



Annual Financial Report

FOR THE YEAR ENDED 31 OCTOBER 2015

Melbourne Football Club Limited
ACN 005 686 902

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Directors' Report

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

The Directors hereby present their report pursuant to the requirements of the Corporations Act 2001 on the state of affairs of the Club at 31 October 2015.

1. Directors

Glen Bartlett

Glen is the Chairman of Melbourne Football Club. Glen has vast experience in football, law and business management. Glen holds a Commerce degree majoring in accounting and business law and a law degree (with honours). He is a life member of East Perth Football Club and former Club Captain and WAFL leading goal kicker with that Club. Glen was part of the inaugural West Coast Eagles winning the Best Clubman Award in 1987. Since then Glen has held a variety of positions in football including player management, the WAFL Appeals Tribunal, President of the WAFL players Association and a board member of the AFL Player Agents Association. Since becoming a lawyer in 1994 Glen has become one of the leading industrial relations lawyers in Western Australia and Victoria. Recently Glen completed a three year term as Managing Partner Melbourne with Clayton Utz, Australia's leading independent law firm. Glen now operates Bartlett Workplace his own workplace legal and HR consulting firm. Glen is also a member of the AICD and the Industrial Relations Society of Victoria.

David Thurin

David is Managing Director and owner of Tigcorp, a privately owned company that owns, develops and manages retirement communities. Tigcorp also has interests in land subdivision and has a general investment arm, focusing on both listed investments and private equity.

David has previously worked for property developer and manager, The Gandel Group of Companies. He was a director for fourteen years and Joint Managing Director of both The Gandel Group and then Gandel Retail Management for six years.

He is currently a director of Vicinity Centres which is one of Australia's leading retail property groups and the second largest listed manager of Australian retail property. As well as this, David is a director of Baker IDI Heart & Diabetes Institute and a member of the World Presidents' Organisation and the MCC. He is the former President of the International Diabetes Institute.

David has a medical background, and was in private practice for over a decade, holding post-graduate qualifications in obstetrics and gynaecology as well as general practice. He also holds a Masters Degree in Management from Stanford University, California.

David is married to Lisa and they have three children and all the family members are passionate Demons and Foundations Heroes. He is a member of the Audit and Risk Committee.

John Trotter

John is the Vice Chairman of Melbourne Football Club, and Chair of the Club's Audit and Risk Committee and a member of the Bentleigh Club sub-committee. He has particular involvement at the Board level on the governance structures, risk management and finance operations of the club as well as being on the Committee of the Melbourne Business Community network. John is a former Managing Partner

Directors' Report (continued)

of Deloitte Victoria and Global Managing Partner of Deloitte Risk Services, is currently Chairman of Entity Solutions Pty Ltd, a Fellow of the Institute of Chartered Accountants and a member of the Australian Institute of Company Directors. He also holds a Bachelor of Commerce from Melbourne University.

Geoff Freeman

Geoff is the Vice Chairman of Melbourne Football Club, and Chair of the Club's Nominations & Remunerations Committee. Geoff was a founding partner of Freeman McMurrick. He holds an advanced diploma in financial services and is a qualified practising insurance broker. The business went on to become the largest privately owned Insurance Broking House in Australia. In 2006, Freeman McMurrick was acquired by international insurance giant, Aon, the world's largest insurance broker. Geoff served for many years on the Aon Australian Advisory Board and other industry boards.

Kate Roffey

Kate is currently the CEO of the Committee for Melbourne, and is a former CEO of VicSport and Senior Manager at Tennis Australia. Kate holds qualifications in Sports Science and Administration, and Psychology, and is a Graduate Member of the Australian Institute of Company Directors. Kate has a particular interest in corporate governance and is also a Director of the Melbourne University Sport Board, a Member of the Ministerial Freight Advisory Council, the International Women's Forum Australian Chapter, and is a Berry Street Ambassador. Kate has a strong background in sport and has had the opportunity to spend time with some of the world's leading sports teams, including the New York Yankees, Manchester United FC, Dallas Cowboys and Miami Dolphins, reviewing world's best sporting practice.

Jeremy Nichols

Jeremy is Managing Director and Owner of Composure Group Pty. Ltd., a consultancy company specialising in the areas of strategy, culture and leadership. He has worked in these disciplines for 20 years and has not only consulted to many CEO's and their businesses but also has managed 4 Consultancies over this time. This included Executive General Manager - Consulting for Chandler Macleod, Managing Partner for Mettle Group, Managing Partner Australia for The Empower Group, and Managing Partner for Clark Hummerston. His focus at Board level will be on culture and leadership across the Club. Jeremy is also a Board member for Signcraft, Australia's largest sign manufacturing business. Jeremy holds an MBA at RMIT and a Bachelor of Applied Science [PE]. He played for Melbourne Football Club from 1983 -1986.

Steve Morris

Steve has spent 20 years in senior executive positions in financial markets and sport.

Predominantly in stockbroking, Steve has been Head of Private Clients Australia for Patersons Securities, one of Australia's largest retail stockbroking firms, and Managing Director of Intersuisse Ltd.

He is the founder and Managing Director of Peloton Shareholder Services, offering shareholder management and capital raising solutions to a range of ASX listed companies.

Steve is also a Master Stockbroker and Responsible Executive of the ASX. Steve is a passionate Melbourne supporter. He is a committee member of the Melbourne Business Community (MBC) and co-founder of Club Lunch – a supporter group that is part of the MBC and raises funds that are put into the Football Department. He has also been a player sponsor for the past five years. Morris is married with two boys, both of whom are extremely committed Demons.

He is Chairman of Water Resources Group (WRG:ASX) and a Non Executive Director of De Grey Mining (DEG:ASX)

Directors' Report (continued)

Mohan Jesudason Mohan Jesudason is Chief Executive of Freestyle Technology - one of the world's leaders in the "Internet of Things" sector and Director of Racing Victoria Ltd. Prior to Freestyle, Mohan was Managing Director of Tabcorp Gaming and Group Marketing and before that he held leadership positions with Telecom New Zealand and AXA (now AMP). Mohan has a passion for building great organisations and a strong background in the Leisure and Entertainment industry. Mohan holds a Bachelor of Economics, a Graduate Diploma in Accounting and Diploma from the Australian Insurance Institute.

David Robb David is Managing Director and CEO of Iluka Resources Limited, an ASX-listed mineral sands company with international exploration activities, operations in Australia and the US and a global sales footprint. He is also currently a Director of the Centre for Independent Studies and Chair of the Faculty of Engineering, Computing and Mathematics at the University of Western Australia.

David worked in the downstream oil industry with BP in Australia, the UK, the USA and Asia, before joining Wesfarmers in Perth in 1995. He was appointed General Manager, Business Development for the Wesfarmers Group in 1996 and as Managing Director of Wesfarmers Energy in 1999. In 2004 he was appointed an Executive Director of Wesfarmers Limited, a role relinquished in 2006 on joining Iluka. Other previous roles include Chairman of Consolidated Rutile Limited and Deputy Chair of Methodist Ladies College, Perth.

David holds a Bachelor of Science degree, a Graduate Diploma in Personnel Administration, has completed the Harvard University Business School Advanced Management Program and is a Fellow of the Australian Institute of Management and the Australian Institute of Company Directors.

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.

In his university days, he played amateur football in Victoria and Western Australia, with a successful period as president of the University Football Club in Western Australia.

Jane Martino Jane has built upon the success of the media/communications agency Undertow Media, which she founded in 2002 and sold to the Bastion Group in 2009. She has since gained a reputation as an entrepreneur with an ability to build dynamic organisations in both the commercial and not-for-profit sectors.

Early in her career she was recognised as an entrepreneur being a finalist in the 2006 Telstra Young Business Woman of the Year.

In late 2012 Martino co-founded not-for-profit Smiling Mind, centred on delivering free online Mindfulness Meditation programs to young people, which has 800,000 regular users and is used in more than 5,000 schools nationwide.

She was responsible for collaborating with Cricket Australia and creating tailored mindfulness meditation programs for players in 2013. Following this various individual Cricket Australia and AFL players are regular ambassadors for the program.

Jane is Founder and CEO of a high profile tech start up called Shout which was acquired by ANZ in 2015. Following the acquisition, Jane now holds the role of Head of Social Segment at ANZ and is on the Board of the Olivia Newton John Cancer Research Institute. She is also a published author with her series of six Thank You books printed in 2004 by ACP Books and is co-author of a book on Mindfulness Meditation published by Hardie Grant in 2016.

Directors' Report (continued)

She is married with three sons and is heavily involved with the local football club (East Malvern Knights) where she frequently performs the role of runner.

2. Chief Executive Officer and Company Secretary

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

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

Peter is Chairman of The Buchan Group Melbourne, which is a major global commercial architectural practice, with offices and projects throughout UK, Europe, Asia and Middle East, as well as Australia.

Peter also joined the Board of Australian Schools Plus in August 2015. Schools Plus exists to improve the education outcomes of Australian students in disadvantaged schools through access to philanthropy.

Peter holds a Bachelor of Commerce Degree from Adelaide University.

3. Principal Activities

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

4. Operating Results and Review of Operations

The statutory profit for the year is \$562,366 (FY14: \$284,557). The statutory profit also represents the Club's operating profit (FY14: \$160,898).

The reconciliation from the operating to the statutory position is outlined below:

	2015	2014
	\$	\$
Operating Net Profit / (Loss)	562,366	160,898
Insurance Recovery Net Of Expenses	-	123,659
Net Profit / (Loss) as reported in Statement of Comprehensive Income	562,366	284,557

2015 has been a year where the Club has consolidated its financial position, following the significant turnaround in performance achieved during 2014. Revenue has grown by \$2.429m during the year to a total of \$44.522m. Costs have continued to be tightly managed while investing strategically in the future, particularly within the football department where the investment has grown by \$1.658m.

A key factor in consolidating the financial turnaround was the support of members. 35,951 signed up for the 2015 season (FY14: 35,917), while 251,030 people saw the team play home games at the MCG this year (FY14: 248,992). The Club thanks members for their generosity and ongoing support, in particular Foundation Heroes, Inner Sanctum and Coterie members who contributed over \$0.700m during the year.

Directors' Report (continued)

The Club once again had a full suite of sponsors during 2015. The Club would like to thank Principal Partner, Automotive Holdings Group, for its support during 2015, as well as Major Partners IG and Haymes Paint who joined the Club during the year. The Club also recognises the importance of other Major Partners, Tourism NT and the Northern Territory Government, China Southern, New Age Caravans and New Balance, as well as all other commercial partners, in supporting the Club.

The Club received an additional \$1.247m in AFL distributions in FY15. \$0.377m of this related to an increase in base distributions which are received by all AFL clubs, with an \$0.870m increase in AFL equalisation distribution following the AFL's review of competitive balance measures. These funds partially funded the additional investment in the football department, with the balance funded by the improved commercial and gaming activities of the Club.

The Club would like to thank the MCC for their ongoing support during 2015. The Club considers its relationship with the MCC to be fundamental to the future and is proud to be a sporting section of this great club.

The Club's gaming venues continued to perform well in 2015, with the combined net return exceeding \$2m. The Club is currently completing a refurbishment of the Leighoak Club, which will be completed by January 2016, in order to ensure the sustainability of the returns generated by these venues.

As outlined above, football department expenditure grew by \$1.658m in FY15. \$0.877m of this related to increased player payments, largely as a result of an increase in competition total player payment limits, with a further \$0.781m invested in player development to ensure the Club's talented young list is given maximum opportunity to reach their potential.

The Club's balance sheet remains in a healthy position, with net assets of \$4.119m, which is underwritten by the Bentleigh Club land asset. Bank debt has reduced by \$0.799m to \$4.992m – this is made up of Operating Debt of \$3.100m (FY14: \$3.700m) which is required to fund prior year losses and Gaming Debt of \$1.822m (FY14: \$2.020m) which funds income producing assets. Gaming machine entitlement debt also reduced by \$560k during FY15, and is due to be fully repaid by FY17.

2015 saw improvement in on-field performance resulting in seven wins. Importantly, members would have seen the development of a number of young players who made significant contributions throughout the season, including Rising Star winner Jesse Hogan and fellow nominee Angus Brayshaw.

The outstanding players in red and blue for 2015 were recognised at our Best and Fairest with Bernie Vince taking out his first Keith 'Bluey' Truscott trophy. Youngsters Jack Viney, Tom McDonald and Jesse Hogan finished second, third and fourth respectively, while the captain Nathan Jones finished fifth.

2015 saw the retirement of Mark Jamar. Mark leaves the Club a Life Member following 155 games across 14 seasons, in a career that saw him reach All Australian honours in 2010. Daniel Cross also retired at the end of the season after 39 games in two seasons after crossing from the Bulldogs in 2014. Daniel will remain at the Club as Development and Rehabilitation Coach. The Club would also like to acknowledge the contribution of Jeremy Howe (100 games), who left the Club during the trade period. A number of other players departed at the completion of the season – the Club wishes these players all the best and thanks them for their service.

2015 also saw four new directors join the Board, with Steven Morris, Mohan Jesudason, David Robb and Jane Martino completing the refreshment of the board that commenced in 2013. The Club has an experienced and diverse board, which will continue to provide a stable platform for management and the football department over the coming years.

2015 has been a year where the Club has continued the journey to being respected and great. While a significant part of the journey is still to be undertaken, the board believes the right people are in the right positions to take the Club forward. We would like to thank the members for permitting us the privilege of serving as directors.

Directors' Report (continued)

5. Events Subsequent to Balance Date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the results of operations or the Club's state of affairs for the year ended 31 October 2015.

6. Likely developments

There are no developments likely to materially impact the Club.

7. Environmental Regulation

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

8. Auditors Independence Declaration

The Directors have received the Independence Declaration from the auditor of the Club. The Independence Declaration is set out on page 9 and forms part of the Directors' Report for the year ended 31 October 2015.

The following non-audit services were provided by the Club'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 services - \$28,000

9. Directors' Meetings

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

Director	Number held*	Number attended
Glen Bartlett	9	9
John Trotter	9	9
Geoff Freeman	9	7
David Thurin	9	8
Kate Roffey	9	8
Jeremy Nichols	9	8
Steven Morris	8	7
Mohan Jesudason	6	5
David Robb	5	4
Jane Martino	5	5

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

Directors' Report (continued)

10. Indemnification and Insurance of Officers

Insurance and indemnity arrangements concerning Directors of the Club have continued since 31 October 2014. Under the agreement the Directors of the Club are indemnified against any claim to a maximum of \$10 million which may arise as a result of work performed in their capacity as a Director.

The Club has an Audit & Risk Committee which met on four occasions during the year. John Trotter (Chairman), David Thurin and Jeremy Nichols were the Board representatives on this Committee during the year.

During the financial year, no Director of the Club has received or become entitled to receive a benefit (other than a benefit disclosed in the accounts) by reason of a contract made by the Club with the Director or with a firm of which they are a member, or with a company in which the director has a substantial financial interest.

To the extent permitted by law, Melbourne Football Club Limited has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed in accordance with a resolution of Directors at Melbourne this 20th day of November 2015.



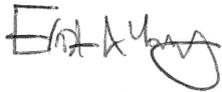
Glen Bartlett



John Trotter

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

In relation to our audit of the financial report of Melbourne Football Club Limited for the financial year ended 31 October 2015, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



David Shewring
Partner
Melbourne
20 November 2015

Statement of Comprehensive Income

For the year ended 31 October 2015	Note	2015 \$	2014 \$
Revenue	3	44,522,144	42,093,064
Other income	3	15,153	135,450
Social club and gaming expenses		(7,836,782)	(7,774,877)
Football department costs		(21,292,206)	(19,634,415)
Cost of sales		(1,408,968)	(1,335,719)
Administration costs		(3,369,150)	(3,130,789)
Corporate, membership and fundraising expenses		(7,096,210)	(7,049,430)
Finance costs	4	(245,219)	(272,334)
Marketing & communications expenses		(1,600,535)	(1,490,198)
Amortisation		(330,080)	(330,080)
Depreciation		(795,781)	(926,115)
Net profit/(loss) for the period	15	562,366	284,557
Other comprehensive income for the period		-	-
Total comprehensive income for the period		562,366	284,557
Net profit/(loss) for the period attributable to members		562,366	284,557
Total comprehensive income for the period attributable to members of Melbourne Football Club Limited		562,366	284,557

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

Statement of Financial Position

As at 31 October 2015	Note	2015 \$	2014 \$
CURRENT ASSETS			
Cash and cash equivalents	5	1,237,632	812,191
Trade and other receivables	6	66,335	238,974
Inventories	7	186,188	193,629
Other assets	8	537,267	530,668
TOTAL CURRENT ASSETS		2,027,422	1,775,462
NON CURRENT ASSETS			
Property, plant and equipment	9	11,829,684	11,923,080
Intangible assets	10	2,242,231	2,572,311
Investment accounted for using the equity method	11	189,853	218,983
TOTAL NON CURRENT ASSETS		14,261,768	14,714,374
TOTAL ASSETS		16,289,190	16,489,836
CURRENT LIABILITIES			
Trade and other payables	12	3,545,566	3,957,327
Interest bearing liabilities	13	594,000	796,000
Finance lease liabilities		313,702	198,194
Provisions	14	670,782	453,550
Income received in advance		1,836,019	1,055,686
TOTAL CURRENT LIABILITIES		6,960,069	6,460,757
NON CURRENT LIABILITIES			
Trade and other payables	12	560,375	1,124,319
Finance lease liabilities		229,177	316,070
Interest bearing liabilities	13	4,328,800	4,925,800
Provisions	14	91,351	105,838
TOTAL NON CURRENT LIABILITIES		5,209,703	6,472,027
TOTAL LIABILITIES		12,169,772	12,932,784
NET ASSETS		4,119,418	3,557,052
MEMBERS' FUNDS			
Retained earnings	15	4,119,418	3,557,052
TOTAL MEMBERS' FUNDS		4,119,418	3,557,052

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

Statement of Cash Flows

For the year ended 31 October 2015	Note	2015 \$	2014 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from operations		45,475,117	42,040,892
Interest received		15,153	10,348
Payments to suppliers and employees		(42,748,472)	(40,680,055)
Interest and other costs of finance paid		(245,219)	(272,334)
NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES		2,496,579	1,098,851
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		(673,769)	(361,027)
Payments for gaming entitlements		(561,135)	(635,402)
Distribution from Equity Accounted Investment	11	15,000	27,500
NET CASH PROVIDED BY/(USED IN) INVESTING ACTIVITIES		(1,219,904)	(968,929)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(799,000)	(796,000)
Proceeds from borrowings		-	700,000
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(799,000)	(96,000)
Net increase/(decrease) in cash held		477,675	33,922
Cash at the beginning of the year		759,957	726,035
CASH AT THE END OF THE FINANCIAL YEAR	5	1,237,632	759,957

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

Statement of Changes in Equity

For the year ended 31 October 2015	Retained earnings	Total Equity
	\$	\$
BALANCE AS AT 1 NOVEMBER 2013	3,272,495	3,272,495
Net profit for the year	284,557	284,557
Other comprehensive income	-	-
Total comprehensive income for the period	3,557,052	3,557,052
BALANCE AS AT 31 OCTOBER 2014	3,557,052	3,557,052
BALANCE AS AT 1 NOVEMBER 2014	3,557,052	3,557,052
Net profit for the year	562,366	562,366
Other comprehensive income	-	-
Total comprehensive income for the period	562,366	562,366
BALANCE AS AT 31 OCTOBER 2015	4,119,418	4,119,418

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

Notes to the Financial Statements

Year ended 31 October 2015

1. Club Information

Melbourne Football Club Limited is incorporated in Australia and is a company limited by guarantee. Statutory members of the Club guarantee its liabilities to the extent of \$5 each (refer note 2(t)).

The registered office and principle place of business of the Club is located at:

Melbourne Cricket Ground, Great Southern Stand
Brunton Avenue
East Melbourne VIC 3002

The principal activities of the Club are the playing and promotion of the game of Australian Rules Football and the operation of related facilities. The Club is a member of the Australian Football League.

The financial report of the Club for the year ended 31 October 2015 was authorised for issue in accordance with a resolution of the Directors on 20 November 2015.

2. Summary of significant accounting policies

(a) Basis of Preparation of Accounts

This financial report is a general purpose financial report which has been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has been prepared on a historical cost basis.

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

The financial report has been prepared on a going concern basis.

The Club reported a profit of \$0.562m for the year ended 31 October 2015.

The Club had positive operating cash flows of \$2.497 million during the 2015 year, net assets of \$4.119 million and a net current asset deficiency of \$4.932 million at 31 October 2015. The deficiency includes unearned income relating to 2016 memberships with no cash outflow impact, and other payables to be repaid from operating cash flows generated by the Club, or through access to commercial bill and overdraft facilities.

The Directors have assessed the financial performance and financial position of the Club at 31 October 2015, together with the Club's ongoing operating activities and anticipated future cashflows from operations, AFL distributions and financing arrangements. The Directors have concluded that the going concern basis of accounting continues to be appropriate and that appropriate cashflows and financing facilities are expected to be available to the Club for the purposes of capital and operational investments in the next 12 month period.

Notes to the Financial Statements (continued)

Year ended 31 October 2015

2. Summary of significant accounting policies (continued)

(b) Statement of compliance

The Club has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*.

The Club is a not-for-profit, private sector entity which is not publicly accountable. Therefore the financial statements of the Club are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB – RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The adoption of AASB 1053 and AASB 2010-2 allows the Club to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

New Accounting Standards and Interpretations

The accounting policies adopted in preparing the financial statements are consistent with those adopted in previous years.

(c) Basis of Consolidation

At 31 October 2015 the Melbourne Football Club Limited did not have any subsidiaries.

(d) Business Combination

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

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

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

Notes to the Financial Statements (continued)

Year ended 31 October 2015

2. Summary of significant accounting policies (continued)

(e) Revenue Recognition

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

Revenues are detailed in Note 3 and comprise revenue earned from AFL dividends and distributions, membership, reserved seating, sponsorships, fundraising, gate receipts, corporate hospitality and gaming activities. Revenues are recognised at the fair value of the consideration received, net of the amount of goods and services tax (GST). Sponsorships involving contra arrangements are recognised as revenue equivalent to the fair value of the services provided by the sponsor. Interest income is recognised as it accrues using the effective interest method. Gaming revenue is recognised net of gaming wins and losses.

Fundraising and membership income is accounted for on the basis of the period to which it relates. Income received in the year ended 31 October 2015, but relating to future accounting periods is carried on the Statement of Financial Position and will be recognised in the period in which it relates.

(f) Property, Plant and Equipment

Cost

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

Depreciation and Amortisation of Property, Plant and Equipment

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

Furniture and fittings	10% - 33%
Computer hardware	25% - 33%
Computer software	33% - 40%
Plant and equipment	7.5% - 15%
Motor vehicles	12.5%
Gaming Machines	12.5% - 33%
Purchased memorabilia	20%
Land	Not depreciated

Leasehold improvements are amortised over the period of the Club's lease arrangements or the estimated useful life of the improvement, whichever is the shorter.

Items of purchased memorabilia are recorded at cost of acquisition.

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

Notes to the Financial Statements (continued)

Year ended 31 October 2015

2. Summary of significant accounting policies (continued)

(g) Inventories

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

(h) Intangibles

Intangible assets acquired separately are measured on initial recognition at cost being the cash price equivalent.

Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment loss.

The useful lives of intangible assets are assessed to be finite and amortised over their useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gaming Entitlements are amortised over the life of the entitlement being 10 years.

(i) Impairment

The carrying values of property, plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use in the instance indicators of impairment are present, an assessment of the current value of the assets was made on the basis of an earnings multiple.

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

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

(j) Income tax

No income tax is payable by Melbourne Football Club Limited as it is an exempt sporting organisation in accordance with Section 50-45 of the *Income Tax Assessment Act 1997*.

(k) Provisions and employee benefits

(i) Wages, salaries and annual leave

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

Notes to the Financial Statements (continued)

Year ended 31 October 2015

2. Summary of significant accounting policies (continued)

(ii) Long service leave

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

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

Expected future payments are discounted using market yields at 31 October 2015 on High Quality Corporate Bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

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.

(l) Goods and Services Tax

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

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

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

(m) Comparative Figures

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

(n) Cash and cash equivalents

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

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

(o) Trade and other receivables

Trade receivables, which generally have 0 - 30 day terms, are recognised and carried at original invoice amount less any allowance for impairment and/or credit notes issued. Collectability of trade receivables is reviewed on an ongoing basis. An allowance for impairment is made when there is objective evidence the Club will not be able to collect the debts. The amount of the impairment loss is the receivable carrying amount compared to the value of estimated future cash flows. Bad debts are written off when identified. Non-current receivables are carried at the net present value of future cash flows they represent.

Notes to the Financial Statements (continued)

Year ended 31 October 2015

2. Summary of significant accounting policies (continued)

(p) Trade and other payables

Trade and other payables are carried at cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Club prior to the end of the financial year that are unpaid and arise when the Club becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured.

(q) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

Borrowing costs are expensed in the period they are incurred.

(r) Income received in advance

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

(s) Interest in a joint venture

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

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

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

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

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

(t) Members' liability on winding up

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

Notes to the Financial Statements (continued)

Year ended 31 October 2015

2. Summary of significant accounting policies (continued)

(u) Leases

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

(v) The Club as a lessee

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

(w) Significant accounting judgments, estimates and assumptions

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

Long service leave provision

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

Estimation of useful lives of assets

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

Land fair value measurement at recognition

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

Notes to the Financial Statements (continued)

Year ended 31 October 2015

2. Summary of significant accounting policies (continued)

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

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

New and amended standards and interpretations

The Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2014:

- AASB 10 Consolidated Financial Statements
- AASB 11 Joint Arrangements
- AASB 12 Disclosure of Interests in Other Entities

The adoption of these new and amended Australian Accounting Standards have not materially impacted the Club's financial report for the year ended 31 October 2015.

Accounting Standards and Interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Club for the annual reporting period ending 31 October 2015 include:

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

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

Notes to the Financial Statements (continued)

Year ended 31 October 2015

	2015 \$	2014 \$
3. Revenue		
Revenue from Football related activities		
Gate receipts	3,727,330	3,337,002
Distributions from the AFL	12,231,103	10,984,114
Merchandise	861,523	694,843
Membership, annual reserved seating and general fundraising	7,253,885	6,991,962
Marketing, sponsorship & corporate hospitality	8,094,174	7,720,924
Other revenue	417,429	704,124
Total revenue from Football related activities	32,585,444	30,432,969
Revenue from other activities		
Social and gaming revenue	11,936,700	11,660,095
Total revenue from other activities	11,936,700	11,660,095
Total revenue	44,522,144	42,093,064
Other income		
Interest	15,153	10,348
Insurance recovery	-	125,102
Total other income	15,153	135,450

Notes to the Financial Statements (continued)

Year ended 31 October 2015

	2015 \$	2014 \$
4. Expenses		
Expenses		
<i>Finance Costs</i>		
- Interest paid to external entities	245,219	272,334
Total finance costs	245,219	272,334
<i>Employee benefits expense</i>		
Salary, wages and termination expense	21,789,683	19,645,199
Superannuation expense	1,572,708	1,371,304
Total employee benefits expense	23,362,391	21,016,503
<i>Occupancy Expenses</i>		
Minimum lease payments	1,491,076	1,693,091
	1,491,076	1,693,091
<i>Other</i>		
Bad debts	-	50,118
Doubtful debts recognised/(recovered)	-	4,544
5. Cash and Cash Equivalents		
Cash at bank and in hand	1,237,632	812,191
	1,237,632	812,191

Reconciliation to statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand as at 31 October 2015.

Financing facilities

At 31 October 2015, the Club had a \$400,000 overdraft facility with Westpac (undrawn). The overdraft facility, if utilised, will incur an interest rate of 8.13% per annum, with interest charged monthly.

Notes to the Financial Statements (continued)

Year ended 31 October 2015

	2015 \$	2014 \$
6. Trade and Other Receivables		
Current		
Trade receivables	62,354	136,200
Less provision for impairment loss (a)	(4,544)	(4,544)
Other receivables	8,525	107,318
	66,335	238,974

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

Opening balance	4,544	53,979
Charge for the year	-	4,544
Previously recognised doubtful debts written off	-	(50,118)
Amounts recovered	-	(3,861)
Closing balance	4,544	4,544

7. Inventories

Merchandise	105,536	115,089
Food and beverage	80,652	78,540
	186,188	193,629

(a) Cost of Sales

Cost of Sales for the year ended 31 October 2015 totalled \$1,408,968 (FY14: \$1,335,719) for the Club.

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

8. Other Assets

Prepayments	307,173	323,437
Other	230,094	207,230
	537,267	530,668

Notes to the Financial Statements (continued)

Year ended 31 October 2015

	2015 \$	2014 \$
9. Property, Plant and Equipment		
Furniture and fittings		
<i>Cost</i>		
Opening balance	478,878	470,558
Additions	-	8,320
Disposals / Retirements	-	-
Closing balance	478,878	478,878
<i>Accumulated depreciation</i>		
Opening balance	338,181	322,931
Depreciation for the year	21,050	15,250
Disposals / Retirements	-	-
Closing balance	359,231	338,181
<i>Net book value</i>	119,647	140,697
Plant and equipment		
<i>Cost</i>		
Opening balance	2,695,087	2,504,383
Additions	111,190	244,452
Disposals / Retirements	(11,007)	(53,748)
Closing balance	2,795,270	2,695,087
<i>Accumulated depreciation</i>		
Opening balance	2,223,101	1,814,349
Depreciation for the year	208,573	414,256
Disposals / Retirements	(11,007)	(5,504)
Closing balance	2,420,667	2,223,101
<i>Net book value</i>	374,603	471,987
Leasehold improvements		
<i>Cost</i>		
Opening balance	1,943,805	1,937,919
Additions	72,342	5,886
Disposals / Retirements	-	-
Closing balance	2,016,147	1,943,805
<i>Accumulated depreciation</i>		
Opening balance	714,960	564,419
Depreciation for the year	153,016	150,541
Disposals / Retirements	-	-
Closing balance	867,976	714,960
<i>Net book value</i>	1,148,171	1,228,845
Motor vehicles		
<i>Cost</i>		
Opening balance	7,273	34,648
Disposals / Retirements	-	(27,375)
Closing balance	7,273	7,273
<i>Accumulated depreciation</i>		
Opening balance	4,024	22,543
Depreciation for the year	1,454	4,874
Disposals / Retirements	-	(23,393)
Closing balance	5,478	4,024
<i>Net book value</i>	1,795	3,249

Notes to the Financial Statements (continued)

Year ended 31 October 2015

Purchased Memorabilia

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

Gaming Machines

<i>Cost</i>		
Opening balance	1,884,631	1,631,617
Additions	336,330	467,150
Disposals / Retirements	-	(214,136)
Closing balance	2,220,961	1,884,631
<i>Accumulated depreciation</i>		
Opening balance	619,418	442,074
Depreciation for the year	298,598	341,194
Disposals / Retirements	-	(163,850)
Closing balance	918,016	619,418
<i>Net book value</i>	1,302,945	1,265,212

Land

<i>Cost</i>		
Opening balance	8,700,000	8,700,000
Closing balance	8,700,000	8,700,000
<i>Net book value</i>	8,700,000	8,700,000

Capital Works in Progress

<i>Cost</i>		
Opening Balance	-	-
Additions	182,523	-
Closing Balance	182,523	-
<i>Net book value</i>	182,523	-

Total property, plant and equipment

Opening balance	15,822,764	15,392,215
Additions	702,385	725,808
Disposals / Retirements	(11,007)	(295,259)
Closing balance	16,514,142	15,822,764
<i>Accumulated depreciation</i>		
Opening balance	3,899,684	3,166,316
Depreciation for the year	795,781	926,115
Disposals / Retirements	(11,007)	(192,747)
Closing balance	4,684,458	3,899,684
<i>Net book value</i>	11,829,684	11,923,080

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

Notes to the Financial Statements (continued)

Year ended 31 October 2015

	2015 \$	2014 \$
10. Intangible Assets		
Year ended 31 October		
Opening balance net of accumulated amortisation and impairment	2,572,311	2,902,391
Amortisation	(330,080)	(330,080)
Closing balance net of accumulated amortisation and impairment	2,242,231	2,572,311
At 31 October		
Cost (gross carrying amount)	3,300,793	3,300,793
Accumulated amortisation and impairment	(1,058,562)	(728,482)
Net carrying amount	2,242,231	2,572,311

Leighoak Club

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

Bentleigh Club

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

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

These GME's came into effect on 16 August 2012, at which time the purchase price of the GME has been recorded as an intangible asset with payment for the entitlement to be made over the next five years. The useful life of the intangible asset is in line with the expiry of the gaming entitlements in August 2022. This asset is being amortised on a straight-line basis over the 10 years.

11. Investment accounted for using the equity method

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

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

Opening investment in joint venture	271,243	298,743
Cash distribution received	(15,000)	(27,500)
Investment in joint venture	256,243	271,243
Retained earnings	(52,261)	(48,707)
Share of the joint venture's profit or (loss):		
Loss	(14,129)	(3,553)
Carrying value of investment in jointly controlled entity	189,853	218,983

Notes to the Financial Statements (continued)

Year ended 31 October 2015

		2015	2014
		\$	\$
12. Trade and Other Payables			
Current			
Trade creditors	(a)	1,549,240	1,754,544
Bank Overdraft		-	52,234
State gaming tax payable		150,515	155,873
Other creditors and accruals		1,212,005	1,343,878
Other Loans – VCGLR	(b)	561,136	561,136
GST Payable		72,670	89,662
		3,545,566	3,957,327
Non-Current			
Other Loans – VCGLR	(b)	552,882	1,114,016
Other		7,493	10,303
		560,375	1,124,319

(a) Terms and Conditions

(i) All payables are non-interest bearing.

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

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

The current and non-current loans total \$1,114,018 relate to amounts payable to the Victorian Commissioner of Gaming Regulation for the remainder of gaming entitlements over the next two years.

13. Interest Bearing Loans and Liabilities

Current

Commercial bill facility – Gaming	(i)	594,000	796,000
		594,000	796,000

Non-Current

Commercial bill facility – Gaming	(i)	1,228,800	1,225,800
Commercial bill facility - Operating		3,100,000	3,700,000
		4,328,800	4,925,800

Total Interest Bearing Loans and Liabilities		4,922,800	5,721,800
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The Club has two facilities with Westpac as at 31 October 2015.

(i) Gaming Facility

The facility enables the Club to draw funds to a limit of \$1.823m. As part of the Bentleigh Club merger the Club assumed the debt of the Bentleigh Club. The Club has committed to a quarterly repayment schedule commencing from 31 October 2012. Under the terms of the facility \$0.198m is repayable each quarter until the debt is extinguished. In the current year the Club has agreed to have quarterly repayments deferred until April 2016 to provide funding for the refurbishment of the Leighoak Club.

A current liability of \$0.594m has been recognised at 31 October 2015. The remainder of the debt outstanding of \$1.229m has been classified as a non-current liability.

13. Interest Bearing Loans and Liabilities (Continued)

Notes to the Financial Statements (continued)

Year ended 31 October 2015

The facility maturity date is 31 October 2016 and is supported by a \$0.900m guarantee by the Australian Football League. The facility is also secured by a fixed and floating charge over all existing and future assets of the Club.

(ii) Operating Facility

The facility provides the Club to draw funds up to a limit of \$4.500m (comprising \$0.400m overdraft and a \$4.100m commercial bill facility). The commercial bill facility was drawn to \$3.100m as at 31 October 2015. The maturity date is 31 October 2017 and the amount drawn at 31 October 2015 is classified as a non-current liability. This facility can be used as either an overdraft facility or a commercial bill facility. This facility is supported by a \$4.500m guarantee provided by the Australian Football League.

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

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

Capital Management

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

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

14. Provisions

	Annual Leave \$	Long Service Leave \$	Jackpot (Gaming Clubs) \$	Total \$
At 31 October 2015	422,582	311,973	27,578	762,133
Current	422,582	220,622	27,578	670,782
Non-current	-	91,351	-	91,351
	422,582	311,973	27,578	762,133
At 31 October 2014	317,986	217,920	23,482	559,388
Current	317,986	112,082	23,482	453,550
Non-current	-	105,838	-	105,838
	317,986	217,920	23,482	559,388
			2015	2014
			\$	\$

Notes to the Financial Statements (continued)

Year ended 31 October 2015

	2015 \$	2014 \$
15. Retained Earnings		
Retained earnings at beginning of financial year	3,557,052	3,272,495
Net profit	562,366	284,557
Retained earnings at end of financial year	4,119,418	3,557,052

16. Commitments

Operating leases and other commitments

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

- Not later than 1 year	2,123,929	830,413
- Later than 1 year but not later than 5 years	5,476,177	2,876,160
- Later than 5 years	3,843,092	4,658,753
	11,443,198	8,365,325

The Club has entered into commercial leases on its premises at the Leighoak Club and for certain fixed assets. These leases have a term of between three years and 10 years.

The Club entered into a number of commercial leases with Melbourne and Olympic Parks Trust in June 2010. These leases have a term of five years. The Club has the option to extend the lease for a further two five year periods and one six year period. There are no restrictions placed upon the Club by entering into these leases. In the current period, the Club exercised the option to extend the lease to June 2020, leaving one five year and one six year option period remaining.

In relation to the future seasons, the Club has a liability for player and coaching contracts which comply with AFL regulations. Included in this, the following commitments exist in relation to signed player and coaches contractual arrangements. This excludes player payments associated with contingent performance obligations which are deemed not to be reliably measurable. These contingencies will only arise subject to the inclusion of the players on the Club's official list and performances. Player payments are substantially underwritten by the AFL in accordance with the Collective Bargaining Agreement between the AFL and the AFL Players Association.

- Not later than 1 year	11,673,538	10,393,369
- Later than 1 year but not later than 2 years	6,200,000	5,700,518
- Later than 2 years but not later than 5 years	4,250,000	690,000
	22,123,538	16,783,887

Bank Guarantees

Bank guarantees made by Westpac on behalf of the Club total \$879,106 (2014: \$610,650)

Notes to the Financial Statements (continued)

Year ended 31 October 2015

	2015 \$	2014 \$
17. Remuneration of Auditors		
Remuneration of Ernst & Young for audit of the financial reports of the Melbourne Football Club Limited:		
Remuneration for audit services	58,000	58,000
Remuneration for other services (a)	28,000	33,000

(a) Includes assurance related services

18. Remuneration of Key Management Personnel

Key management personnel are determined to be the Board of Directors, Chief Executive Officer, Chief Commercial Officer, Chief Finance Officer, Manager Football Operations, General Manager Marketing & Communications, Human Resources Manager and the Senior Coach.

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

Compensation for key management personnel

Salaries	3,431,720	3,155,000
Total compensation	3,431,720	3,155,000

19. Related Parties

Directors and director-related entities

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

Glen Bartlett
 David Thurin
 John Trotter
 Geoffrey Freeman
 Jeremy Nichols
 Kate Roffey
 Mohan Jesudason (Appointed 4 February 2015)
 Jane Martino (Appointed 20 March 2015)
 David Robb (Appointed 20 March 2015)
 Steve Morris (Appointed 3 November 2014)
 Russel Howcroft (Resigned 3 November 2014)

Certain director related transactions occur within a normal customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the Club would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances.

Notes to the Financial Statements (continued)

Year ended 31 October 2015

19. Related Parties (Continued)

	2015	2014
	\$	\$
Amounts provided to the Club:		
Glen Bartlett - Corporate Packages	15,589	24,395
David Thurin - Corporate Packages	9,965	8,271
John Trotter - Corporate Packages	7,315	11,216
Geoffrey Freeman - Corporate Packages	290	2,313
Jeremy Nichols - Corporate Packages	3,410	1,982
Kate Roffey - Corporate Packages	40	-
Mohan Jesudason - Corporate Packages	440	-
Jane Martino - Corporate Packages	430	-
David Robb - Corporate Packages	375	-
Steve Morris - Corporate Packages	540	-

Notes to the Financial Statements (continued)

Year ended 31 October 2015

20. Financial Instruments

This note presents information about the Club's exposure to financial risks, the Club's objectives, policies and the processes for measuring and managing risk. Further quantitative disclosures are included throughout this financial report.

The Club's principal financial instruments comprise cash and cash equivalents, receivables, payables, interest bearing liabilities and overdrafts.

Fair values

The fair values of the Club's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

Risk exposures and responses

(a) Interest rate risk

The Club's exposure to market interest rates relates predominately to the Club's holding of cash and cash equivalents and the Club's debt facility obligations.

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

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.

(b) Foreign currency risk

The Club has no exposure to foreign currency risk.

(c) Liquidity risk

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

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

21. Economic Dependency

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

22. Events after the Balance Sheet Date

There has been no matter or circumstance that has arisen since the end of the financial year that has significantly affected the results of operations or the Club's state of affairs for the year ended 31 October 2015.

Directors' Declaration

In accordance with a resolution of the Directors of the Melbourne Football Club Limited, we state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the Melbourne Football Club Limited are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Club's financial position as at 31 October 2015 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards – Reduced Disclosure Requirements and *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

On behalf of the Board



Glen Bartlett



John Trotter

Melbourne
20 November 2015

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

We have audited the accompanying financial report of Melbourne Football Club Limited, which comprises the statement of financial position as at 31 October 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' responsibility for the financial report

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

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

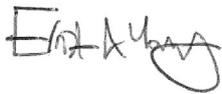
Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

Opinion

In our opinion the financial report of Melbourne Football Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of Melbourne Football Club Limited at 31 October 2015 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.



Ernst & Young



David Shewring
Partner
Melbourne
20 November 2015



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