



MELBOURNE FOOTBALL CLUB LIMITED

AND ITS CONTROLLED ENTITIES

ACN 005 686 902

Consolidated Annual Financial Report

for the year ended 31 October 2023

Contents

DIRECTORS' REPORT	2
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	15
CONSOLIDATED STATEMENT OF FINANCIAL POSITION	16
CONSOLIDATED STATEMENT OF CASH FLOWS	17
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	18
NOTES TO THE FINANCIAL STATEMENTS.....	19
DIRECTORS' DECLARATION	37

Directors' Report

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

The Directors present their report pursuant to the requirements of the Corporations Act 2001 on the state of affairs of the Club, for the year ended 31 October 2023.

1. Principal Activities

During the year the principal activities of the Club were the playing and promotion of Australian Rules Football. The Club holds licences to play in the AFL, ALFW, and through its subsidiary the Casey Demons, VFL and VFLW competitions.

2. Operating Results and Review of Operations

The Club delivered a strong financial result in 2023. A reconciliation of this is outlined below:

		2023	2022
		\$	\$
	Statutory Profit	3,054,173	2,711,624
Less	Facility Related Fundraising (net of costs)	(890,185)	(436,503)
Add back	Gosch's Paddock Redevelopment Costs	-	1,000,000
Add back	Bentleigh Club Closure Costs	-	253,554
	Operating Profit	2,163,988	3,528,675

Key Highlights

- The Club recorded an operating profit for the year of \$2.2m (FY22: \$3.5m). The reduction year on year is driven by a net \$0.7m decrease in merchandise, following a one-off uplift in FY22 associated with the Club's 2021 Men's Premiership, combined with the increases of \$2.8m in expenditure across the men's and women's football programs.
- The Club's cash reserves were \$10.2m at year end (FY22: \$10.1m, excluding Bentleigh Club deposit). From a treasury perspective, \$7.7m of these funds are allocated for investment in the Club's Training & Administration Facility project, with \$2.5m remaining as operating cash reserves to assist with the seasonal cashflow fluctuations of the Club;
- \$5.0m was invested in the Club's facilities during the year, including \$3.7m at Casey Fields which resulted in the construction of aquatic recovery facilities and the upgrade of player change rooms and rehabilitation areas. That these works were able to be completed whilst maintaining our cash reserves is due to the strong operating financial performance and fundraising that occurred during the year;
- 2023 was the first year of operation of the Club's Future Fund, with net income for the year \$0.7m achieved despite the challenging market conditions encountered during the year. The net income comprises interest and dividend income of \$1.1m, and an unrealised mark to market reduction of \$0.4m, most of which occurred in September and October as a result of market volatility. At the date of this Director's Report, all of the \$0.4m unrealised market movement had reversed.

- A Club record 71,388 dedicated Demons signed up as members in 2023, an increase of 4,904 (7%) from 2022. This tally also included a record 4,000 members of our AFLW team. Our members continue to embody Demon Spirit, and are an inspiration for both our playing groups;
- Demon supporters attended in strong numbers during the year, with a Club record 487,864 attendees at our MCG home games.

Further detail on the management of the Club during the year is outlined below.

Club Strategic Plan: 2020 – 2023

In February 2020 the Club launched its four year strategic plan. Whilst the objectives contained within the plan may have been considered extremely ambitious when the plan was launched, pleasingly many have been achieved despite the significant adverse effects of COVID, particularly in 2020 and 2021. The key ambitions of the plan that have been achieved include:

- **Win an AFL and AFLW premiership** – this was achieved in 2021 and 2022 respectively. In addition to the premierships, the Club has also secured the inaugural McClelland Trophy for 2023, an award that recognises the champion club across both men's and women's competitions. The Club would also have been the recipient of this award in 2021 and 2022 had it been in existence at that time;
- **Deliver a cumulative profit exceeding \$4m over the four years** – the Club generated a total of \$4.8m over the four year period, despite the significant adverse effect of COVID in 2020 which resulted in an operating loss of \$3m;
- **Eliminate debt** – this was achieved at the end of 2020;
- **\$30m+ of income producing assets** – the Club has a total of \$33.4m across our cash reserves and Future Fund;
- **Finish construction of our high performance facilities at Casey Fields** - \$12.5m has been invested in Casey Fields facilities since 2020, including the development of an indoor training centre, aquatic recovery facilities, new gymnasium and redevelopment of player changerooms and rehabilitation facilities. The Club has generated over \$10.5m in fundraising from the AFL, State Government, Casey Council and key supporters to fund this investment;
- **To have a culture that inspires excellence and attracts new talent** – the on-field results that the Club has achieved in both programs over the four year period have been achieved and delivered with the support of our strong culture across the Club.

The Club fell marginally short of achieving its membership and home game attendance targets, with 71,388 members (target 75,000) and 48,786 home game attendees average (target 50,000) at the end of 2023. However, both enjoyed significant growth through the strategic period, with membership growing by 31,000 (76%) since 2020 and attendances by 15,000 per match (45%) since 2019 (no comparative in 2020 due to COVID). The 2023 membership and attendance tallies are Club records, and provide a great foundation for further growth in the next strategic period.

The Club has previously outlined to members and supporters that we plan to have primary (Melbourne) and secondary (Casey Fields) training bases. The need for two facilities and training ovals is incredibly important given we have four teams (AFL, AFLW, VFL, VFLW), an expanded Next Generation Academy program and an increasing number of contact hours for our AFLW program. The wear and tear caused on a single oval and the lack of availability of other football training facilities for clubs with similar programs is an emerging issue across the industry, and our recent investment in Casey Fields to ensure it is an elite facility has the Club well placed to manage these increasing requirements in the long term.

Whilst the Club has been unable to achieve its aim of commencing construction on a new Melbourne home base facility during the strategic period, all involved in the Club are working tirelessly to deliver the vision of a world class primary facility that can be enjoyed by players, staff and supporters, and are confident this vision will be realised in the term of the Club's next Strategic Plan. We understand the delay is frustrating for players, staff, supporters and your Board, however it is a long-term project and in order to

deliver the world class facilities we want we can only move at the speed determined by our key project partners and State Government given our requirement for land and funding.

The Club is continuing to work closely with the Victorian State Government on our primary home base, and as advised at last year's Annual General Meeting this includes opportunities within the Caulfield Racecourse.

From a financial perspective, the Club is well placed to invest in our facility project with \$7.7m in cash reserves set aside for the project. Cash surpluses generated over the coming years will be allocated to our facility project with the ambition of generating \$15m from our operating activities. The Club will also conduct other fundraising campaigns to complement the \$15m generated from our operating activities in due course.

The Club will launch our 2024 – 2027 Strategic Plan in February ahead of the commencement of the 2024 seasons.

Revenue

The Club's revenue increased by \$1.4m (2%) during the year to \$56.9m. The key movements for the year are as follows:

- \$1.2m increase in facility related fundraising, including contributions from the AFL and Melbourne & Olympic Parks Trust for the Club's redevelopment activities at Casey Fields;
- \$1.2m increase in membership and corporate sponsorship income (\$0.6m respectively);
- \$1.0m increase distributions from the AFL, primarily relating to their contribution for increased player payment limits;
- \$0.9m increase in match receipts, driven by an increase of 63k attendees at home games during the year;

There was a \$2.1m decrease in merchandise income during the year, as a result of one off income received in FY22 relating to the Club's 2021 Men's Premiership. Excluding the decrease in merchandise during the year, the other revenue areas of the Club grew on average by 8% in FY23.

Expenses

Expenditure grew by \$2.2m (4%) in 2023. The key movements were:

- \$2.7m increase in costs across our men's and women's football programs. \$2.4m of this related to the men's program, primarily as a result of increased player payments in the new Collective Bargaining Agreement finalised during the year. Whilst the women's program costs increased by \$0.3m, there was only one season in 2023 compared to two in 2022 – the cost per season has effectively grown by \$2.4m during the year, also primarily as a result of increased player payments as a result of the new Collective Bargaining Agreement;
- A \$1.3m reduction in cost of goods sold, consistent with the reduction in merchandise revenue outlined above;
- An expense of \$1m incurred in 2022 relating to Gosch's Paddock Redevelopment, which did not reoccur in 2023;

Whilst there was \$0.5m in legal proceedings expenses during the year, the net cost after recoveries is \$0.1m. It is regrettable that the Club is required to incur this expenditure.

Balance Sheet

The Balance Sheet is in a strong position at the end of 2023. Key items of the Balance Sheet at year end are detailed below:

- The Club had cash reserves of \$10.2m at year end. \$7.7m of the cash reserves will be held for investment in our Training & Administration Facility, with cash surpluses over the upcoming years to also be allocated for this purpose. \$2.5m of the cash reserves are categorised as Operating Reserves, and may be used as required to assist with the seasonal cashflow requirements of the Club;
- Property, Plant & Equipment was \$6.7m at year end, an increase of \$5.0m from FY22. The Club invested significantly in its facilities during the year, particularly at Casey Fields in accordance with our Strategic Plan. To be able to fund this investment whilst maintaining the Club's cash reserves during the year is a significant achievement;
- The Club's had Financial Assets (Future Fund) of \$23.7m at year end. These funds were allocated to the Future Fund following the settlement of Bentleigh Club sale in early 2023;
- The Club remains debt free at year end.

Bentleigh Club Sale, Future Fund & Investment Committee

As outlined previously, the sale of Bentleigh Club settled early in FY23. The Board established 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. The Future Fund will achieve this by:

- Preserving and growing the capital base of the Club. A significant capital base is an important protection mechanism for the Club if there are any unexpected shocks to the football industry or Club environment in the future;
- Providing an annual income stream that supports the football activities of the Club. This will replace, and is planned to exceed, the previous gaming income of the Club.

It is important to note that it is not intended that the capital base of the Future Fund be utilised for the following activities:

- Investment into Club Capital Expenditure projects, including but not limited to Training & Administration Facilities;
- Funding the day-to-day operating activities of the Club, including but not limited to Football Operations costs;
- Repaying debt incurred as a result of operating losses of the Club, or the activities outlined above.

The Future Fund is overseen by the Club's Investment Committee. The Investment Committee is comprised of representatives of the Board, Executive and independent members with significant experience in financial markets and investment activities. The Board has appointed Morgan Stanley as Fund Manager for the Future Fund.

FY23 was the first year of operation for the Future Fund. Given the purpose of the Future Fund, the investment principles established are for the long term success of the Future Fund and the asset mix has been determined accordingly. Whilst 2023 was a difficult year for financial markets, we are pleased that the Future Fund has generated a net return of \$0.7m for the Club during the year – this return exceeded the pre-COVID return generated by the Bentleigh Club, which was \$0.3m in FY19. We look forward to this return growing further over the coming years.

All returns generated by the Future Fund during the year have been distributed to the Club, and have been allocated to the cash reserves set aside for the Club's Training & Administration Facility. This will continue to be the case over coming seasons, as the Club aims to accumulate ~\$15m in cash reserves from its operating activities for the Training & Administration project. The management of these cash reserves will be overseen by the Investment Committee as the Club maximises its return from the excess cash whilst also retaining liquidity to invest in our Training & Administration Facility project when required.

Upon achievement of the ~\$15m cash reserves target outlined above, the Club will begin to reinvest investment proceeds and cash surpluses from football activities into the Future Fund.

Football Programs

Whilst it was a frustrating finish to 2023, it was another strong season for our men's team. The team finished 4th on the ladder, which was our third consecutive top four finish at the end of the home and away season. To lose two finals by a combined nine points is a brutal reminder that despite doing so much right over the course of the season and in two finals, victory can be defined by winning or losing moments at critical times. The collective hurt experienced by our players, coaches and staff, board and supporters will fuel the Club to achieve further success in 2024.

Christian Petracca was awarded the Keith 'Bluey' Truscott trophy for the second time as our Best & Fairest player for 2023. Christian was also selected in the All Australian team in 2023 for the fourth consecutive year, whilst Jack Viney capped his strong year by being selected in the All Australian squad of 40 for the first time.

Michael Hibberd retired at the conclusion of the 2023 season, calling time on a career spanning 197 games that included a Premiership in 2021 and an All Australian berth in 2017. Premiership players James Harmes and James Jordon also departed the Club at the end of the 2023 season. The Club thanks all three players for their contribution to our success, and wishes them and all other departing players all the best for the future.

Our AFLW team performed strongly again in 2023, finishing 2nd on the ladder after the home and away season - our fifth consecutive finals series. Whilst we could not achieve the back to back success we all wanted, we will commence our 2024 campaign as the hunter rather than the hunted, and have full confidence that our team, led by Mick Stinear and Kate Hore, will contend deep into finals again.

As mentioned previously, the collective performance of the men's and women's programs across the year saw the Club awarded the McLelland Trophy as the 2023 Champion Club in early November. This is a significant achievement and one that we know makes all our members feel proud to belong.

3. Events Subsequent to Balance Date

As mentioned above, on 10 November 2023, the Club was awarded the McLelland Trophy as the champion club for home and away performances across the men's and women's competitions in 2023.

The Club will receive \$1m in prizemoney from the AFL for the McLelland Trophy, with \$0.7m required to be shared amongst players and staff from the AFL and AFLW programs.

There has been no other matter or circumstance that has arisen since 31 October 2023 that has or may significantly affect the results of operations or the Club's state of affairs.

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 impact the Club materially.

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

Ernst & Young (EY) Australia continues in office in accordance with section 237 of the Corporations Act 2001.

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration is set out on page 14 and forms part of the Directors' Report for the year ended 31 October 2022.

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	\$23,645
– Non-audit services	\$30,400

7. Directors

The following persons were Directors of Melbourne Football Club Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kate Roffey (President)

Steve Morris (Vice President – retired September 2023)

David Rennick (Vice President – from September 2023)

Sally Freeman

Brad Green

Mohan Jesudason (retired September 2023)

Janette Kendall (appointed December 2022)

Geoff Porz (appointed September 2023)

David Robb

Sarah Robinson (appointed September 2023)

John Trotter (retired December 2022)

Kate Roffey, AM President

Kate Roffey joined the Melbourne Football Club Board in 2013 and was elevated to the role of President in April 2021.

Kate is currently the CEO of the State Sport Centres in Victoria, and is also the Deputy Chancellor of Victoria University and is a member of the AFLW Competition Committee. 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, CEO of VicSport, Director of Deals, Investment and Major Projects at City of Wyndham and was the Senior Executive 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.

David Rennick
Vice President

David joined the Board in November 2020 and is a member of the Club's Audit, Risk & Integrity 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 Chair of Hester Hornbrook Academy. He is also an Executive Director of Sanctuary Living, a Senior Advisor to Inspired Companies and member of the Carr Design and Proximity Consulting advisory Boards.

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 Legend, AFLW and AFL player sponsor, and a member of the Club's Inner Sanctum group.

Sally Freeman

Sally joined the board in November 2021 and became Chair of the Audit, Risk, and Integrity Committee in October 2022. Sally is also a member of the Club's Nomination & Remuneration Committee.

Sally is an experienced Non-Executive Director who brings to the club deep skills in risk management, financial performance, internal audit, board governance, and compliance.

Sally is currently a Non-Executive Director of ASX listed Netwealth Ltd, and Regis Aged Care. She is also a Non-executive Director of ADICA, Regional Investment Corporation, the Suburban Rail Loop Authority and Eastern Health. Additionally, she is an audit committee member of Health Share Victoria, Commonwealth Games Australia, and Caulfield Grammar.

Sally's executive career comprised over 30 years' experience in IT, Risk and Accounting consulting, culminating in Managing Partner of KPMG's Risk Consulting practice in Australia and represented KPMG ASPAC on the Global Executive-- Risk Consulting.

Sally holds a Bachelor of Commerce degree from The University of Western Australia. She is also a Fellow of the Institute of Chartered Accountants, a Graduate of the Australian Institute of Company Directors, a Fellow of the Victorian Williamson Leadership Program, and a member of Chief Executive Women.

Brad Green

A former Club Captain and Life Member, Brad Green joined the Board in November 2020. Brad is Chair of the Nominations & Remuneration Committee.

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

He was awarded the Keith "Blue" 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's commitment to excellence extends beyond the sports arena to fire safety, where as Managing Director of GMH Fire & Safety Australia, is dedicated to serving the fire protection needs of local businesses, commercial enterprises, government entities, and industrial sectors. He has significant expertise in leadership, strategic initiatives, service efficiency and project management. All have required a focus on risk, strategy and governance.

Janette Kendall

Janette joined the Board in December 2022, and is a member of the Club's Nomination & Remuneration Committee and Supporter Forum Working Group.

Janette is an experienced company director with more than 25 years board experience across public, private and not-for-profit organisations spanning a diverse range of industries including content marketing and technology, digital media, property, retail, communications and the arts.

Her experience has been with organisations facing disruption, undergoing transformation, expanding through acquisition or entering new global markets. All have required a strong focus on strategy, risk and governance.

Her executive experience, both in Australia and China, combined marketing, digital and operations. Janette has significant expertise in strategic planning, digital innovation, marketing and leadership across a number of industry sectors.

Janette is currently a Non Executive Director of ASX listed Vicinity Centres, Costa Group and Tabcorp. She is also a Non Executive Director of KM Property Funds and Visit Victoria. Janette is a past Director of Nine Entertainment, Australian Venue Co, Wellcom Worldwide and The Melbourne Theatre Company, and previously served on the Advisory board of the AFLPA.

Janette is a Fellow of the Australian Institute of Company Directors and a member of Chief Executive Women (CEW)

Geoff Porz

Geoff Porz joined the Melbourne Football Club Board in September 2023 and is a member of the Investment Sub Committee, Supporter Forum Working Group and Facilities Working Group.

Geoff has 35 years' experience in large scale property development, management and investment with an extensive background in public infrastructure facilities,

office, residential and retail centre assets. Geoff was a co-founder and Chief Executive Officer of the Direct Factory Outlets Group and co-lead the integrated developments of Southern Cross Station and the Melbourne Convention and Exhibition Centre Precinct.

He previously worked as a solicitor at Minter Ellison in Melbourne and Clifford Chance in London.

He holds a Bachelor of Laws and Bachelor of Economics.

Geoff is a 40 plus year member, Foundation Legend, founding member of the Inner Sanctum and Centre Circle supporter groups and AFL and AFLW player sponsor.

David Robb

David joined the Board in 2015 and is Chair of the Investment Committee and a member of the Audit, Risk and Integrity Committee.

He was until recently a Director of the WA Cricket Foundation and 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.

Sarah Robinson

Sarah joined the Melbourne Football Club Board in September 2023 and is a member of the Investment Sub Committee. She brings with her a wealth of experience accumulated over a career spanning more than three decades in financial markets.

Her professional journey has revolved around the provision of strategic planning and investment advice to high-net-worth investors. Sarah's expertise encompasses a broad spectrum of asset classes, including Australian and International listed securities, fixed interest, managed funds, infrastructure, and Private Equity funds. Currently she holds a Division Director level role at a prominent financial institution. Prior to her current role, Sarah made significant contributions to the ASX education programme and enjoyed a two-decade tenure as a regular guest on ABC talk back radio, where she shared her insights and knowledge with a national audience. Sarah's accomplishments have been recognised on a national scale as she earned a place on the esteemed Barron's top 100 advisers list.

Sarah holds a Bachelor of Arts (History), is ASX Derivatives Accredited (level 1) and a Graduate of the Australian Institute of Company Directors.

Sarah is a lifetime supporter of the Club, member for more than 20 years and current AFLW player sponsor.

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. He has previously acted as General Counsel at Peninsula Health and General Counsel, Company Secretary and Head of Ethical Standards at the Victorian Metropolitan Fire Brigade.

David advises Executives and Boards primarily in the for-purpose sector on complex governance matters. He acts as Company Secretary and governance advisor across a diverse range of clients including Mental Health First Aid International, Futurity Investment Group Limited, Veterinarian Registration Board of Victoria and Victorian Anaesthetic Group Limited.

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 Bachelor of Arts.

9. Director's Meetings

The number of Director's meetings convened and attended by each Director are as follows:

Director	Board Meetings		Audit, Risk & Integrity		Investment		Nominations & Remuneration	
	Number held*	Number attended	Number held*	Number attended	Number held*	Number attended	Number held*	Number attended
Kate Roffey	9	9	-	-	-	-	-	-
David Rennick	9	9	3	3	4	3	-	-
Sally Freeman	9	8	4	4	4	3	-	-
Brad Green	9	8	-	-	-	-	4	4
David Robb	9	9	4	3	4	3	-	-
Janette Kendall	8	8	-	-	-	-	3	3
Steve Morris	8	7	-	-	4	4	4	4
Mohan Jesudason	8	7	-	-	-	-	4	4
Geoff Porz	2	2	-	-	-	-	-	-
Sarah Robinson	2	2	-	-	-	-	-	-
John Trotter	1	1	1	1	1	1	-	-

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

There have been the following changes to the Board during 2022, with three directors retiring as a result of the Director Term Limits introduced as part of the revisions to the Club Constitution approved by members in 2022.

- John Trotter retired from the Board in December 2022, following twelve years service. John served as Vice President and Chair of Audit, Risk & Integrity Committee during his tenure on the Board.
- Steve Morris and Mohan Jesudason retired from the Board in September 2023, following 11 and 10 years service respectively. Both Steve and Mohan served as Vice Presidents, with Steve also the Chair of the Investment Committee and Mohan the Chair of the Nominations & Remuneration Committee;
- Janette Kendall was appointed as a casual vacancy to the Board in December 2022, and was subsequently elected by the members at the 2022 Annual General Meeting for a three year term;
- Geoff Porz and Sarah Robinson were appointed as casual vacancies to the Board in September 2023.

The Board thanks John, Steve and Mohan for their significant contribution to the Club during their time on the Board.

The Club has the following Board Committees:

- Audit, Risk & Integrity Committee. The Board members of the Committee for 2024 are Sally Freeman (Chair), David Rennick and David Robb;
- Investment Committee. The Board members of the Committee for 2024 are David Robb (Chair), Geoff Porz and Sarah Robinson;
- Nominations & Remuneration Committee. The Board members of the Committee for 2024 are Brad Green (Chair), Sally Freeman and Janette Kendall.

The company secretary of the Club is David Goldberg, who is independent of management.

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, EY, 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 23rd day of November 2023.



Kate Roffey
President



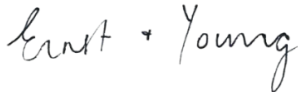
Sally Freeman
Chair – Audit, Risk & Integrity Committee

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 2023, 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
23 November 2023

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2023	Note	Consolidated	
		2023 \$	2022 \$
Revenue	3	56,373,310	54,984,319
Financial asset and interest income	3	1,083,294	51,299
Legal proceedings recovery	3	404,949	-
Men's Football costs		(26,919,799)	(24,473,898)
Women's Football costs		(4,373,170)	(4,027,419)
Cost of sales		(655,702)	(1,983,836)
Administration costs		(6,734,612)	(6,107,045)
Legal proceedings costs		(498,210)	(48,275)
Corporate, membership and fundraising expenses		(11,740,192)	(10,749,861)
Finance costs	4	(15,331)	(17,029)
Marketing & communications expenses		(2,566,655)	(2,393,905)
Depreciation expenses		(846,775)	(627,443)
Bentleigh Club closure costs		-	(253,554)
Gosch's Paddock Redevelopment		-	(1,000,000)
Director Election & Constitution Review		(96,265)	(518,546)
Financial asset market movement		(360,669)	-
Net profit/(loss) for the period		3,054,173	2,834,807
Profit/(loss) for the year from Discontinued Operations		-	(123,183)
Total Profit for the Period		3,054,173	2,711,624
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>			
Other comprehensive income for the period		-	-
Total comprehensive income / (loss) for the year			
Comprehensive income attributable to members	17	3,054,173	2,711,624
Total comprehensive income for the period attributable to members of Melbourne Football Club Limited		3,054,173	2,711,624

The accompanying notes form an integral part of these financial statements

Consolidated Statement of Financial Position

As at 31 October 2023	Note	Consolidated	
		2023 \$	2022 \$
CURRENT ASSETS			
Cash and cash equivalents	5	10,176,179	12,494,833
Trade and other receivables	6	442,875	565,046
Inventories	7	287,115	320,562
Other assets	8	129,017	91,455
Assets held for sale	12	-	23,700,000
TOTAL CURRENT ASSETS		11,035,186	37,171,896
NON CURRENT ASSETS			
Property, Plant and Equipment	9	6,727,106	1,730,954
Financial Assets	11	23,701,000	-
Investment accounted for using the equity method	13	90,601	91,447
Right-of-use Assets	10	333,296	654,418
TOTAL NON-CURRENT ASSETS		30,852,003	2,476,819
TOTAL ASSETS		41,887,189	39,648,715
CURRENT LIABILITIES			
Trade and other payables	14	5,486,643	4,279,510
Bentleigh sale deposit		-	2,370,000
Lease Liabilities	10	495,356	360,225
Provisions	16	1,024,405	843,193
Income received in advance		3,685,895	3,803,299
TOTAL CURRENT LIABILITIES		10,692,299	11,656,227
NON CURRENT LIABILITIES			
Lease Liabilities	10	468,529	448,342
Provisions	16	278,978	150,933
TOTAL NON-CURRENT LIABILITIES		747,507	599,275
TOTAL LIABILITIES		11,439,805	12,255,502
NET ASSETS		30,447,385	27,393,213
MEMBERS' FUNDS			
Asset Revaluation Reserve	17	-	14,600,000
Retained earnings	17	30,447,385	12,793,213
TOTAL MEMBERS' FUNDS		30,447,385	27,393,213

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

Consolidated Statement of Cash Flows

Consolidated			
For the year ended 31 October 2023	Note	2023 \$	2022 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		56,651,512	54,015,827
Interest received		250,175	51,299
Payments to suppliers and employees		(51,717,928)	(53,076,245)
Interest on Lease Liabilities		(15,331)	(17,029)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		5,168,427	973,852
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Property, Plant and Equipment		(5,527,809)	(572,663)
Payments for Financial Assets		(23,701,000)	-
Net Proceeds from Financial Assets		833,119	500,000
Contribution to Equity Accounted Investment	13	(70,170)	(65,668)
Proceeds from sale of Bentleigh club		21,330,000	2,370,000
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(7,135,860)	2,231,669
CASH FLOWS FROM FINANCING ACTIVITIES			
Principal Repayments of Lease Liabilities		(351,221)	(274,621)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(351,221)	(274,621)
Net increase/(decrease) in cash held		(2,318,655)	2,930,900
Cash at the beginning of the year		12,494,833	9,563,933
CASH AT THE END OF THE FINANCIAL YEAR	5	10,176,179	12,494,833

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

Consolidated Statement of Changes in Equity

For the year ended 31 October 2023	Consolidated		
	Retained Earnings	Asset Revaluation Reserve	Total Equity
	\$	\$	\$
BALANCE AS AT 1 NOVEMBER 2021	10,081,589	14,600,000	24,681,589
Net profit / (loss) for the year	2,711,624	-	2,711,624
Total comprehensive income for the period	2,711,624	-	2,711,624
BALANCE AS AT 31 OCTOBER 2022	12,793,213	14,600,000	27,393,213
BALANCE AS AT 1 NOVEMBER 2022	12,793,213	14,600,000	27,393,213
Net profit / (loss) for the year	3,054,173	-	3,054,173
Transfer from revaluation reserve	14,600,000	(14,600,000)	-
Total comprehensive income for the period	30,447,385	-	30,447,385
BALANCE AS AT 31 October 2023	30,447,385	-	30,447,385

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

Notes to the Financial Statements

Year ended 31 October 2023

1. Club Information

Melbourne Football Club Limited (the 'Club' or 'MFC') 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 2023 was authorised for issue in accordance with a resolution of the Directors on 23 November 2023.

2. Significant accounting policies

2.1 Basis of Preparation of Accounts

The Club's general purpose consolidated financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards - Simplified Disclosures*. The Club is a not-for-profit entity for the purposes of preparing these consolidated financial statements. The consolidated financial statements, for the year ended 31 October 2023 are the first financial statements the Club has prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures*.

The financial report is presented in Australian dollars, all values are rounded to the nearest dollar (\$) and are prepared on a historical cost basis.

2.2 Changes in accounting policies, accounting standards and interpretations

New and amended standards that become effective as of 1 October 2022 did not have a material impact on the financial statements of the Club as they are either not relevant to the Club's activities or require accounting which is consistent with the Club's accounting policies. The Club has not adopted any standard, interpretation or amendment that has been issued but is not yet effective. The accounting policies adopted are consistent with those of the previous financial year.

2.3 Basis of Consolidation

At 31 October 2023, the Club's 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 entities as at 31 October 2023. 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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

2.3 Basis of Consolidation (continued)

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.

2.4 Summary of significant accounting policies

(a) Business Combinations

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

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

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

(b) Current versus non-current classification

The Club presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

2.4 Summary of significant accounting policies (continued)

- It is due to be settled within twelve months after the reporting period

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- The terms of the liability that could, at the option of the counterparty, result in its settlement
- by the issue of equity instruments do not affect its classification.

The Club classifies all other liabilities as non-current.

(c) Revenue Recognition

Revenue from contracts with customers

Revenue is recognised as or when each performance obligation is satisfied at the amount of the transaction price allocated to that performance obligation. The Club recognises revenue earned from AFL distributions, gate receipts, merchandise, fundraising, membership & reserved seating, sponsorships and corporate hospitality as detailed in Note 3. Revenue is recognised at the fair value of the consideration received, net of the amount of goods and services tax (GST).

Sponsorships involving contra arrangements is 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. 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 2023, 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.

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.

(d) 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 is recognised at fair value at the date of the revaluation, less any subsequent accumulated impairment losses. Valuations are performed with sufficient frequency to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

Depreciation and Amortisation of Property, Plant and Equipment

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

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

2.4 Summary of significant accounting policies (continued)

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.

(e) 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.

(g) 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 and in the instance where indicators of impairment are present, an assessment of the current value of the assets was made on the basis of an earnings multiple.

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

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

(h) 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*.

(i) 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 2023 on High Quality Corporate Bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

2.4 Summary of significant accounting policies (continued)

(j) 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.

(k) Comparative Figures

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

(l) 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 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.

(m) 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.

(n) Financial Asset Investments

Non-derivative financial assets held by Melbourne Football Club comprise investments in equity and debt securities. A financial asset is recognised if the Club becomes a party to the contractual provisions of the asset. 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 (i.e. the date that the Club commits itself to purchase or sell the asset).

Financial assets held to collect that mature greater than 12 months after balance date are classified as non-current assets and are stated at fair value, with changes to fair value 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 fair value.

The financial investment assets are initially recognised at the cost price based on the quoted market price of the financial asset at the date the Club commits to purchase of the instrument and are subsequently held at fair value.

(o) 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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

2.4 Summary of significant accounting policies (continued)

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.

(p) 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.

(q) Income received in advance

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

(r) 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.

(s) 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.

(t) 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:

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

2.4 Summary of significant accounting policies (continued)

- 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.

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.

2.5. Significant accounting judgments, estimates and assumptions

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

Long service leave provision

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

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience. In addition, the condition of the assets is assessed at least annually at the end of each reporting period.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

	Consolidated	
	2023	2022
	\$	\$
3. Revenue from Continuing Operations		
Revenue from Football-Related Activities		
Gate Receipts	9,117,727	8,237,711
Distributions from the AFL	18,922,441	17,966,571
Merchandise	1,422,718	3,550,198
Membership, Annual Reserved Seating and General Fundraising	12,147,484	11,575,852
Sponsorship & Corporate Hospitality	12,358,638	11,713,227
AFL & AFLW Finals Prize Money	298,000	218,582
Training & Administration Facility Fundraising	1,096,385	439,175
Other Revenue	1,009,917	927,503
Total revenue from Football-Related Activities	56,373,310	54,628,819
Revenue from other activities		
Grant funding	-	355,500
Total Revenue from Other Activities	-	355,500
Total Revenue	56,373,310	54,984,319
Timing of revenue recognition		
Revenue recognised at a point in time	12,646,747	13,510,088
Revenue recognised over time	43,726,563	41,474,231
Total Revenue	56,373,310	54,984,319
Other Income		
Interest income	250,175	51,299
Financial asset income	833,119	-
Legal proceedings recovery	404,949	-
Total Other Income	1,488,243	51,299

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

	Consolidated	
	2023	2022
	\$	\$
4. Expenses		
<i>Finance Costs</i>		
- Interest Expense on Lease Liabilities	15,331	17,029
Total finance costs	15,331	17,029
<i>Employee benefits expense</i>		
Salary and wages expense	33,816,685	32,755,336
Superannuation expense	2,380,379	2,183,558
Total Gross employee benefits expense	36,197,064	34,938,894

5. Cash and Cash Equivalents

Cash at bank and in hand	10,126,179	5,624,833
Short-term deposit	50,000	4,500,000
Trading Cash and cash equivalents	10,176,179	10,124,833
Bentleigh Sale Deposit	-	2,370,000
Total Cash and cash equivalents	10,176,179	12,494,833

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposit is a 90 days' notice deposit and earns interest at the short-term deposit rates.

	Consolidated	
	2023	2022
	\$	\$
6. Trade and Other Receivables		
Receivables from third-party customers	442,875	565,046
	442,875	565,046

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days for third-party customers and 14 days for related parties.

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

Opening balance	1,155	1,155
Charge for the year	71,616	-
Previously recognised doubtful debts written off	-	-
Amounts recovered	-	-
Closing balance	72,771	1,155

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

	Consolidated	
	2023	2022
	\$	\$
7. Inventories		
Merchandise	276,921	298,979
Food and beverage	10,194	21,583
	287,115	320,562

(a) Cost of Sales

Cost of Sales for the year ended 31 October 2023 totalled \$655,702 (FY22: \$1,983,836) for the Club.

During 2023, \$75,000 (2022: \$348,359) was recognised as an expense for inventories carried at net realisable value.

8. Other Assets

Prepayments	129,017	91,455
	129,017	91,455

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

9. Property, Plant & Equipment

	Furniture and Fittings	Plant and Equipment	Leasehold Improvements	Motor Vehicles	Purchased Memorabilia	Capital Works	Total PP&E
Cost at 1 November 2022							
Opening balance	517,732	2,473,605	955,371	74,846	113,090	548,070	4,682,714
Additions	103,176	421,446	2,580,846	80,876	-	2,341,466	5,527,809
Transfer	-	-	548,070	-	-	(548,070)	-
Disposals / Retirements	-	-	-	-	-	-	-
At 31 October 2023	620,908	2,895,050	4,084,288	155,722	113,090	2,341,466	10,210,524
Accumulated depreciation at 1 November 2022							
Opening balance	346,893	2,039,853	426,414	25,510	113,090	-	2,951,760
Depreciation for the year	43,629	202,605	265,254	20,169	-	-	531,656
Disposals / Retirements	-	-	-	-	-	-	-
At 31 October 2023	390,522	2,242,458	691,668	45,679	113,090	-	3,483,417
<i>Net book value</i>	230,385	652,592	3,392,621	110,043	-	2,341,466	6,727,106

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

10. Leases

Group as a Lessee

The Group has lease contracts for premises and vehicles used in its operations. Leases of premises generally have lease terms between 3 and 5 years, while motor vehicles generally have lease terms between 5 and 10 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Buildings	Motor Vehicles	Total
Right-of-use Assets			
As at 1 November 2022	627,975	26,443	654,418
Additions	453,537	-	453,537
Lease modification	(459,540)	-	(459,540)
Depreciation	(303,176)	(11,943)	(315,119)
As at 31 October 2023	318,796	14,500	333,296

Presented below is a maturity analysis of future lease payments

	Consolidated	
	2023	2022
	\$	\$
Not later than 1 year	495,356	360,225
Later than 1 year and not later than 5 years	468,529	448,341
Later than 5 years	-	-
	963,885	808,566

The following have been recognised in the profit or loss statement:

	2023	2022
	\$	\$
Depreciation expense of right-of use-asset	315,119	481,154
Interest expense on lease liabilities	15,331	17,029
As at 31 October 2023	330,450	498,183

There were no expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the year ended 31 October 2023 (2022: \$nil).

The Group had total cash outflows for leases of \$351,221 in 2023 (2022: \$274,621).

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

	Consolidated 2023 \$	2022 \$
11. Financial Assets		
Financial assets at fair value through profit or loss	23,701,000	-
	23,701,000	-

Financial assets include investments in listed equity shares, government bonds, cash, and unlisted equity shares with a maturity greater than 3 months. During the period, \$833,119 of dividend and interest income was recognised in relation to the financial assets, offset by \$360,669 loss in market to market movements.

12. Assets held for sale

Assets held for sale	-	23,300,000
	-	23,300,000

In November 2022, the Bentleigh Club settled in line with contractual terms resulting in \$23.7m cash inflow for the Club and the asset being derecognised.

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.

Opening investment in joint venture	566,911	501,243
Cash (distribution received)/ injection	70,170	65,668
Investment in joint venture	637,081	566,911
Retained earnings	(475,465)	(404,613)
Share of the joint venture's profit or (loss):	(71,015)	(70,852)
Carrying value of investment in jointly controlled entity	90,601	91,446

14. Trade and Other Payables

Trade creditors	(a) 2,418,904	1,925,073
Other creditors and accruals	3,021,829	2,193,702
GST Payable (Net)	45,909	160,735
	5,486,643	4,279,510

(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

During the period, the existing facility with Westpac Banking Corporation was closed on 19 October 2023. On 22 June 2023, a new facility was entered into with National Australia Bank with an expiry date of 30 November 2024. The new facility provides the Club the ability to draw funds up to a limit of \$4.5m as a commercial bill facility. The commercial bill facility remains undrawn as at 31 October 2023.

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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

(ii) 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.

16. Provisions

	Annual Leave \$	Long Service Leave \$	Total \$
Current	557,568	466,837	1,024,405
Non-current	-	278,978	278,978
At 31 October 2023	557,568	745,815	1,303,383
Current	482,979	360,214	843,193
Non-current	-	150,933	150,933
At 31 October 2022	482,979	511,147	994,126

	Consolidated	
	2023 \$	2022 \$
17. Retained Earnings & Reserves		
Retained earnings at beginning of financial year	12,793,213	10,081,589
Transfer from revaluation reserve	14,600,000	-
Net profit	3,054,173	2,711,624
Retained earnings at end of financial year	30,447,385	12,793,213
Asset Revaluation reserve		
Opening asset revaluation reserve	14,600,000	14,600,000
Transfer to retained earnings	(14,600,000)	-
Closing asset revaluation reserve	-	14,600,000

18. 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. The commitments include the change in player and coaching salaries under the new CBA signed during 2023.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

	2023 \$	2022 \$
- Not later than 1 year	20,693,559	17,497,204
- Later than 1 year but not later than 2 years	16,331,508	12,870,000
- Later than 2 years but not later than 8 years	23,012,163	21,935,000
	60,037,230	52,302,204

19. Remuneration of Auditors

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

	2023 \$	2022 \$
Remuneration for financial statement audit services	78,412	78,421
Remuneration for other audit services	23,645	46,900
Remuneration for non-audit services	30,400	-

20. Remuneration of Key Management Personnel

In 2023 the key management personnel of the Club were 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.

	Consolidated	
	2023 \$	2022 \$
Compensation for Key Management Personnel		
Salaries	2,894,480	3,048,676
Total Compensation	2,894,480	3,048,676

21. Related Parties

Directors

The names of the persons who were Directors of the Club for all or part of the financial year are listed below.

Kate Roffey
John Trotter
Mohan Jesudason
David Robb
Steve Morris
David Rennick
Brad Green
Sally Freeman
Janette Kendall
Sarah Robinson
Geoff Porz

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

Certain director and related entity 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	
	2023	2022
	\$	\$
Amounts provided to the Club:		
Kate Roffey	2,250	-
John Trotter	-	7,528
Mohan Jesudason	2,008	2,324
David Robb	808	784
Steve Morris	3,558	8,959
David Rennick	21,095	22,774
Brad Green	808	2,093
Sally Freeman	4,408	917
Janette Kendall	1,903	-
Sarah Robinson	-	-
Geoff Porz	-	-

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 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.

Notes to the Consolidated Financial Statements (continued)

Year ended 31 October 2023

(b) Foreign currency risk

The Club has no exposure to foreign currency risk.

(c) Liquidity risk

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

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

(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

On 10 November 2023, the Club was awarded the McClelland Trophy as the champion club for home and away performances across the men's and women's competitions in 2023.

The Club will receive \$1m in prizemoney from the AFL for the McClelland Trophy, with \$0.7m required to be shared amongst players and staff from the AFL and AFLW programs.

There has been no other matter or circumstance that has arisen since 31 October 2023 that has or may significantly affect the results of operations or the Club's state of affairs.

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 2023 and of its performance for the year ended on that date; and
 - (ii) complying with *Australian Accounting Standards – Simplified Disclosure* (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
President



Sally Freeman
Chair of the Audit, Risk & Integrity Committee

Melbourne

23 November 2023

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 2023, 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 2023 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

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

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

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

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

Responsibilities of the Directors for the Financial Report

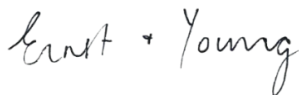
The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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



Ernst & Young



Alison Parker
Partner
Melbourne
23 November 2023

