

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

**PORT ADELAIDE FOOTBALL CLUB
LIMITED**

ACN

068 839 547

Reason for lodgement of statement and reports

A public company limited by guarantee who qualifies under Tier 2

Dates on which financial
year ends

Financial year end date

31-10-2019

Auditor's report

Were the financial statements audited or reviewed?

Audited

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?

No

Details of current auditor or auditors

Current auditor

Date of appointment **01-11-2013**

Name of auditor

BDO AUDIT (SA) PTY LTD

Address

**LEVEL 7
420 KING WILLIAM STREET**

ADELAIDE SA 5000

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 Shane Daniel SMITH

Date 27-02-2020

For more help or information

Web	www.asic.gov.au
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PORT ADELAIDE
FOOTBALL CLUB

2019 FINANCIAL
STATEMENTS

ABN 49 068 839 547
A COMPANY LIMITED BY GUARANTEE



PORT ADELAIDE
FOOTBALL CLUB



**Statement of Financial Position
AS AT 31 OCTOBER 2019**

ASSETS

CURRENT ASSETS

Cash and cash equivalents
Trade and other receivables
Inventories
Other

TOTAL CURRENT ASSETS

NON-CURRENT ASSETS

Property, plant & equipment

TOTAL NON-CURRENT ASSETS

TOTAL ASSETS

LIABILITIES

CURRENT LIABILITIES

Trade and other payables
Interest bearing loans and borrowings
Provisions

TOTAL CURRENT LIABILITIES

NON-CURRENT LIABILITIES

Interest bearing loans and borrowings
Provisions

TOTAL NON-CURRENT LIABILITIES

TOTAL LIABILITIES

NET ASSETS

EQUITY

Contribution on entry to AFL
Retained earnings/(deficit)
Asset revaluation reserve

TOTAL EQUITY

CONSOLIDATED

Note	2019 \$	2018 \$
5	5,140,932	4,747,741
6	859,103	1,921,932
7	326,057	343,211
8	7,300,421	6,455,191
	13,626,513	13,468,075
9	18,361,836	17,634,062
	18,361,836	7,634,062
	31,988,349	31,102,137
10	14,928,985	13,638,514
11	173,430	4,978,226
12	1,794,563	1,781,852
	16,896,978	20,398,592
13	7,227,445	3,300,876
14	172,299	191,527
	7,399,744	3,492,403
	24,296,722	23,890,995
	7,691,627	7,211,142
	2,500,000	2,500,000
	(144,963)	544,556
	5,336,590	4,166,586
	7,691,627	7,211,142

The above statement of financial position should be read in conjunction with the accompanying notes.



**Statement of Profit or Loss and Other Comprehensive Income
FOR THE YEAR ENDED 31 OCTOBER 2019**

		CONSOLIDATED	
	Note	2019 \$	2018 \$
Continuing Operations			
Revenue from trading operations	3	58,334,901	59,000,643
Cost of sales	4	<u>(19,661,123)</u>	<u>(20,211,872)</u>
		38,673,778	38,788,772
Gross profit			
Net profit/(loss) on disposal of property, plant & equipment	4	-	5,200
Football expenses		(24,974,936)	(25,314,412)
Administration expenses		(4,282,228)	(4,344,211)
Marketing expenses		(1,782,846)	(1,631,769)
Finance costs	4	(297,053)	(407,624)
Licensed venues expenses		<u>(6,824,624)</u>	<u>(6,773,942)</u>
		<u>512,091</u>	<u>322,013</u>
Profit/(loss) from continuing operations			
Depreciation expense	4	(1,075,029)	(1,064,812)
Restructuring costs		(126,581)	(61,666)
Prior year tax adjustments		-	(182,856)
		<u>(689,519)</u>	<u>(987,321)</u>
Profit/(loss) for the year			
		<u>(689,519)</u>	<u>(987,321)</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation gain on memorabilia		534,000	-
Revaluation gain on land and buildings		<u>636,004</u>	<u>4,166,586</u>
Total comprehensive income		<u>480,485</u>	<u>3,179,265</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

**Statement of Changes in Equity
FOR THE YEAR ENDED 31 OCTOBER 2019**

CONSOLIDATED	Contribution on entry to AFL \$	Retained Earnings \$	Asset Revaluation Reserve \$	Total \$
At 1 November 2017	2,500,000	1,531,877	-	4,031,877
Profit/(loss) for the year	-	(987,321)	-	(987,321)
Other comprehensive income	-	-	4,166,586	4,166,586
At 31 October 2018	<u>2,500,000</u>	<u>544,556</u>	<u>4,166,586</u>	<u>7,211,142</u>
At 1 November 2018	2,500,000	544,556	4,166,586	7,211,142
Profit/(loss) for the year	-	(689,519)	-	(689,519)
Other comprehensive income	-	-	1,170,004	1,170,004
At 31 October 2019	<u>2,500,000</u>	<u>(144,963)</u>	<u>5,336,590</u>	<u>7,691,627</u>

The above statement of changes in equity should be read in conjunction with the accompanying notes.



PORT ADELAIDE
FOOTBALL CLUB



**Statement of Cash Flows
FOR THE YEAR ENDED 31 OCTOBER 2019**

	CONSOLIDATED	
	2019	2018
	\$	\$
Cash flows from operating activities		
Receipts from football, marketing, licensed venues and operations	63,584,067	64,479,300
Payments to suppliers and employees	(61,386,394)	(62,788,867)
Interest received	3,597	4,741
Interest and other finance costs paid	(297,053)	(407,624)
Net cash flows (used in)/ from operating activities	1,904,217	1,287,550
Cash flows from investing activities		
Payments for property, plant and equipment	(632,799)	(1,168,407)
Proceeds from the sale of property, plant and equipment	-	5,200
Net cash flows used in investing activities	(632,799)	(1,163,207)
Cash flows from financing activities		
Proceeds from/(Repayment of) borrowings & finance leases (excluding bank overdraft)	(878,227)	(182,394)
Net cash flows from/ (used in) financing activities	(878,227)	(182,394)
Net increase/(decrease) in cash and cash equivalents	393,191	(58,051)
Cash and cash equivalents at beginning of the financial year	4,747,741	4,805,792
Cash and cash equivalents at end of the financial year	5,140,932	4,747,741

Note

5

The above statement of cash flows should be read in conjunction with the accompanying notes.



Notes to the Financial Statements

1. PORT ADELAIDE FOOTBALL CLUB

The financial report of Port Adelaide Football Club Limited for the year ended 31 October 2019 was authorised for issue in accordance with a resolution of the directors on 6 December 2019.

Port Adelaide Football Club is a company limited by guarantee and was incorporated in Australia on 27 March 1995. If the company is wound up, the Constitution states that each Member is required to contribute a maximum of \$0.10 towards meeting any outstanding obligations of the company. The number of members at the date of this report was 10.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 as appropriate for not for profit oriented entities and Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'). The financial report has also been prepared on a historical cost basis, modified, where applicable, by the measurement at fair value of selected non-current assets. Port Adelaide Football Club Ltd is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australian dollars.

The Company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The below Standard was adopted for the current reporting period and is most relevant to the Company:

AASB 9 Financial Instruments

The Company has adopted AASB 9 from 1 November 2018. The Standard introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit and loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income. New impairment requirements use an 'expected credit loss' ("ECL") model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

Impact of adoption

The Company has adopted AASB 9 for the year ended 31 October 2019 using the transitional rules and as such comparatives have not been restated. The adoption of AASB 9 did not have significant impact on the financial performance or position of the Company and therefore there was no impact on opening retained earnings. The only change is in relation to the measurement category with cash and cash equivalents and trade and other receivables being classified as 'loan and receivables' under AASB 139 and now being classified as 'financial assets at amortised cost' under AASB 9.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity, Port Adelaide Football Club Limited, and its subsidiaries (the Group) as at 31 October each year.

Subsidiaries are all those entities which the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiaries are provided in Note 20.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Where an entity began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Joint Arrangement

The Group has entered into a joint arrangement with respect to the game played in China with the AFL. In relation to the Group's interest in the joint arrangement, the Group recognises: its share of assets and liabilities; its share of the revenues; and its share of expenses.



Going Concern

The financial report has been prepared on the basis that the Group is a going concern.

The Group has reported a loss of \$689,519 for the year ended 31 October 2019 (2018: loss of \$987,321). Over the same period, the Group generated cash inflows of \$393,191.

As at 31 October 2019 the Club has a net current asset deficiency of \$3,270,465 (2018: \$6,930,517) arising from the following:

- Unearned revenues of \$3,248,581 (2018: \$3,922,675) relating to 2020 membership, corporate revenue and sponsorship sales which are not required to be repaid;
- Annual leave and long service leave balances of \$1,794,563 (2018: \$1,781,852) classified as current but expected to be replaced by similar amounts next year.

The ability of the Group to continue as a going concern is dependent on:

- The Group generating sufficient funds through membership, sponsorship, fund raising, gate receipts and other sources in addition to receiving AFL distributions, to meet its debts as and when they become due and payable and to continue to fund its ongoing operations.

Based on ongoing discussions with the AFL, and cash flow projections that the Group has prepared, the Directors consider that there is no material uncertainty relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, and accordingly the financial statements have been prepared on this basis.

The financial report of the Group does not include any adjustments relating to the recoverability or classification of recorded asset amounts or classification of liabilities, which might be necessary should the Group not be able to continue as a going concern.

Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred, except where the borrowing costs are directly attributable to the construction of a qualifying asset in which case they are capitalised as part of the cost of that asset.

Income Tax

In accordance with Section 50-45 of the Income Tax Assessment Act 1997, the income of the Group is exempt from income tax.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

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.

Group as a Lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease.

Operating leases payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

Property, plant & equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Property and leasehold licence

Freehold land and buildings and the leasehold licence are carried at their fair value less accumulated impairment losses and accumulated depreciation/amortisation for buildings and the leasehold licence. Fair value is based on periodic valuations by external independent valuers. In periods when the freehold land and buildings and the leasehold licence are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amounts are not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings and the leasehold licence are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same class of asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Memorabilia

Memorabilia is measured at fair value based on independent valuation performed in October 2019 and have indefinite lives.



Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and leasehold licence, but excluding freehold land and memorabilia, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use. The leasehold licence is depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the licenced asset.

The depreciation rates used for each class of depreciable assets are:

Buildings	10 - 80 years
Improvements	5 - 50 years
Plant and equipment - including gaming machines	5 years
Plant and equipment - IT	3 years
Plant and equipment under lease	Lease period

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

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 included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset may be required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

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 method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for a least 12 months after the Statement of Financial Position date.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the



amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Employee leave benefits

Wages, salaries, annual leave, sick leave and long service 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 provisions 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. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Long service leave is provided for after 5 years' of service which approximates the present value of future cash outflows and is recognised in provisions.

The Group's obligations for long-term employee benefits are presented as non-current provisions in its Statement of Financial Position, except where the Group does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions. In previous years the Group had presented all employee benefits as current provisions, and as such prior year balances have been reclassified.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is recognised on an accruals basis except for membership sales, raffles, pledges, donations and federal and state government grants which are recognised when received.

Grant Revenue

Revenue for the various Community Programs are brought to account when cash is received and is subject to various grant conditions being complied with.

Assets donated in kind

Where an asset is gifted or contributed to the entity at no cost, or for a nominal cost, the value recognised is its fair value. The difference between the fair value and consideration paid is recognised as revenue.

Other Government Grants and Contributions

A contribution occurs when there is a non reciprocal transfer. Income arising from the contribution of an asset to the Group is recognised when the Group obtains control or right to receive the contribution, it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Income is measured at fair value.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except: - when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Contributed equity

The contribution on entry to the AFL of \$2.5m is classified as contributed equity.

AFL License Fees

The Group has paid licence fees to the AFL and SANFL totalling \$10.5m between 1997 and 2013. The cost of these licenses was expensed in the period incurred and has not been capitalised by the Group.

Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, 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 judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting estimates and assumptions

Allowance for expected credit losses for trade receivables

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates. The allowance for expected credit losses is outlined in Note 6.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as lease terms for leased equipment or leasehold improvements. 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. Depreciation charges are included in note 4.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.



CONSOLIDATED

	2019	2018
3. REVENUES		
Revenue from Continuing Operations:	\$	\$
Revenue		
Revenue from AFL, Match Day and Merchandise	19,421,544	19,805,849
Revenue from Football Operations	31,932,533	32,082,937
Licensed Venues	6,852,882	7,069,142
Other Revenue	127,942	42,715
Total revenue from trading operations	58,334,901	59,000,643
4. EXPENSES		
Cost of Sales	3,154,345	3,204,589
Merchandise & Match Day Expenditure	16,506,778	17,007,283
Expenses from Football Operations	19,661,123	20,211,872
Depreciation and amortisation:		
Depreciation of:		
Buildings	279,791	341,506
Leasehold licence	50,000	50,000
Plant and equipment (including under lease)	745,238	673,306
	1,075,029	1,064,812
Borrowing costs:		
Interest paid or payable to:		
Unrelated parties	296,496	382,613
Finance charges related to leases	557	25,011
	297,053	407,624
Other operating expense items:		
Operating lease rentals	1,186,095	1,199,597
(Recovery of)/ Provision for doubtful debts	102,551	(15,991)
Net profit/(loss) on disposal of property, plant & equipment	-	5,200
Employee Benefit Expense	30,869,829	30,230,468
Defined Contribution Plan Expense	2,016,127	2,014,198
Total Employee Benefits Expense	32,885,956	32,244,666
5. CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	1,140,932	747,741
Restricted cash	4,000,000	4,000,000
	5,140,932	4,747,741
<p>Restricted cash includes \$4,000,000 funding received from the Australian Government towards a future project. This funding is not available for use until certain conditions have been met, and these conditions had not been met at 31 October 2019.</p>		
6. TRADE AND OTHER RECEIVABLES (CURRENT)		
Trade receivables	929,783	1,749,740
Allowance for expected credit losses	(102,551)	-
	827,232	1,749,740
Other receivables	31,871	172,192
	859,103	1,921,932
7. INVENTORIES		
Finished Goods, at cost	326,057	343,211
	326,057	343,211
8. OTHER ASSETS (CURRENT)		
Prepayments	4,535,996	4,504,557
Accrued income	1,206,445	556,288
Other assets	1,557,980	1,394,346
	7,300,421	6,455,191



CONSOLIDATED

9. PROPERTY, PLANT AND EQUIPMENT

Land and buildings

Land and buildings at independent valuation	15,115,337	14,479,333
Less accumulated depreciation	(279,791)	-
	<u>14,835,546</u>	<u>14,479,333</u>

Leasehold License

Leasehold license at independent valuation in 2016	1,500,000	1,500,000
Accumulated amortisation	(200,000)	(150,000)
	<u>1,300,000</u>	<u>1,350,000</u>

Memorabilia

Memorabilia at independent valuation	534,000	-
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Plant and equipment

Plant and equipment at cost	5,436,301	6,346,201
Accumulated depreciation	(3,802,148)	(4,659,998)
	<u>1,634,153</u>	<u>1,686,203</u>

Plant and equipment under lease

Capitalised leased equipment	586,205	939,880
Accumulated amortisation	(528,068)	(821,354)
	<u>58,137</u>	<u>118,526</u>

Total Property, Plant and Equipment

18,361,836 17,634,062

**Movements in carrying amounts
2019**

	Memorabilia	Land and Buildings	Leasehold License	Plant and Equipment	Total
	\$	\$	\$	\$	\$
Balance at the beginning of the year	-	14,479,333	1,350,000	1,804,729	17,634,062
Additions at cost	-	-	-	632,799	632,799
Disposals	-	-	-	-	-
Revaluations	534,000	636,004	-	-	1,170,004
Depreciation/amortisation expense	-	(279,791)	(50,000)	(745,238)	(1,075,029)
Carrying amount at end of year	<u>534,000</u>	<u>14,835,546</u>	<u>1,300,000</u>	<u>1,692,290</u>	<u>18,361,836</u>

Assets of the Port Adelaide Football Club and the Port Adelaide Magpies Football Club (trading as the Prince of Wales Hotel) are pledged as security for current and non-current liabilities as disclosed in Note 11 and Note 13.

Certain freehold land has been independently valued at 31 October 2019. The valuation resulted in a revaluation increment of \$636,004 being recognised in other comprehensive income for the year ended 31 October 2019.

Memorabilia has been independently valued at 31 October 2019. The valuation resulted in a revaluation increment of \$534,000 being recognised in other comprehensive income for the year ended 31 October 2019.

At 31 October 2019, the directors have performed a directors' valuation on the leasehold licence. The directors have reviewed the key assumptions adopted by the valuers in 2016 and do not believe there has been a significant change in the assumptions at 31 October 2019. The directors therefore believe the carrying amount of the leasehold licence correctly reflects the fair value less costs of disposal at 31 October 2019.



	CONSOLIDATED	
	2019	2018
	\$	\$
10. TRADE AND OTHER PAYABLES (CURRENT)		
Trade payables	4,309,128	3,687,393
Income in advance	3,248,581	3,922,675
Government grant received in advance	4,195,937	4,000,000
Other creditors and accruals	<u>3,175,339</u>	<u>2,028,446</u>
	<u>14,928,985</u>	<u>13,638,514</u>
11. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)		
Secured:		
Bank loans	(a), (b) 120,000	4,870,000
Finance lease liabilities	(c), 15 -	54,796
	<u>120,000</u>	<u>4,924,796</u>
Unsecured:		
Other loans	53,430	53,430
	<u>173,430</u>	<u>4,978,226</u>
(a) Secured by a security interest and charge over all the assets of the Port Adelaide Football Club Ltd and registered mortgage over freehold land and buildings with a carrying value of:	<u>14,835,546</u>	<u>14,479,333</u>
(b) Secured by a deed of charge over all of the assets relating to the Prince of Wales Hotel, and mortgage over leasehold license with a carrying value of:	<u>1,300,000</u>	<u>1,350,000</u>
(c) Secured against the assets under lease.		
(d) During the current year, there were no defaults or breaches on any of the loans.		
12. PROVISIONS (CURRENT)		
Employee benefits	<u>1,794,563</u>	<u>1,781,852</u>
13. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)		
Secured:		
Bank loans	11(a), 11(b) 5,250,000	620,000
	<u>5,250,000</u>	<u>620,000</u>
Unsecured:		
Other loans	1,977,445	2,680,876
	<u>7,227,445</u>	<u>3,300,876</u>
14. PROVISIONS (NON-CURRENT)		
Employee benefits	<u>172,299</u>	<u>191,527</u>

18. RELATED PARTY DISCLOSURE

(a) Transactions with Other Related Parties

The entity entered into the following transactions with related parties, all of which were undertaken on normal commercial terms and conditions.

Subsidiaries of the Parent Entity:

Port Adelaide Football & Community Club Inc.

Net goods and services supplied to/(received from) PAFCC

Rental income received or receivable from PAFCC

Rental paid or payable to PAFCC

Accounting, administration and marketing services provided to PAFCC

Power Community Limited

Management Fee

CONSOLIDATED

	2019	2018
	\$	\$
Net goods and services supplied to/(received from) PAFCC	(46,036)	(6,608)
Rental income received or receivable from PAFCC	(260,000)	(260,000)
Rental paid or payable to PAFCC	80,000	80,000
Accounting, administration and marketing services provided to PAFCC	(123,000)	(123,000)
Management Fee	(200,000)	(400,000)

(b) Amounts due to and receivable from other related parties

These amounts are set out in the respective notes to the financial statements.

19. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

Short-Term	1,777,089	1,772,125
Total Compensation	1,777,089	1,722,125

None of the Directors of the parent entity were paid, or were due to be paid, income as a director, directly or indirectly from the parent entity or any related party.

(b) Other Director Transactions

Directors of the Group and directors of its related parties, or their director related entities, conduct transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances. A consultancy fee of \$16,500 was paid to a company associated with G. Wanganeen in 2019 in connection with a promotional tour of Hong Kong and China ahead of the Shanghai game.

20. INTERESTS IN SUBSIDIARIES

The Group financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2:

Name	Principal place of business/ Country of Incorporation	Ownership interest	
		2019	2018
		%	%
Port Adelaide Football & Community Club Inc ("PAFCC")	Australia	100%	100%
Port Adelaide Magpies Football Club Inc. ("PAMFC")	Australia	100%	100%
Power Future Fund Pty Ltd ("PFF")	Australia	100%	100%
Power Community Ltd ("PCL")	Australia	100%	100%
Power Cred (Shanghai) Sports Culture Development Co. Ltd	China	60%	-

21. SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the financial year which has materially affected, or may materially affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in financial years subsequent to that which this report relates.



DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the financial statements of the Port Adelaide Football Club Limited consolidated entity for the year ended 31 October 2019.

DIRECTORS

The Directors in office at the date of this report are:

D. Koch | Chairman
K. Osborn | Deputy Chairman
C. Cardone | Director
J. Restas | Director
H. Ransom | Director
T. Thiele | Director
A. Vanstone | Director
D. Cahill | Director (appointed 07-12-18)
G. Wanganeen | Director (appointed 08-02-19)
A. Day | Director (appointed 17-05-19)
R. Haslam | Director (resigned 17-05-19)
G. Fiacchi | Director (resigned 08-02-19)

BOARD OF DIRECTORS

DAVID KOCH - CHAIRMAN

Profession: Co-host, Sunrise (Channel 7); Executive Chairman, Pinstripe Media
Chairman, Port Adelaide Football Club 2012 – current
Director, Port Adelaide Football Club 2012 – current
Patron, Koch Centre for Youth and Learning

KEVIN OSBORN - DEPUTY CHAIRMAN

Profession: Company Director
Deputy Chairman, Port Adelaide Football Club 2011 – current
Director, Port Adelaide Football Club 2011 – current
Chairman, VUCA Pty Ltd Trusted Advisors
Chairman, Beerenberg Farm Advisory Board
Director, Accounting Professional and Ethical Standards Board
Chairman, Fisher Graham Limited
Director, Nut Producers Australia
Fellow, former board member, Australian Institute of Company Directors
Fellow Institute of Public Accountants

COS CARDONE

Profession: Chief Executive Officer, McGuire Media
Director, Port Adelaide Football Club 2012 – current
Director, Thoroughbred Racing South Australia
Master of Business Administration, University of South Australia
European School of Advanced Management – Aarhus University, Denmark

DARREN CAHILL

Profession: Tennis coach & Analyst (ESPN)
Director, Port Adelaide Football Club 2019 – current
Director, World Tennis Challenge 2009 – 2014
Member, Australian Institute of Company Directors – current
Analyst, ESPN 2007 – current
Coach, Lleyton Hewitt 1994 – 2001
Coach, Andre Agassi 2002 – 2006
Coach, Simona Halep 2015 – 2018
Coach, Adidas High Performance Team 2008 – 2015
Coach, Australian Davis Cup Team 2007-2008
Player, Australian Davis Cup Team 1988-1991
Player, Seoul Olympic Games 1988
Captain, Australian World Team Cup 2001
Captain, Australian World Youth Cup 1996

HOLLY RANSOM

Profession: Chief Executive Officer, Emergent
Director, Port Adelaide Football Club 2016 – current
Co-Chair, United Nations Global Coalition of Young Women Entrepreneurs
Trustee, The Prince's Trust Australia
Director, Cox Architecture
Advisory Board Member, Victorian Police Commissioner's Corporate Advisory Group
Advisory Board Member, RMIT University College of Business

JAMIE RESTAS

Profession: Corporate Lawyer; Partner and National Head of Corporate, HWL Ebsworth Lawyers
Director, Port Adelaide Football Club 2012 – current
Director – Adelaide Botanic Gardens and State Herbarium 2015 – current
Member, Australian Institute of Company Directors
Member, Law Society of South Australia

GAVIN WANGANEEN

Profession: Business Owner and Ambassador
Director, Port Adelaide Football Club 2019 – current
Essendon and Port Adelaide Football Club Player (1990-2006)
Essendon and Port Adelaide Football Club Life Member
Port Adelaide Football Club AFL Captain (1997 – 2000)
2x AFL Premiership player (1993 & 2004)
Brownlow Medallist (1993)
AFL Hall of Fame Member

TREVOR THIELE

Profession: Chartered Accountant;
Company Director
Director, Port Adelaide Football Club 2011 – current
Director, Port Adelaide Football Club (SANFL) 2007 – 2010
Director, The Port Club 2012 – current
Member, Chartered Accountants Australia & NZ
Director, YMCA South Australia Inc, 2011 – current
Director, Nexgen Energy Ltd 2012 – current
Director, Iso Energy Ltd, 2016 – current
Director, NxGold Ltd, 2017 – current

AMANDA VANSTONE

Director, Port Adelaide Football Club 2012-current
Director, Drinkwise Australia
Director, Adelaide Festival
Non Executive Director, Lockheed Martin Australia
Chair, Vision2020
Chair, Woomera Prohibited Area Advisory Board
Chair, Advisory Board of Governors Institute for International Trade University of Adelaide
Chair, Advisory Board Samstag Museum
Former Chair, Royal Flying Doctor Service Federation Board
Member, National Commission of Audit 2013/2014
Hutt Street Centre Patron
Ambassador to Italy 2007-2010
Senator for South Australia 1984-2007
Member, Foundation Board of World Anti-Doping Authority 2000

ANDREW DAY

Profession: Non Executive Director
Non Executive Director Port Adelaide Football Club 2019 – current
CEO and Board experience across multiple industry sectors incl Telecommunications, Sales and Marketing, Online Technologies and Investment & Asset Management
Business partnerships across Asia including China, Japan, Korea, Philippines and India
CEO/Director experience across Australia, NZ, Europe, Asia, US and South Africa
Non Executive Director Stellar BPO – current

Unless otherwise indicated, all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

COMPANY SECRETARY

Shane Smith (B Com) has held the role of Company Secretary since July 2019. He has over 20 years of experience in the finance profession, 11 of those years working with the Club, and is the current Port Adelaide Football Club Chief Financial Officer.



DIRECTORS' REPORT CONTINUED

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity are to operate the Port Adelaide Football Club and manage its affairs in order to position itself both financially and operationally to successfully field a team in the Australian Football League competition and the South Australian National Football League.

MEMBERS' LIABILITY

Port Adelaide Football Club is a company limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$0.10 towards meeting any outstanding obligations of the company.

The total amount that members of the company are liable to contribute if the company is wound up is \$0.90, based on 9 current ordinary members.

STRATEGIC OBJECTIVES SUMMARY

In fiscal 2019, the Port Adelaide Football Club continued to pursue the strategic objectives contained in its business plan for the 2014 to 2019 period. Our ultimate aim is to win premierships in both the AFL and SANFL competitions and make its community proud.

We will continue to invest in both football and non-football activities, which will drive a more competitive football performance and profitable long term revenue growth to allow us to win premierships in both the AFL and SANFL. Port Adelaide wants continued on field success to reward its members, fans and staff. Our aim is to be the most respected football club in Australia.

Key elements of the business strategy include increased growth in membership, additional corporate sponsorship and services and expanded community activities.

PERFORMANCE MEASURES

Our ultimate aim is to win premierships in both the AFL and SANFL competitions.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year whilst the Directors were in office and the number of meetings attended by each Director:

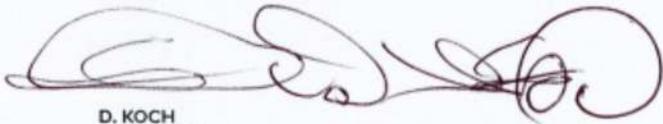
	No of meetings held	No of meetings attended
David Koch	10	10
Kevin Osborn	10	10
Cos Cardone	10	9
Jamie Restas	10	9
Holly Ransom	10	8
Trevor Thiele	10	9
Amanda Vanstone	10	9
Darren Cahill	8	8
Gavin Wanganeen	7	7
Andrew Day	3	3
George Fiacchi	3	2
Ross Haslam	7	7

In addition to their attendance at Board meetings, Board members are actively involved in a number of committees and sub committees that meet regularly through the year to consider matters crucial to the current and future success of the Port Adelaide Football Club. These committees include, but are not limited to, the Finance & Audit Committee, the Governance Committee, the Football Strategic Committee and the Marketing and Brand Committee.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on the following page.

This report has been made in accordance with a resolution of the Board of Directors:



D. KOCH
CHAIRMAN

Dated at Adelaide this 6th day of December 2019.

DECLARATION OF INDEPENDENCE
BY G K EDWARDS
TO THE DIRECTORS OF PORT ADELAIDE FOOTBALL CLUB LIMITED

As lead auditor of Port Adelaide Football Club Limited for the year ended 31 October 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Port Adelaide Football Club Limited and the entities it controlled during the period.



G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 6 December 2019



DIRECTORS' DECLARATION

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 October 2019 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board



D. KOCH
CHAIRMAN

6 December 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT ADELAIDE FOOTBALL CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Port Adelaide Football Club Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 October 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

- (i) Giving a true and fair view of the Group's financial position as at 31 October 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with the *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 also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Directors' report, but does not include the financial report and our auditor's report thereon.

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

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



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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'G K Edwards'.

G K Edwards
Director

Adelaide, 6 December 2019



**WE ARE
PORT ADELAIDE**