

Form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

Copy of financial statements and reports

Company details

Company name

GCFC LIMITED

ACN

144 555 822

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial
year ends

Financial year end date

31-10-2022

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

Details of current auditor or auditors

Current auditor

Date of appointment **19-01-2013**

Name of auditor

KPMG

Address

**'LEVEL 11 CNR BUNDALL RD &
SLATYER**

**AVENUE'
KPMG - GOLD COAST CORPORATE
CENTRE ONE
BUNDALL QLD 4217**

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form
Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by
Name Michael Richard MALLINSON
Date 12-01-2023

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GCFC Limited
ABN 47 144 555 822

Annual Financial Report

31 October 2022

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Directors' report

The Directors present their report together with the financial report of GCFC Limited ('the Club') for the year ended 31 October 2022 and the auditor's report thereon.

Directors

The Directors of the Club at any time during or since the end of the year and to the date of the report are:

Mr Anthony John Cochrane (Chairman)

Mr Kerry Robert East

Mr Paul Darren Scurrah

Mr Simon Gordon Bennett

Mr Martin Conway Rowland

Ms Samantha Linette Pearl Riley

Ms Leschen Leah Smaller

Mr Robert Brian Charter

Mr Damien Guy Walker (appointed 11th February 2022)

Mr Michael Emmett (resigned 11th February 2022)

Information on Directors

Mr Anthony John Cochrane

Experience	Chairman Director appointed 29 March 2014
Qualifications	Director Cochrane Entertainment Director Cochrane and Partners PL Director T&T Events Pty Ltd Director of Backstage Australia Vice Chairman SX Global Director - IWEFO Founding Executive Chairman of V8 Supercars Australia – retired Founding Director of Sports & Entertainment Limited - retired
Special Responsibilities	Chairman of Board of Directors Member of Integrity, Compliance & Legal Committee

Mr Kerry Robert East

Experience	Deputy Chairman Director appointed 10 June 2010
Qualifications	Chair of Australia Venue Co Chair of Experience Co Chair of Cettire Limited Holds a Master of Business Administration
Special Responsibilities	Deputy Chairman Member Commercial Committee

Directors' report

Mr Paul Darren Scurrah

Experience	Director appointed 6 July 2010
Qualifications	CEO Pacific National Former CEO & Managing Director of Virgin Australia Group Former CEO & Managing Director of DP World Australia Limited Over 25 years experience in transport, tourism and customer service Non-Executive Director – RPMGlobal Chairman Whizz Technologies
Special Responsibilities	Member of Football Sub Committee

Mr Simon Gordon Bennett

Experience	Director appointed 26 April 2016
Qualifications	LLB (Hons), Dip Leg Prac, Accredited Specialist Property law (Qld) Board member Gold Coast Community Fund Chair of the TSS Audit & Risk Committee
Special Responsibilities	Member of Football Sub Committee Chair of AFLW Football Sub Committee Member of Integrity, Compliance & Legal Committee

Mr Martin Conway Rowland

Experience	Director appointed 26 April 2016
Qualifications	Director East Coast HDD Pty Ltd Director Bounce Civil Pty Ltd
Special Responsibilities	Chair Commercial Committee Member of Finance & Audit Committee (September – December 2022)

Ms Samantha Riley

Experience	Director appointed 18 August 2016
Qualifications	Olympic Silver and Bronze Medallist Medal of the Order of Australia Ambassador Royal Life Saving Association Keep Watch Program Co-founder of Sam Riley Swim Schools Co-owner of 7 SNAP Fitness Gyms
Special Responsibilities	Chair Membership, Attendance & Community Committee Member of AFLW Football Sub Committee

Ms Leschen Smaller

Experience	Director appointed 24 November 2016
Qualifications	BCom, BAarts, CA, FCPA Director Element Business & Accounting Solutions Pty Ltd Director Element SMSF & Advisory Pty Ltd Director Gold Coast Mayoress Charity Foundation Ltd
Special Responsibilities	Chair Finance & Audit Committee

Directors' report

Mr Robert Brian Charter

Experience Director appointed 18 March 2021
Former Caterpillar Inc. Group President of Customer & Dealer Support
BSc. Mechanical Engineering & Stanford University Executive Program
Director of 8 By the Gate

Special Responsibilities Member Commercial Committee

Mr Damien Guy Walker

Experience Director appointed 11 February 2022
CEO of Department of the Premier & Cabinet South Australia Government
Director Infrastructure SA
Director Renewal SA
Former Director-General Department of State Development, Local Government and Planning with the Queensland government. Experienced executive with background in infrastructure planning and delivery, major event delivery, industry development and contract management.
Bachelor of Arts and Bachelor Planning

Special Responsibilities Member Commercial Committee

Mr Michael Emmett

Experience Director appointed 14 August 2019 (resigned 11 February 2022)
Diverse experience working across insurance, consulting and IT industries in Australia, the UK and South Africa
B.Comm, H Dip.Acc, CA (SA)
Director of AUB Group Limited (ASX:AUB)
Director of M.G.A. Management Services Pty Limited

Special Responsibilities Member of Finance & Audit Committee (part year only)

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Club during the year are:

	Board Meetings	
	A	B
Mr Anthony Cochrane	11	11
Mr Kerry Robert East	11	10
Mr Paul Darren Scurrah	11	8
Mr Simon Bennett	11	10
Mr Martin Rowland	11	9
Ms Samantha Riley	11	11
Ms Leschen Smaller	11	11
Mr Robert Brian Charter	11	11
Mr Damien Guy Walker	9	9
Mr Michael Emmett	2	2
A Number of meetings held during the time the Director held office during the year		
B Number of meetings attended		

Directors' report

Environmental regulations

As a result of information provided by management the Director's believe that the Club has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Club.

Principal activities and objectives

The principal activity of the Club is the promotion, administration and development of Australian Rules Football and management of the Gold Coast Football Club.

The Club's short term objectives are to:

- Maintain a high performance male and female football program to deliver on-field success
- Conducting male and female Academy programs to grow and develop talent both in South East Queensland, North Queensland and the Northern Territory
- Grow the membership base and increase the supporter base of the Club
- Enhance and grow the level of commercial returns
- Continue to engage, invest and deliver quality outcomes within the community
- Develop and maintain a high performing workforce
- Maintain a commitment to policies and practices that ensure a high standard of corporate governance
- Maintain a commitment to the safety of our people and patrons of Metricon Stadium
- Attract more events to Metricon Stadium
- Commencement of non-football diversified revenue streams

The Club's longer term objectives are to:

- Maintain a high performance male and female football programs to deliver sustained on-field success
- Conducting male and female Academy programs to grow and develop talent both in South East Queensland, North Queensland and the Northern Territory
- Grow membership, supporter base and match day attendances
- Develop a platform for ongoing financial stability through maximising existing revenues and identifying new and alternate revenue streams
- Maximise returns from Metricon Stadium through AFL and non-AFL events
- Continue to engage, invest and deliver quality outcomes within the community with a focus on key Gold Coast social issues, diversity and growing the game of AFL
- Develop non-football diversified revenue streams

The Club continually monitors the performance of its objectives and strategies within its business plan.

Operating and financial review

The net loss of the Club for the year ended 31 October 2022 was (\$2,612,435) (2021 loss of: \$276,219).

The Club derived its revenue mainly from grants received from the Australian Football League, corporate sponsorships, corporate hospitality, membership and ticket sales.

The Club's strategy is to build a high-performance team that achieves on-field success in the Australian Football League. The Club also aims to assist in increasing participation and support for Australian Rules Football within the Queensland region.

The 2022 balance sheet includes a lease modification of \$12.4m in relation to Metricon Stadium, which the Club manages for the AFL who hold the Head Lease with Stadiums Queensland. The lease modification has resulted in additional lease amortisation of \$1.25m and additional lease interest of \$0.76m in 2022, thereby resulting in a cumulative increase in expenses of \$2.01m for 2022.

Directors' report

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Club that occurred during the year under review not otherwise disclosed in this report or the financial statements.

The Club will continue to be financially dependent upon the support of the AFL (Australian Football League) in the future.

Events subsequent to balance date

There are no matters or circumstances have arisen in the interval between the end of the year and the date of this report which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

Likely developments

The Club will continue to focus its efforts on achieving its short and long term objectives.

Directors' benefits & interests

During both 2022 and 2021, the Club purchased a table at the Gold Coast Mayoress Ball, of which Leschen Smaller is a Director of the Gold Coast Mayoress Charity Foundation.

Amounts were billed based on normal market rates for these types of services and were due and payable under normal payment terms.

During this financial year, no other Director of the Club has received or become entitled to receive any benefit by reason of a contract made by the Club, or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest.

Members' Guarantee

The Club is a company limited by guarantee to the extent of \$2.00 for each member. As at 31 October 2022, there was 1 voting member.

Dividends

The constitution of the Club prohibits it from payment of dividends and accordingly no dividends were paid during the year.

Lead Auditor's Independence Declaration under Section 307C of The Corporations Act 2001

The Lead Auditor's Independence Declaration is set out on Page 7 and forms part of the Directors' report for the year ended 31 October 2022.

Directors' report

Indemnification and insurance of officers and auditors

Indemnification

The Club has not, during or since the end of the year, in respect of any person who is or has been an auditor of the Club or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings.


The Club has, in respect of any person who is or has been an officer or director of the Club, indemnified against a liability incurred as an officer or director, including costs and expenses in successfully defending legal proceedings, to the extent permitted by law and the prohibitions in section 199A of the *Corporations Act 2001*.

Insurance premiums

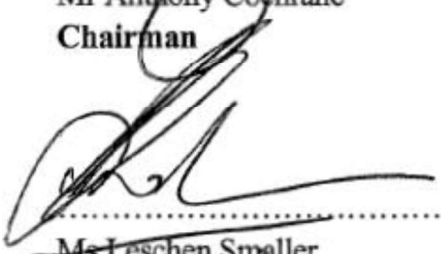
The insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former Directors and Officers including executive officers of the Club and Directors have been paid by the Club.

Signed at Carrara this 15th day of December 2022.

Signed in accordance with a resolution of the Directors.



.....
Mr Anthony Cochrane
Chairman



.....
Ms Leschen Smaller
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of GCFC Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of GCFC Limited for the financial year ended 31 October 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contravention of any applicable code of professional conduct in relation to the audit.

KPMG

Jeff Frazer
Partner

15 December 2022

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	2022 \$	2021 \$
Revenue	2	45,672,681	39,166,650
Expenses			
Administration expenses		2,818,904	2,728,713
Cost of goods sold		202,471	66,266
Depreciation & amortisation expenses		2,646,221	1,504,839
Employee expenses	3	30,855,765	27,058,033
Football operations expenses		3,157,370	2,498,319
Advertising & promotion expenditure		499,755	451,794
Sponsor & match day activation		5,212,057	3,530,217
Travel expenses		780,594	285,574
Maintenance expenses		887,648	790,599
Net profit / (loss) before net finance income		<u>(1,388,104)</u>	<u>252,296</u>
Finance income	4	59,713	22,886
Finance expenses	4	<u>(1,284,044)</u>	<u>(551,401)</u>
Net finance income		<u>(1,224,331)</u>	<u>(528,515)</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income / (loss) for the year		<u><u>(2,612,435)</u></u>	<u><u>(276,219)</u></u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 26.

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2022

	Note	2022 \$	2021 \$
Current Assets			
Cash and cash equivalents	5	3,131,256	2,664,330
Trade and other receivables	6	1,244,647	1,291,264
Inventory – Merchandise	7	55,883	63,676
Prepayments	10	595,224	378,932
Other assets	11	2,101,817	2,800,000
Total current assets		<u>7,128,827</u>	<u>7,198,202</u>
Non - current Assets			
Property, plant and equipment	8	1,133,698	865,369
Leasehold assets	9	21,491,409	11,500,425
Prepayments	10	644,487	-
Other assets	11	-	556,419
Total non-current assets		<u>23,269,594</u>	<u>12,922,213</u>
Total assets		<u><u>30,398,421</u></u>	<u><u>20,120,415</u></u>
Current Liabilities			
Trade and other payables	12	3,479,524	2,047,928
Deferred income	14	1,560,530	658,265
Provisions	15	5,574,138	4,892,784
Total current liabilities		<u>10,614,192</u>	<u>7,598,977</u>
Non- current Liabilities			
Borrowings	13	1,590,000	1,990,000
Provisions	15	22,308,833	12,033,607
Total non-current liabilities		<u>23,898,833</u>	<u>14,023,607</u>
Total liabilities		<u>34,513,025</u>	<u>21,622,584</u>
Net assets / (liabilities)		<u><u>(4,114,604)</u></u>	<u><u>(1,502,169)</u></u>
Equity			
Accumulated losses		<u>(4,114,604)</u>	<u>(1,502,169)</u>
Total equity / (deficiency)		<u><u>(4,114,604)</u></u>	<u><u>(1,502,169)</u></u>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 26.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2022**

	2022	2021
	\$	\$
Total equity at the beginning of the financial year	(1,502,169)	(1,225,950)
Total comprehensive loss for the year	(2,612,435)	(276,219)
Total equity at the end of the financial year	<u>(4,114,604)</u>	<u>(1,502,169)</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 26.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2022

	2022	2021
	\$	\$
Cash flows from operating activities		
Cash receipts in the course of operations	50,201,066	43,319,110
Cash payments in the course of operations	(48,893,823)	(40,795,338)
Net cash provided by/(used in) operating activities	<u>1,307,243</u>	<u>2,523,772</u>
Cash flows from investing activities		
Payments for property plant and equipment	(500,030)	(35,888)
Interest received	59,713	22,886
Net cash provided by/(used in) investing activities	<u>(440,317)</u>	<u>(13,002)</u>
Cash flows from financing activities		
Repayments of borrowings	(400,000)	-
Net cash provided by financing activities	<u>(400,000)</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents held	<u>466,926</u>	<u>2,510,770</u>
Cash and cash equivalents at the beginning of the financial period	2,664,330	153,560
Cash and cash equivalents at end of the financial period	<u>3,131,256</u>	<u>2,664,330</u>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 26.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

The financial report for GCFC Ltd (“the Club”), a not-for-profit entity, is for the year ended 31 October 2022 and the financial report was authorised for issue by the Board of Directors on 15th December 2022.

1 Statement of significant accounting policies

(a) Reporting entity

GCFC Ltd (the ‘Club’) is domiciled in Australia. The Company’s registered office is at 296 Nerang Broadbeach Road, Carrara QLD 4211.

The Club is a not-for-profit entity and is primarily involved in the promotion, administration and development of Australian Rules Football and management of the Gold Coast Football Club.

(b) Basis of preparation

These financial statements are general purpose financial statements for distribution to the members and for the purpose of fulfilling the requirements of the Corporations Act 2001. They have been prepared in accordance with Australian Accounting Standards — Simplified Disclosures made by the Australian Accounting Standards Board and the Corporations Act 2001.

These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards Simplified Disclosures. In the prior year the financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards — Reduced Disclosure Requirements.

There was no impact on the recognition and measurement of amounts recognised in the statements of financial position, profit and loss and other comprehensive income and cash flows of the Group as a result of the change in the basis of preparation.

These financial statements were authorised for issue by the Company's board of directors on 15th December 2022.

Details of the Group's accounting policies are included in Note [1].

(c) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Club's functional currency.

(d) Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates that affect the application of the Club’s accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment are disclosed in the following notes:

- Note 1(f) – Going concern;
- Note 6 – measurements of ECL allowances for trade receivables: determining loss rates receivables (impairment losses);
- Note 15 – Provisions

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1 Statement of significant accounting policies (continued)

(e) New and amended standards adopted by the Group

The club has initially adopted the following standard and amendments from 1 November 2021.

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For-Profit Tier 2 Entries;
- AASB 2020-2 Amendments to Australian Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities.

The above standard and amendments did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A number of other new standards are also effective from 1 November 2021 but they do not have a material effect on the Club's financial statements.

(f) Going Concern

The Club reported a loss of (\$2,612,435) for the year ended 31 October 2021 (2021 loss: \$276,219).

As at 31 October 2022 the Club has a net current asset deficiency of \$3,485,365 (2021: deficiency of \$400,775 and accumulated losses of \$4,114,604 (2021: accumulated losses of \$1,502,169).

The ability of the Club to continue as a going concern, including the ability to pay its debts as and when they fall due is dependent on the Club being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other sources, including the continued financial support of the Australian Football League's ('AFL').

Notwithstanding the deficiency in net assets, the financial statements have been prepared on a going concern basis which assumes the Club will continue its operations and be able to meet its obligations as and when they become due and payable.

The Directors note the following factors supporting the adoption of the going concern basis:

- The Club has been provided with a Letter of Comfort from the AFL which makes available financial support that, if required, can be used to assist the Club to meet its obligations. Under the terms of the letter with the AFL, the Club is required to comply with various conditions and obligations however, the letter of comfort states that it should not be relied upon as a guarantee or indemnity by the AFL of the obligations of the Club and its Directors;
- The Club's current trade and other payables include an amount of \$309,499 owing to the AFL. Whilst these amounts are due and payable on demand by the AFL, the Club expects that the AFL will continue to support the Club in accordance with its letter of financial support and will not demand repayment if the Club does not have sufficient available funds to pay;
- Management has prepared cash flow projections that, after taking into account the above continued financial assistance, support the preparation of the financial statements on a going concern basis; and
- As discussed in Note 19, the Club is economically dependent on the continual support of the AFL.

If the Club is unable to successfully generate sufficient funding from these sources to continue its ongoing operations, or continue to comply with the conditions and obligations as set out in the Letter of Comfort, there is a material uncertainty whether the Club will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1 Statement of significant accounting policies (continued)

(g) Revenue recognition

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider.

Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

Trading Operations

Sales revenue comprises revenue earned (net of returns, discounts and allowances) for the provision of products or services to entities outside the Club. Sales revenue in relation to products is recognised as control is transferred to customers. Sales revenue in relation to services is recognised over the period in which services are provided

AFL Grants

AFL grants are recognised as revenue in the income statement in accordance with the period to which the Club delivers the services specified under the AFL funding agreement. Where terms and conditions of grants are not considered to be sufficiently specific, they are recognised as other operating grants or capital grants (refer below for treatment under AASB 1058).

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Other operating grants

Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Club at significantly below its fair value. Once the asset has been recognised, the Club recognises any related liability amounts (e.g. provisions, financial liabilities). Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Capital grants

Capital grants received under an enforceable agreement to enable the Club to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Club (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Club

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1 Statement of significant accounting policies (continued)**(h) Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The amount of GST recoverable from and payable to, the Australian Taxation Office ("ATO") is included as a current asset and liability in the Statement of Financial Position.

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

(i) Taxation

The Club is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997 as amended, as the activities are solely the promotion, administration and development of Australian Rules Football.

(j) Receivables

Trade and other receivables are stated at their amortised cost less any impairment loss.

(k) Property, plant and equipment*Recognition and measurement*

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Club, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation and amortisation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Club will obtain ownership by the end of the lease term. Land is not depreciated.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1 Statement of significant accounting policies (continued)**(k) Property, plant and equipment (continued)**

The depreciation rates used for each class of asset, for the current and prior financial period are as follows:

Straight line method

Plant and equipment	10% to 20%
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Furniture and fittings	10%
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Leasehold Improvements	5% to 20%
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(l) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

(m) Contributed equity / retained earnings

The Club is a company limited by guarantee to the extent of \$2.00 for each member. As at 31 October 2022, there was 1 voting member.

The Memorandum of Association prevents the distribution of retained profits or payment of dividends to members.

(n) Employee benefits*Short-term employee benefits*

Short-term benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long term employee benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit & loss in the period in which they arise.

Defined Contribution Superannuation fund

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(o) Financial instruments*Non-derivative financial assets**Recognition and initial measurement*

The Club initially recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Club becomes a party to the contractual provisions of the instrument

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1 Statement of significant accounting policies (continued)**(o) Financial instruments – (continued)***Non-derivative financial assets (continued)*

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

Classification and subsequent measurement

Financial assets are not reclassified subsequent to their initial recognition unless the Club changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Club may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Impairment of financial assets

The Club recognises expected credit losses ('ECLs') on:

- Financial assets measured at amortised cost;
The Club measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- Other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1 Statement of significant accounting policies (continued)**(o) Financial instruments – (continued)*****Non-derivative financial assets (continued)***

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows the Club expects to receive).

At each reporting date, the Club assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognised in other comprehensive income.

The gross carrying amount of a financial asset is written off when the Club has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost.

The Club initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Club becomes a party to the contractual provisions of the instrument.

The Club derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(p) Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the average cost principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(q) Leases

At inception of a contract, the Club assesses whether a lease exists – i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration. This involves an assessment of whether: The contract involves the use of an identified asset – this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right, then there is no identified asset. The Club has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use. The Club has the right to direct the use of the asset i.e. decision-making rights in relation to changing how and for what purpose the asset is used. The Club has elected not to separate non-lease components from lease components have accounted for all leases as a single component.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

1 Statement of significant accounting policies (continued)**(q) Leases – (continued)**

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Club believes it is reasonably certain that the option will be exercised. The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy. The right-of-use asset is assessed for impairment indicators at each reporting date.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Club's incremental borrowing rate is used. Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Club's assessment of lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Club has elected to apply the exceptions to lease accounting for leases of low-value assets and short-term leases. For these leases, the Club recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

There are minimum commitments in relation to maintenance, asset enhancement and asset replacement that are required outlined in the Venue Management Agreement. These amounts are met through a sinking fund for annual commitments not paid. Any outstanding balances are payable to the Stadium owner in the event of termination of the lease. The present value of the minimum commitments has been reflected as leasehold asset, with a lease related provision recognised the remaining amounts payable over the term of the agreement.

(r) Provisions

A provision is recognised if, as a result of a past event, the Club has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

		2022	2021
		\$	\$
2	Revenue		
	Grant income	27,248,547	24,299,138
	Sponsorship & supply rights income	8,512,928	6,654,780
	Membership & ticketing income	6,384,254	3,004,828
	Merchandise sales	353,815	235,184
	Other trading operations	3,173,137	4,972,720
		<u>45,672,681</u>	<u>39,166,650</u>
3	Employee expenses		
	Wages and salaries	28,677,996	25,345,464
	Superannuation expenses	1,946,412	1,641,071
	Annual leave expense	128,206	11,382
	Long service leave expense	103,151	60,116
		<u>30,855,765</u>	<u>27,058,033</u>
4	Finance income and expense		
	Finance income on bank deposits	59,713	22,886
	Finance expenses	(35,768)	(28,631)
	Lease related finance expenses (refer note 15)	<u>(1,248,276)</u>	<u>(522,770)</u>
		<u>(1,224,331)</u>	<u>(528,515)</u>
5	Cash and cash equivalents		
	Cash on hand	725	1,100
	Cash at bank	3,130,531	2,663,230
		<u>3,131,256</u>	<u>2,664,330</u>
6	Trade and other receivables		
	Trade receivables	807,465	1,171,591
	Less: provision for impairment losses	(110,234)	(127,467)
	GST receivable	-	36,620
	Contract receivables	368,750	155,263
	Other trade receivables	178,666	55,257
		<u>1,244,647</u>	<u>1,291,264</u>

During the year the Director's assessed the recoverability of trade and other receivables and recorded impairment losses of \$110,234 in respect of debtors outstanding at 31 October 2022 (2021: \$127,467).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

		2022	2021
		\$	\$
7	Inventory – merchandise	<u>55,883</u>	<u>63,676</u>
8	Property, plant and equipment		
	Plant and equipment		
	<i>At cost</i>	1,643,290	1,480,644
	<i>Less: accumulated depreciation</i>	<u>(1,473,667)</u>	<u>(1,368,695)</u>
	Net book value	<u>169,623</u>	<u>111,949</u>
	Furniture and fittings		
	<i>At cost</i>	753,165	740,776
	<i>Less: accumulated depreciation</i>	<u>(687,987)</u>	<u>(623,064)</u>
	Net book value	<u>65,178</u>	<u>117,712</u>
	Leasehold Improvements		
	<i>At cost</i>	2,864,957	2,539,962
	<i>Less: accumulated depreciation</i>	<u>(1,966,060)</u>	<u>(1,904,254)</u>
	Net book value	<u>898,897</u>	<u>635,708</u>
	Carrying amount at end of period	<u><u>1,133,698</u></u>	<u><u>865,369</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

	2022	2021
	\$	\$
8		
Property, plant and equipment (continued)		
Plant and equipment		
<i>Carrying amount at beginning of period</i>	111,949	242,818
<i>Additions</i>	162,647	35,888
<i>Disposals at cost</i>	-	(650,374)
<i>Write-back accumulated depreciation</i>	(476)	650,374
<i>Depreciation</i>	(104,497)	(166,757)
Carrying amount at end of period	<u>169,623</u>	<u>111,949</u>
 Furniture and fittings		
<i>Carrying amount at beginning of period</i>	117,712	243,203
<i>Additions</i>	12,389	-
<i>Disposals at cost</i>	-	(5,799)
<i>Write-back accumulated depreciation</i>	-	5,703
<i>Depreciation</i>	(64,923)	(125,395)
Carrying amount at end of period	<u>65,178</u>	<u>117,712</u>
 Leasehold Improvements		
<i>Carrying amount at beginning of period</i>	635,708	686,648
<i>Additions</i>	324,995	-
<i>Disposals at cost</i>	-	(9,076)
<i>Write-back accumulated depreciation</i>	132	9,076
<i>Depreciation</i>	(61,938)	(50,940)
Carrying amount at end of period	<u>898,897</u>	<u>635,708</u>
	<u><u>1,133,698</u></u>	<u><u>865,369</u></u>
 9		
Leasehold Assets		
<i>Carrying amount at beginning of period</i>	11,500,425	12,662,171
<i>Additions</i>	-	-
<i>Disposals</i>	-	-
<i>Adjustments</i>	12,405,846	-
<i>Amortisation</i>	(2,414,862)	(1,161,746)
Carrying amount at end of period	<u><u>21,491,409</u></u>	<u><u>11,500,425</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

9 Leasehold Assets (continued)

During 2022 a lease modification of \$12,405,846 has been included to account for additional obligations under the terms of the Venue Management agreement under which the Club operates Metricon Stadium for the AFL who hold the Head Lease with Stadiums Queensland. The increase in the commitments was reflected as an increase in the provisions (note 15) and related right of use asset.

		2022	2021
		\$	\$
10	Prepayments		
	Current		
	Operational prepayments	282,537	119,153
	Stadium Infrastructure	312,687	259,779
		<u>595,224</u>	<u>378,932</u>
	Non-current		
	Stadium Infrastructure	644,487	-
		<u>1,239,711</u>	<u>-</u>
11	Other assets		
	Current		
	Stadium sinking fund bank account	<u>2,101,817</u>	<u>2,800,000</u>
	Non-current		
	Stadium sinking fund bank account	<u>-</u>	<u>556,419</u>

As outlined in Note 15, the Club is required to provide through a sinking fund for annual commitments not paid during the period as outlined in the Venue Management Agreement. This Other Asset represents funds deposited into a sinking fund account that will be required to satisfy the provision as detailed in Note 15.

As such, these funds are not considered part of the Club's working capital and will not be used for any other purpose other than to satisfy the Club's obligations under the Venue Management Agreement, which have been fully provided for at year end.

12	Trade and other payables		
	Trade payables	1,265,012	1,137,805
	GST payable	40,606	-
	Other payables and accruals	2,173,906	910,123
		<u>3,479,524</u>	<u>2,047,928</u>

Included within trade and other payables is an amount of \$309,499 (2021: \$370,171) owing to the AFL. Whilst these amounts are due and payable on demand by the AFL, the Club expects that the AFL will continue to support the Club and will not demand repayment if the Club does not have sufficient available funds to pay (refer to Note 1(f) Going Concern).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

		2022	2021
		\$	\$
13	Borrowings		
	Non-current		
	Australian Football League	1,590,000	1,990,000
		<u>1,590,000</u>	<u>1,990,000</u>
During 2022 the club repaid \$400,000 of debt funding to the Australian Football League.			
During 2021 the club received debt funding of \$1.59m from the Australian Football League and repaid the \$1.59m commercial corporate markets loan from the National Australia Bank. The \$1.59m loan is also classified as non-current to reflect the terms of the loan agreement.			
14	Deferred Income		
	Deferred income	1,560,530	654,790
	Merchandise gift vouchers	-	3,475
		<u>1,560,530</u>	<u>658,265</u>
15	Provisions		
	Current		
	Provision for annual and long service leave	811,834	644,899
	Stadium sinking fund provision	1,905,353	2,800,000
	Lease related provision	2,856,951	1,447,885
		<u>5,574,138</u>	<u>4,892,784</u>
	Non-current		
	Provision for long service leave	289,834	225,411
	Stadium sinking fund provision	-	555,947
	Lease related provision	22,018,999	11,252,249
		<u>22,308,833</u>	<u>12,033,607</u>

As venue manager of Metricon Stadium, the Club is committed to provide through a sinking fund for annual commitments not paid during the period as outlined in the Venue Management Agreement which expires on 30 May 2031. The lease related provision represents at 31 October 2022 the present value of the remaining minimum lease commitments (Refer Note 9.).

The unwinding of the time value of the provision resulted in finance cost of \$1,248,276 in the profit and loss (2020: \$555,321).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

16 Member's Guarantee

The Club is limited by guarantee. The Club's constitution states that if the Club is wound up, the current members and those who have resigned within one year will be required to contribute a maximum of \$2.00 each towards meeting any outstanding obligations of the Club contracted before the time at which he or she ceased to be a member. At 31 October 2022 there was one voting member.

17 Key management personnel remuneration

Key management personnel of the Club include the Chief Executive Officer and departmental General Managers appointed to the executive management team.

	2022	2021
	\$	\$
Total remuneration provided	<u>3,029,211</u>	<u>2,856,978</u>

18 Related parties**Directors' transactions with the Club**

No directors have elected to receive any remuneration for their services as a director of the Club during the current or previous financial periods.

Transactions with related parties

During both 2022 and 2021, the Club purchased a table at the Gold Coast Mayoress Ball, of which Leschen Smaller is a Director of the Gold Coast Mayoress Charity Foundation. Amounts paid were 2022: \$3,150 (2021: \$3,450) and there was nil outstanding at the 2022 year-end date.

19 Economic dependency

The Club's ongoing operations are dependent upon the receipt of further funding from the AFL through receipts of distributions and other financial assistance. Refer Note 1 (f).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

20 Lease Commitments

As venue manager of Metricon Stadium, the Club is committed to stadium financial commitments over the period of the venue management agreement to 30 May 2031.

	2022	2021
	\$	\$
Leasehold		
Less than one year	2,856,951	1,464,756
Between one and five years	12,827,654	5,859,024
More than five years	<u>12,181,623</u>	<u>7,323,780</u>
	<u><u>27,866,228</u></u>	<u><u>14,647,560</u></u>

The present value of the commitments has been reflected as a lease-related provision and the associated leasehold asset in the balance sheet (refer note 9 and note 15).

21 Subsequent events

There were no matters or circumstances have arisen in the interval between the end of the year and the date of this report which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

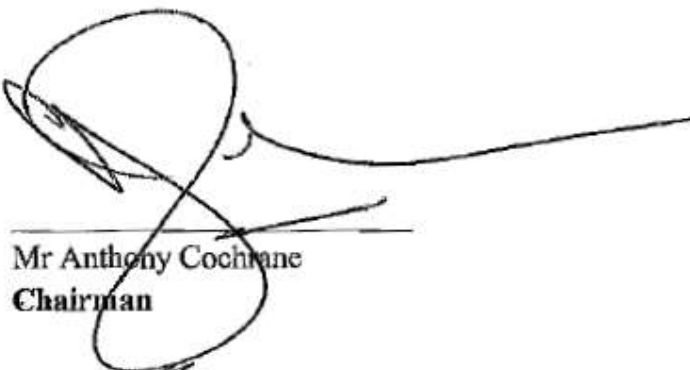
Directors' declaration

In the opinion of the directors of GCFC Limited ('the Club'):

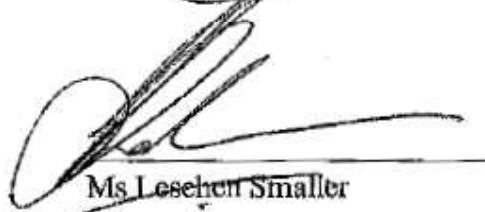
- (a) the financial statements and notes, set out on pages 8 to 26 are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Club as at 31 October 2022 and of its performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards – Simplified Disclosure Requirements and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Dated at Carrara this 15th day of December 2022.

Signed in accordance with a resolution of the directors;



Mr Anthony Cochrane
Chairman



Ms Leschen Smaller
Director

Independent Auditor's Report

To the members of GCFC Limited

Opinion

We have audited the **Financial Report** of GCFC Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 October 2022 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Simplified Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 October 2022;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Company in accordance with 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(f), "Going Concern" in the financial report. The conditions disclosed in Note 1(f), indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in GCFC Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards – Simplified Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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 *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They 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 the 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: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf This description forms part of our Auditor's Report.



KPMG



Jeff Frazer
Partner

Gold Coast
15 December 2022