m.

## Expenses

Strong cost control has continued to be a focus during 2021 as part of the Club's response to the financial impact of COVID-19. The Club's operating expenditure grew by \$5.7m (15%) during the year to \$44.1m, however this has been significantly outpaced by revenue growth during the year. The key increases were:

- \$3.0m in men's football program costs. There was a \$4.7m increase in player payments, including \$0.5m relating to the players share of AFL prizemoney as a result of winning the Premiership. Football program costs (excluding players) declined by \$1.7m in 2021, due to the AFL mandated 36% reduction in the Football Department Soft Cap;
- \$0.5m in AFLW football program costs. \$0.3m of this was attributable to an increase in the player payments limit, with the balance relating to program costs;
- \$1.3m in cost of goods sold, driven by the increased merchandising sales as a result of the Club's finals campaign; and
- \$2.0m in membership, corporate and fundraising expenditure, driven largely by the increased activity that has occurred as a result of the partial return to matches played in front of crowds, and the Club's increased membership tally.

## Balance Sheet

The Balance Sheet remains strong, which has enabled the Club to continue to manage the impact of COVID-19 without AFL assistance. Key items of the Balance Sheet at year end are detailed below:

- The Club entered a sale agreement for the Bentleigh Club land during 2021, which will settle in 2022. The Bentleigh Club land is now classified as an asset held for sale in the Balance Sheet (in accordance with Australian Accounting Standards), and is carried at the sale price less expected transaction costs of \$0.4m.
- The Club had cash reserves of \$9.6m on hand at year end, an increase of \$7.9m from 2020. This increase was driven by a combination of:
  - A \$2.7m increase in income received in advance. \$1.0m of this movement relates to premiership merchandise, with a further \$1.4m due to an increased number of memberships purchased prior to 31 October;
  - A \$2.6m increase in trade and other payables, as a result of the increased trading activity associated with the Club's finals campaign, including merchandise stock purchases;
  - A \$2.1m operating profit, driven by the factors previously outlined; and a
  - \$0.5m in grant funding received from the AFL for the Gosch's Paddock upgrade. Payment of the AFL's contribution, and the Club's contribution of \$0.5m towards the project, will be made early in FY22.
- The Club remains debt free at year end.

## 2022 Outlook

It is anticipated that the Club's financial performance during 2022 will continue to be affected by possible COVID-19 restrictions during the men's season. These include but are not limited to interstate border restrictions, venue attendance capacity limits, 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 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 expectations that crowds are able to return for the 2022 AFL season.

## Bentleigh Club Sale and Future Fund

As outlined previously, the Club has reached an agreement to sell the Bentleigh Club in 2022.

The Board will establish a Future Fund with the proceeds of the sale, with the purpose of the Future Fund to underpin the long term financial sustainability of the Club. A key objective of the Future Fund is ensuring that the Club continues to have a strong Balance Sheet that protects the Club's financial viability into the future. Parameters will be established that govern the use of capital within the Future Fund,

including that only the income generated by the Future Fund is able to fund the operating activities of the Club.

The Future Fund will generate an annual income stream that supplements the Club's football generated income and replaces income previously generated by the Bentleigh Club and Leighoak gaming venues. Given settlement occurs late in 2022, it is anticipated this income will begin to be generated from 2023.

The sale of Bentleigh Club is a culmination of a long term strategy to exit the gaming industry, which commenced with the sale of Leighoak in 2018 for \$10.7m. The Club exits gaming with combined sale proceeds of \$34.4m, and the expectation of an annual income stream from the Future Fund that will exceed income otherwise expected had the Club had retained its two gaming venues. The Club is also cognisant of changing community sentiment regarding gaming machines, and is pleased that the exit is in accordance with community expectations.

The Board recognises that the sale of Bentleigh Club is only possible because of the hard work of previous Boards and executive management teams. The Board thanks all past directors and executives involved in the entire life cycle of the Bentleigh Club relationship for their contribution, particularly those involved in establishing the relationship in 1997 and achieving the merger in 2011.

### **Football Programs**

Our AFLW team performed strongly in 2021, reaching the preliminary final before exiting at the hands of the Adelaide Crows. This was the team's best finish since the commencement of the competition, and we look forward to the team going further again in 2022.

Karen Paxman capped off another stellar year with selection in the All Australian team, while Tyla Hanks was awarded the Rising Star. Both Karen and Tyla were also recognised internally for their strong seasons, sharing the Best & Fairest award.

The Board thanks our AFLW players for their efforts in 2021, and acknowledges Senior Coach Mick Stinear and Captain Daisy Pearce for their ongoing leadership of the program.

2021 was a fantastic year for our men's team, winning the Club's first premiership in 57 years. The performance of the players, coaches and staff made all involved in the Club proud, as they went on a 9-game winning streak to start the season before capturing the Premiership with three emphatic finals victories. The Board thanks the men's football program for their ongoing sacrifice in the pursuit of excellence, including the requirement to manage the impact of additional COVID restrictions during the season, and acknowledges in particular CEO Gary Pert, GM AFL Football Performance Alan Richardson, Senior Coach Simon Goodwin and Captain Max Gawn for their leadership during the year.

At the time of writing the Club is yet to award its 2021 Keith 'Bluey' Truscott trophy winner. It is however fitting to recognise the individual performances of a number of players during the season, including Max Gawn, Christian Petracca, Clayton Oliver, Steven May and Jake Lever for their outstanding seasons that saw them selected in the All Australian team. Christian also capped off a magnificent season with the Norm Smith Medal for best on ground in the Grand Final against the Western Bulldogs, whilst Luke Jackson was awarded the Rising Star in recognition as the competition's best young player.

Nathan Jones announced his retirement during the course of the finals series. Nathan departs as a legend of our Club, being only the second player in the Club's history to reach the 300 game milestone, which he achieved in a fitting victory in front of 56 thousand loyal Melbourne supporters on Anzac Eve. A former Club Captain and a three time best and fairest winner, Nathan has led by example throughout his career and leaves knowing he has played his role in developing a playing group capable of winning a premiership. Life member Neville Jetta also departs the Club after 159 games in the red and blue. The Club thanks all other departing players for their contribution Club during their time with the Club.

2021 was a big year for player milestones. In addition to Nathan playing his 300<sup>th</sup> game, Max Gawn and Jack Viney played their 150<sup>th</sup> matches, whilst Clayton Oliver, Angus Brayshaw, Alex Neal-Bullen, Jake Lever and Ed Langdon registered 100 games. The Club congratulates all players on reaching individual milestones during the season.

Darren Burgess departs the Club at the conclusion of 2021, relocating to South Australia for family reasons. Whilst Darren's time at the Club was short, his role in our Premiership win should not be

underestimated, particularly given our strong run with injuries during the season. We thank Darren for his service, and wish him all the best for the future.

### **Training & Administration Facilities**

During the year the Club announced a \$3.5m upgrade to Gosch's Paddock, in partnership with the Victorian State Government, Melbourne & Olympic Parks Trust and the AFL. This upgrade will see the size of the ground increased so that it is MCG length and Marvel Stadium width, which is an important first step in creating elite training facilities for the Club within the precinct. Works will commence in early December and are due to be completed just after the commencement of the AFL season.

The Club continued to progress discussions regarding a new Training & Administration Facility within the precinct, with the Victorian State Government committing funding to the second phase feasibility study of the project. The Club thanks the Victorian State Government, MOPT and the AFL for their continued support as we pursue the Club's ambition to secure a long term home in the precinct.

### **Director Succession Planning**

During the year Glen Bartlett advised he was stepping down as President after eight years in the role. Glen can be proud of where the Club sits as he leaves it, set up for a sustained period of success and stability on and off the field. The Board elected Kate Roffey as the 22<sup>nd</sup> – and first female - President, having served as a director for eight years and as Vice President since 2019. Steve Morris was elected Vice-President.

Going forward, the Board will continue to identify the skills, experience and attributes required collectively amongst Directors to deliver the Club's strategy. A key aspect of this is a clear succession plan to ensure we not only continue to have the right Directors in place to continuously deliver on all of our governance obligations, but to also bring more women and people from diverse backgrounds onto the board as vacancies arise.

On 18 November the Club appointed Sally Freeman to the Club's Board as a casual vacancy. Sally brings a wealth of experience to the Club, having held senior roles within KPMG and Ernst & Young, as well as several non-executive director positions. The Board welcomes Sally and looks forward to her contribution as a director over the coming years.

## **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 2021.

## **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 11 and forms part of the Directors' Report for the year ended 31 October 2021.

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 - \$19,000

## 7. Directors

### **Kate Roffey** President

Kate Roffey joined the Melbourne Football Club Board in 2013 and was elevated to the role of President in April 2021. In her role as President, Kate is a member of the AFLW Competition Committee.

Kate is currently the Director of Deals, Investment & Major Projects at Wyndham City and is also the Deputy Chancellor of Victoria University. Kate is also the former Chair of the Victorian Regional Channels Authority and Member of the Ministerial Better Planning and Approvals Review Board and the Ministerial Freight Advisory Committee.

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.

### **Steve Morris** Vice President

Steve joined the Board in 2014 and is Vice President. Steve is the Chair of the Investment Sub Committee, a member of the Nomination 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.

### **Sally Freeman**

Sally joined the board in November 2021 and is a member of the Audit, Risk and Integrity Committee and the Investment Committee. Sally is an experienced Non-Executive Director who brings to the club deep experience in risk management, financial and internal audit, board governance, and compliance.

She is currently a director of Netwealth Ltd, Regional Investment Corporation and Eastern Health. She is also an audit committee member of Health Share Victoria, Commonwealth Games Australia, and Caulfield Grammar.

Sally holds a Bachelor of Commerce degree from The University of Western Australia and is a Chartered Accountant.

Sally's executive career comprised over 30 years' experience in the Accounting and Consultancy industries culminating in number of leadership roles with KPMG including Global Executive - Risk Consulting, Australia Managing Partner Risk Consulting, Partner in charge Board Advisory and Managing Partner Internal Audit. She is a member of the Institute of Chartered Accountants, the Australian Institute of Company Directors and Chief Executive Women.

**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.

**Mohan Jesudason**

Mohan joined the Board in 2015 and is the Chair of the Nomination and Remuneration 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.

**David Rennick**

David joined the Board in November 2020 and is a member of the Club's Investment Sub Committee and Facilities Working Group. He is an experienced non – executive director and lawyer with more than 30 years as a property lawyer and leader of law firms.

He is currently a non- executive director of Melbourne City Mission and Hester Hornbrook Academy where he also chairs Quality Safety & Risk and Audit & Risk Committees. He is also an Executive Director of Sanctuary Living, a Senior Advisor to Inspired Companies and Member of the Carr Advisory Board.

Prior to that, David 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.

David brings to the Board extensive experience as a CEO, Director and Non-Executive Director in a listed company, an international and national professional services firm and not for profit organisations. His particular expertise includes leadership, people & culture strategies, governance, compliance and risk, and 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 extensive international and Australian experience as a CEO, Chairman and non-executive director in large listed, member-based and not-for-profit organisations with particular expertise in areas such as business management, governance, strategic planning, finance, major projects, marketing and branding and in transforming organisational performance 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 and is Chair of the Audit, Risk and Integrity Sub 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 governance, risk management and finance operations of the club.

John's built his career in chartered accounting and consulting with global firms Touche Ross and Deloitte both in Australia and globally. He specialised in Corporate Governance, Risk Management, Audit 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 and Deloitte practices across Australia, Asia, Europe and the America's. He also had two years as a member of the Australian Auditing Standards Board.

Post Deloitte, John was Chairman and non-executive director of the Entity Solutions Group of companies specialising in contingent workforce solutions in Australia, New Zealand and Asia. He was also an Advisory Board member of Ewert Leaf Architects and Landchecker a tech start-up. He continues to provide advisory services to a number of businesses.

John has had significant involvement in Amateur football spanning 45 years as a player, sponsor, mentor and administrator with Old Brighton Grammarians.

John is a Foundation Hero - Platinum Legend, member of the Demon Army, former Coterie Committee member and former Vice President of the MFC.

John is a Fellow of the Institute of Chartered Accountants, a member of the Australian Institute of Company Directors and has a Bachelor of Commerce from Melbourne University.

## **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 Goldberg** David Goldberg joined the Melbourne Football Club as Company Secretary and Returning Officer in January 2021.

David is an experienced Company Secretary, General Counsel and Corporate Governance Executive.

David's professional experience includes acting as General Counsel for a Victorian metropolitan public health service, the role of General Counsel, Company Secretary and Executive Director of Corporate Governance and Ethical Standards at the Metropolitan Fire Brigade and as Company Secretary for the Royal Australian College of General Practitioners. He advises CEOs and Boards of for purpose organisations primarily across health, aged care and the disability sectors.

David is a Board Director at Palliative Care South East, a Graduate of the Australian Institute of Company Directors and holds an LLB (Hons) and a BA.

## 9. Directors' Meetings

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

	Number held*	Number attended
<b>Director</b>		
Kate Roffey	10	10
Steven Morris	10	10
Glen Bartlett	10	4
Brad Green	10	10
Mohan Jesudason	10	10
David Rennick	10	10
David Robb	10	9
John Trotter	10	10

\*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 four occasions during the year. John Trotter (Chairman), and David Robb were the Board representatives on this Committee 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 claims which 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 6<sup>th</sup> day of December 2021.



Kate Roffey



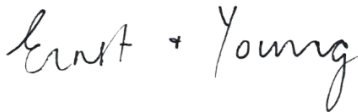
John Trotter

## 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 2021, 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.
- c. No non-audit services provided that contravene 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



Alison Parker  
Partner  
6 December 2021

## Consolidated Statement of Comprehensive Income

For the year ended 31 October 2021	Note	Consolidated	
		2021 \$	2020 \$
Revenue	3	45,114,886	30,633,851
Interest Income	3	9,869	190,540
JobKeeper Receipts	3	1,605,236	3,931,800
Social club and gaming expenses		(1,795,258)	(2,007,833)
Men's Football costs		(23,426,187)	(20,417,158)
Women's Football costs		(2,056,181)	(1,548,165)
Cost of sales		(1,780,718)	(506,812)
Administration costs		(5,167,320)	(5,118,155)
Corporate, membership and fundraising expenses		(7,205,124)	(5,177,637)
Finance costs	4	(12,524)	(79,320)
Marketing & communications expenses		(1,860,431)	(1,722,844)
Amortisation costs		(130,400)	(130,400)
Depreciation expenses		(657,620)	(803,143)
Asset write off expense		-	(736,967)
Realised Investment Losses at Amortised Cost		-	(198,256)
<b>Net profit/(loss) for the period</b>		<b>2,638,228</b>	<b>(3,690,499)</b>
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Fair Value revaluation of land	17	800,000	13,800,000
<b>Other comprehensive income for the period</b>		<b>800,000</b>	<b>13,800,000</b>
<b>Total comprehensive income / (loss) for the year</b>			
Comprehensive income attributable to members	17	3,438,228	10,109,501
<b>Total comprehensive income for the period attributable to members of Melbourne Football Club Limited</b>		<b>3,438,228</b>	<b>10,109,501</b>

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

## Consolidated Statement of Financial Position

As at 31 October 2021	Note	Consolidated	
		2021 \$	2020 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	9,563,933	1,652,615
Trade and other receivables	6	786,828	633,278
Inventories	7	407,445	216,183
Other assets	8	228,796	185,511
Financial Investments		500,000	510,661
Assets held for sale	12	23,300,000	-
<b>TOTAL CURRENT ASSETS</b>		<b>34,787,002</b>	<b>3,198,248</b>
<b>NON CURRENT ASSETS</b>			
Property, Plant and Equipment (Excluding Land)	9	1,435,900	1,531,938
Land Assets	9	-	22,500,000
Intangible assets	11	103,408	233,808
Investment accounted for using the equity method	13	96,930	99,634
Right-of-use Assets	10	1,135,572	625,181
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,771,810</b>	<b>24,990,561</b>
<b>TOTAL ASSETS</b>		<b>37,558,812</b>	<b>28,188,809</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	14	6,099,438	3,505,713
Lease Liabilities		364,432	326,577
Provisions	16	738,081	599,822
Income received in advance		4,770,826	2,071,538
<b>TOTAL CURRENT LIABILITIES</b>		<b>11,972,777</b>	<b>6,503,650</b>
<b>NON CURRENT LIABILITIES</b>			
Lease Liabilities		752,216	297,923
Provisions	16	152,230	143,875
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>904,446</b>	<b>441,798</b>
<b>TOTAL LIABILITIES</b>		<b>12,877,223</b>	<b>6,945,448</b>
<b>NET ASSETS</b>		<b>24,681,589</b>	<b>21,243,361</b>
<b>MEMBERS' FUNDS</b>			
Asset Revaluation Reserve	17	14,600,000	13,800,000
Retained earnings	17	10,081,589	7,443,361
<b>TOTAL MEMBERS' FUNDS</b>		<b>24,681,589</b>	<b>21,243,361</b>

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

## Consolidated Statement of Cash Flows

		Consolidated	
For the year ended 31 October 2021	Note	2021 \$	2020 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from operations		47,163,823	30,924,315
Interest received		9,869	190,540
JobKeeper receipts		2,102,036	3,435,000
Payments to suppliers and employees		(40,823,828)	(37,158,905)
Interest and other costs of finance paid		-	(60,282)
Interest on Lease Liabilities		(12,524)	(19,038)
<b>NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES</b>		<b>8,439,376</b>	<b>(2,688,370)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for property, plant and equipment		(230,661)	(236,208)
Net Proceeds/(Payments) for Financial Investments		-	6,871,314
Contribution to Equity Accounted Investment	11	(60,000)	(10,000)
<b>NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES</b>		<b>(290,661)</b>	<b>6,625,106</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Drawdown / (Repayment) of Bank Overdraft facility		-	(322,944)
Repayment of borrowings		-	(2,000,000)
Principal Repayments of Lease Liabilities		(237,397)	(186,685)
<b>NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES</b>		<b>(237,397)</b>	<b>(2,509,629)</b>
Net increase/(decrease) in cash held		7,911,318	1,427,107
Cash at the beginning of the year		1,652,615	225,508
<b>CASH AT THE END OF THE FINANCIAL YEAR</b>	5	<b>9,563,933</b>	<b>1,652,615</b>

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

## Statement of Changes in Equity

For the year ended 31 October 2021	Consolidated		
	Retained Earnings	Asset Revaluation Reserve	Total Equity
	\$	\$	\$
<b>BALANCE AS AT 1 NOVEMBER 2019</b>	<b>11,133,860</b>		<b>11,133,860</b>
Net profit / (loss) for the year	(3,690,499)	-	(3,690,499)
Revaluation of Property, Plant & Equipment	-	13,800,000	13,800,000
<b>Total comprehensive income for the period</b>	<b>(3,690,499)</b>	<b>13,800,000</b>	<b>10,109,501</b>
<b>BALANCE AS AT 31 OCTOBER 2020</b>	<b>7,443,361</b>	<b>13,800,000</b>	<b>21,243,361</b>
<b>BALANCE AS AT 1 NOVEMBER 2020</b>	<b>7,443,361</b>	<b>13,800,000</b>	<b>21,243,361</b>
Net profit / (loss) for the year	2,638,228	-	2,638,228
Revaluation of Property, Plant & Equipment	-	800,000	800,000
<b>Total comprehensive income for the period</b>	<b>2,638,228</b>	<b>800,000</b>	<b>3,438,228</b>
<b>BALANCE AS AT 31 OCTOBER 2021</b>	<b>10,081,589</b>	<b>14,600,000</b>	<b>24,681,589</b>

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

## Notes to the Financial Statements

Year ended 31 October 2021

### 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 2021 was authorised for issue in accordance with a resolution of the Directors on 6 December 2021.

### 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 continued to impact on the AFL industry and the Club in the 2021 financial year. In particular, it continued to impact gate receipts with no or reduced crowds at many of our games due to lockdowns and social distancing requirements.

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 since the commencement of the pandemic and is not anticipating needing to do so in 2022, 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 (i.e. Television and other media rights).

The financial report has been prepared on a going concern basis. The Directors have assessed the financial performance and financial position of the Club at 31 October 2021, together with the Club's ongoing operating activities and anticipated future cash flows from operations and sale of the Bentleigh Club, together with committed and planned AFL distributions, financing arrangements and if required, the AFL Letter of Financial Support.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

#### (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).

#### (d) Basis of Consolidation

At 31 October 2021, 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 2021. 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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

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.

#### **(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 15 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 2021, 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 2021 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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

#### *Depreciation and Amortisation of Property, Plant and Equipment*

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

Furniture and fittings	10% - 33%
Computer hardware	25% - 33%
Computer software	33% - 40%
Plant and equipment	7.5% - 15%
Motor vehicles	12.5%
Gaming Machines	12.5% - 33%
Purchased memorabilia	20%

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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

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

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

#### **(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 2021 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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

#### **(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.

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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

#### *(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.

#### *(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*

The Club 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.

#### **Measurement of lease liabilities**

At the commencement date of the lease, the Club recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include 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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

#### Measurement of right-of-use assets

The Club recognises right-of-use assets at the commencement date of the lease (i.e., 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-term 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.

#### **(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.

##### *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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 2. Summary of significant accounting policies (continued)

#### *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**

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

#### ***New and amended standards and interpretations***

In the current financial year, the Club has adopted all of the new and revised Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for annual reporting periods beginning on or after 1 November 2020. The adoption of these new and revised Standards and Interpretation has resulted in no change to the Club's accounting policies.

#### **(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 within respective expense line items 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 2021

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
<hr/>		
<b>3. Revenue from Continuing Operations</b>		
<b>Revenue from Football-Related Activities</b>		
Gate Receipts	4,770,584	1,757,000
Distributions from the AFL	15,324,110	12,613,461
Merchandise	3,258,397	604,601
Membership, Annual Reserved Seating and General Fundraising	9,406,721	7,728,060
Sponsorship & Corporate Hospitality	7,975,816	5,622,789
AFL Finals Prize Money	1,100,000	-
AFL Gosch's Paddock Grant Funding	18 500,000	-
Other Revenue	635,490	604,472
<b>Total revenue from Football-Related Activities</b>	<b>42,971,118</b>	<b>28,930,383</b>
<b>Revenue from other activities</b>		
Social and Gaming Revenue	2,143,768	1,703,468
<b>Total Revenue from Other Activities</b>	<b>2,143,768</b>	<b>1,703,468</b>
<b>Total Revenue</b>	<b>45,114,886</b>	<b>30,633,851</b>
<b>Other Income</b>		
Interest	9,869	190,540
JobKeeper Receipts	1,605,236	3,931,800
<b>Total Other Income</b>	<b>1,615,105</b>	<b>4,122,340</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

	Consolidated	
	2021	2020
	\$	\$
<b>4. Expenses</b>		
<i>Finance Costs</i>		
- Interest paid to external entities from continuing operations	-	60,282
- Interest Expense on Lease Liabilities	12,524	19,038
Total finance costs	<b>12,524</b>	<b>79,320</b>
<i>Employee benefits expense</i>		
Salary, wages and termination expense	25,739,094	20,138,550
Employee Costs eligible through JobKeeper	1,605,236	3,931,800
Superannuation expense	1,827,211	1,581,269
Total Gross employee benefits expense	<b>29,171,541</b>	<b>25,651,619</b>
JobKeeper Receipts	1,605,236	3,931,800
Total Net employee benefits expense	<b>27,566,305</b>	<b>21,719,819</b>
<i>Other</i>		
Bad debts	-	-
Doubtful debts recognised/(recovered)	-	-
<b>5. Cash and Cash Equivalents</b>		
Cash at bank and in hand	9,563,933	1,652,615
	<b>9,563,933</b>	<b>1,652,615</b>
<b>Reconciliation to statement of cash flows</b>		
For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand as at 31 October 2021:		
Cash at bank and in hand	9,563,933	1,652,615
	<b>9,563,933</b>	<b>1,652,615</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

	Consolidated	
	2021	2020
	\$	\$
<b>6. Trade and Other Receivables</b>		
<b>Current</b>		
Trade receivables	660,001	59,633
Less provision for Doubtful Debts (a)	(1,155)	(1,155)
Other receivables	127,982	574,800
	<b>786,828</b>	<b>633,278</b>

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

Opening balance	1,155	1,155
Charge for the year	-	-
Previously recognised doubtful debts written off	-	-
Amounts recovered	-	-
Closing balance	<b>1,155</b>	<b>1,155</b>

### 7. Inventories

Merchandise	364,542	194,803
Food and beverage	42,903	21,380
	<b>407,445</b>	<b>216,183</b>

#### (a) Cost of Sales

Cost of Sales for the year ended 31 October 2021 totalled \$1,780,718 (FY20: \$506,812) for the Club.

Inventory assets (amongst other assets) have been pledged as security for commercial bill liabilities as disclosed in Note 15.

### 8. Other Assets

Prepayments	228,796	180,511
Other	-	5,000
	<b>228,796</b>	<b>185,511</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

	Consolidated	
	2021	2020
	\$	\$
<b>9. Property, Plant and Equipment</b>		
<b>Furniture and fittings</b>		
<i>Cost</i>		
Opening balance	429,360	429,631
Additions	45,041	99,736
Disposals / Retirements	-	(100,007)
Closing balance	<b>474,401</b>	<b>429,360</b>
<i>Accumulated depreciation</i>		
Opening balance	277,240	264,716
Depreciation for the year	24,259	41,725
Disposals / Retirements	-	(29,201)
Closing balance	<b>301,499</b>	<b>277,240</b>
<i>Net book value</i>	<b>172,902</b>	<b>152,120</b>
<b>Plant and equipment</b>		
<i>Cost</i>		
Opening balance	2,092,046	2,373,215
Additions	148,637	128,339
Disposals / Retirements	-	(409,508)
Closing balance	<b>2,240,683</b>	<b>2,092,046</b>
<i>Accumulated depreciation</i>		
Opening balance	1,716,106	1,859,890
Depreciation for the year	166,557	131,462
Disposals / Retirements	-	(275,246)
Closing balance	<b>1,882,663</b>	<b>1,716,106</b>
<i>Net book value</i>	<b>358,020</b>	<b>375,940</b>
<b>Leasehold improvements</b>		
<i>Cost</i>		
Opening balance	853,261	2,126,426
Additions	64,063	5,130
Disposals / Retirements	-	(1,278,295)
Closing balance	<b>917,324</b>	<b>853,261</b>
<i>Accumulated depreciation</i>		
Opening balance	315,211	837,974
Depreciation for the year	82,384	293,525
Disposals / Retirements	-	(816,288)
Closing balance	<b>397,595</b>	<b>315,211</b>
<i>Net book value</i>	<b>519,729</b>	<b>538,050</b>
<b>Motor vehicles</b>		
<i>Cost</i>		
Opening balance	7,273	7,273
Additions	29,199	-
Disposals / Retirements	-	-
Closing balance	<b>36,472</b>	<b>7,273</b>
<i>Accumulated depreciation</i>		
Opening balance	7,271	7,271
Depreciation for the year	2,114	-
Disposals / Retirements	-	-
Closing balance	<b>9,385</b>	<b>7,271</b>
<i>Net book value</i>	<b>27,087</b>	<b>2</b>
<b>Purchased Memorabilia</b>		

## Notes to the Consolidated Financial Statements (continued)

### Year ended 31 October 2021

<i>Cost</i>		
Opening balance	113,090	113,090
Additions	-	-
Closing balance	<b>113,090</b>	<b>113,090</b>
<i>Accumulated Depreciation</i>		
Opening Balance	113,090	113,090
Depreciation for the year	-	-
Closing Balance	<b>113,090</b>	<b>113,090</b>
<i>Net Book Value</i>	-	-

### Gaming Machines

<i>Cost</i>		
Opening balance	1,796,472	1,969,622
Reclassification to ROU Assets	-	(191,650)
Additions	-	18,500
Disposals / Retirements	-	-
Closing balance	<b>1,796,472</b>	<b>1,796,472</b>
<i>Accumulated depreciation</i>		
Opening balance	1,330,646	1,171,067
Reclassification to ROU Assets	-	(36,694)
Depreciation for the year	107,665	185,559
Disposals / Retirements	-	10,714
Closing balance	<b>1,438,311</b>	<b>1,330,646</b>
<i>Net book value</i>	<b>358,161</b>	<b>465,826</b>

### Land

<i>Cost</i>		
Opening balance	22,500,000	8,700,000
Fair Value adjustment	800,000	13,800,000
Transfer to held for sale	(23,300,000)	-
Closing balance	-	<b>22,500,000</b>
<i>Net book value</i>	-	<b>22,500,000</b>

### Capital Works in Progress

<i>Cost</i>		
Opening Balance	-	-
Additions	233,941	266,972
Transfers	(233,941)	(266,972)
Closing Balance	-	-
<i>Net book value</i>	-	-

### Total property, plant and equipment

Opening balance	27,791,502	15,719,257
Reclassifications to ROU Assets	-	(191,650)
Additions	520,882	518,677
Fair Value adjustment	800,000	13,800,000
Disposals / Retirements	-	(1,787,810)
Transfer to Held for Sale	(23,300,000)	-
Transfer of WIP	(233,941)	(266,972)
Closing balance	<b>5,578,443</b>	<b>27,791,502</b>
<i>Accumulated depreciation</i>		
Opening balance	3,759,564	4,254,008
Reclassifications to ROU Assets	-	(36,694)
Depreciation for the year	382,979	652,271
Disposals / Retirements	-	(1,110,021)
Closing balance	<b>4,142,543</b>	<b>3,759,564</b>
<i>Net book value</i>	<b>1,435,900</b>	<b>24,031,938</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

	Consolidated	
	2021	2020
	\$	\$
<b>10. Right-of-use Assets</b>		
<b>Gaming Machines</b>		
<i>Cost</i>		
Opening balance	191,650	-
Reclassifications from PPE	-	191,650
Closing balance	<b>191,650</b>	<b>191,650</b>
<i>Accumulated depreciation</i>		
Opening balance	71,172	-
Reclassification from PPE	-	36,694
Depreciation for the year	34,398	34,478
Closing balance	<b>105,570</b>	<b>71,172</b>
<i>Net book value</i>	<b>86,080</b>	<b>120,478</b>
<b>Motor Vehicles</b>		
<i>Cost</i>		
Opening balance	<b>59,768</b>	-
Additions	-	59,768
Closing balance	<b>59,768</b>	<b>59,768</b>
<i>Accumulated depreciation</i>		
Opening balance	<b>9,439</b>	-
Depreciation for the year	11,943	9,439
Closing balance	<b>21,382</b>	<b>9,439</b>
<i>Net book value</i>	<b>38,386</b>	<b>50,329</b>
<b>Buildings</b>		
<i>Cost</i>		
Opening balance	<b>561,329</b>	-
Additions	800,373	561,329
Closing balance	<b>1,361,702</b>	<b>561,329</b>
<i>Accumulated depreciation</i>		
Opening balance	<b>106,955</b>	-
Depreciation for the year	243,642	106,955
Closing balance	<b>350,597</b>	<b>106,955</b>
<i>Net book value</i>	<b>1,011,105</b>	<b>454,374</b>
<b>Total Right-of-use Assets</b>		
<i>Cost</i>		
Opening balance	<b>812,747</b>	-
Reclassification from PPE	-	191,650
Additions	800,373	621,097
Closing balance	<b>1,613,120</b>	<b>812,747</b>
<i>Accumulated depreciation</i>		
Opening balance	<b>187,566</b>	-
Reclassification from PPE	-	36,694
Depreciation for the year	289,983	150,872
Closing balance	<b>477,549</b>	<b>187,566</b>
<i>Net book value</i>	<b>1,135,571</b>	<b>625,181</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

	Consolidated	
	2021	2020
	\$	\$
<b>11. Intangible Assets</b>		
<b>Year ended 31 October</b>		
Opening balance net of accumulated amortisation and impairment	233,808	364,208
Amortisation – Bentleigh Club	(130,400)	(130,400)
Closing balance net of accumulated amortisation and impairment	<b>103,408</b>	<b>233,808</b>
<b>At 31 October</b>		
Cost (gross carrying amount)	1,303,998	1,303,998
Accumulated amortisation and impairment	(1,200,560)	(1,070,190)
Net carrying amount	<b>103,408</b>	<b>233,808</b>

### *Bentleigh Club*

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

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. Assets held for sale**

Assets held for sale	23,300,000	-
	<b>23,300,000</b>	<b>-</b>

In September 2021, the Club entered into contract of sale for Bentleigh Club for \$23.7m. The sale is due to settle in 2022.

The Club classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. The costs to sell the Bentleigh Club are estimated to be \$0.4m.

The criteria for held for sale classification is met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. A sale is considered highly probable when actions required to complete the sale indicate that it is unlikely significant changes to the sale will be made or that the decision to sell will be withdrawn, and where management is committed to a plan to sell the asset and the sale is expected to be completed within one year from the date of the classification.

### **13. 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.

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

	Consolidated 2021 \$	2020 \$
Opening investment in joint venture	441,243	431,243
Cash (distribution received)/ injection	60,000	10,000
Investment in joint venture	<b>501,243</b>	<b>441,243</b>
Retained earnings	(341,909)	(293,265)
Share of the joint venture's profit or (loss):		
Loss	(62,704)	(48,344)
Carrying value of investment in jointly controlled entity	<b>96,930</b>	<b>99,634</b>

### 14. Trade and Other Payables

#### Current

Trade creditors	(a)	2,987,737	1,584,867
Other creditors and accruals		2,855,425	1,932,281
GST Payable (Net)		256,276	(11,435)
		<b>6,099,438</b>	<b>3,505,713</b>

#### (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.

### 15. Interest Bearing Loans and Liabilities

#### (i) Operating Facility

The facility provides the Club to draw funds up to a limit of \$4.5m as a commercial bill facility. The commercial bill facility remains undrawn (FY20: undrawn) as at 31 October 2021.

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.

The facility is supported by a \$3.5m 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.

(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 no debt as disclosed above, cash and cash equivalents and holdings in Financial Instrument Investments.

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

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 16. Provisions

	Annual Leave \$	Long Service Leave \$	Total \$
Current	419,224	318,857	738,081
Non-current	-	152,230	152,230
At 31 October 2021	<b>419,224</b>	<b>471,087</b>	<b>890,311</b>
Current	222,689	370,957	599,822
Non-current	-	143,875	143,875
At 31 October 2020	<b>222,689</b>	<b>514,832</b>	<b>743,697</b>

Consolidated	
2021	2020
\$	\$

### 17. Retained Earnings & Reserves

Retained earnings at beginning of financial year	7,443,361	11,133,860
Net profit	2,638,228	(3,690,499)
Retained earnings at end of financial year	<b>10,081,589</b>	<b>7,443,361</b>

### OCI Items

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

#### Asset Revaluation Reserve

Opening asset revaluation reserve	13,800,000	-
Revaluation of Land held within PPE	800,000	13,800,000
Closing asset revaluation reserve	<b>14,600,000</b>	<b>13,800,000</b>

### 18. 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.

- Not later than 1 year	15,780,350	14,938,500
- Later than 1 year but not later than 2 years	10,640,125	8,937,000
- Later than 2 years but not later than 8 years	15,617,500	6,990,000
	<b>42,037,975</b>	<b>30,865,500</b>

## Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2021

### 18. Commitments (continued)

#### Goschs Paddock redevelopment

At 31 October 2021, the Club has \$1m (FY20: nil) commitments relating to redevelopment of Goschs Paddock that has not yet commenced. The Club entered into agreement with the Victoria State Government and Melbourne Olympic Park Trust (MOPT) to contribute \$1m towards the improvement of the sports field and facilities. Of the \$1m commitment, \$0.5m was contributed by the AFL and has recorded in Note 3.

### 19. Remuneration of Auditors

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

<b>Remuneration for financial statement audit services</b>	67,760	67,430
<b>Remuneration for other audit services</b>	19,000	11,000

### 20. Remuneration of Key Management Personnel

In 2020 the key management personnel of the Club were the Board of Directors, Chief Executive Officer, Chief Financial Officer & Head of Major Projects, Chief Commercial Officer, GM Football & Casey Operations, GM Marketing, Communications & Digital and the Senior Coach.

In 2021 following a change to the Club's executive team, the key management personnel of the Club are determined to be the Board of Directors, Chief Executive Officer, Chief Operating Officer, Chief Commercial Officer, GM AFL Football Performance 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.

	<b>Consolidated</b>	
	<b>2021</b>	<b>2020</b>
<b>Compensation for Key Management Personnel</b>	<b>\$</b>	<b>\$</b>
<b>Salaries</b>	2,742,867	2,573,664
<b>Total Compensation</b>	<b>2,742,867</b>	<b>2,573,664</b>

### 21. 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.

Glenn Bartlett  
John Trotter  
Kate Roffey  
Mohan Jesudason  
David Robb  
Steve Morris  
David Rennick  
Brad Green

## Notes to the Consolidated Financial Statements (continued)

### Year ended 31 October 2021

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	
	2021	2020
	\$	\$
<b>Amounts provided to the Club:</b>		
Glenn Bartlett	-	-
John Trotter	-	-
Kate Roffey	-	-
Mohan Jesudason	-	-
David Robb	-	-
Steve Morris	-	-
David Rennick	18,895	-
Brad Green	-	-

## 22. 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

## Notes to the Consolidated Financial Statements (continued)

### Year ended 31 October 2021

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

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

#### **(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.

### **23. 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.

### **24. 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 2021

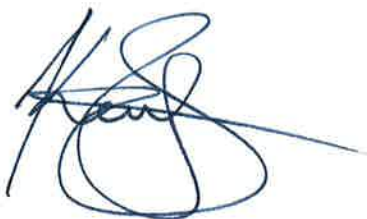
## Directors' Declaration

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 2021 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



Kate Roffey



John Trotter

Melbourne  
6 December 2021

## 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 2021, 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 2021 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.

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

### Responsibilities of the Directors for the Financial Report

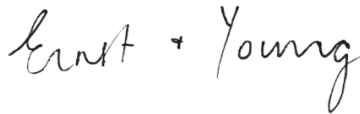
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary 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](https://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.



Ernst & Young



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6 December 2021



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