



**VICTORIA BITTER** 10:06

**AUSTRALIA**  
FOURTH COMMONWEALTH BANK ASHES TEST

AUSTRALIA HAVE WON THE TOSS AND ELECTED TO BOWL

| NAME          | AGE | NAME        | AGE |
|---------------|-----|-------------|-----|
| C. ROGERS     | 36  | B. HADDIN   | 36  |
| D. WARNER     | 27  | M. JOHNSON  | 32  |
| S. WATSON     | 32  | P. SIDDLER  | 29  |
| M. CLARKE (c) | 32  | R. HARRIS   | 34  |
| S. SMITH      | 24  | N. LYON     | 26  |
| G. BAILEY     | 31  | J. FAULKNER | 23  |



# MELBOURNE CRICKET GROUND TRUST

## ANNUAL REPORT 2013-14



## TRUSTEES OF THE MCG TRUST

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Mr. Robert N. Herbert AM (Chairman)  
Mr. Ian Carson  
Ms. Anne-Marie Corboy (Retired June 2013)  
The Hon. Peter Costello AC (Appointed May 2013)  
Ms. Jane Fenton AM (Appointed October 2013)  
The Hon. Patrick McNamara  
Mr. Dale Monteith (Appointed February 2014)  
Ms. Kathryn (Kate) Palmer  
Mr. Anthony Stewart

EXECUTIVE OFFICER  
Mr. Graeme Sinclair



## CHAIRMAN'S REVIEW

I am pleased to present the Review of MCG Trust activities for the 2013/14 year having been appointed Chairman in February 2014, and acting in the role following the retirement of John Wylie in March 2013.

It has been a successful year for the MCG. The Trust has worked closely with the MCC Committee which has the day to day management responsibilities under the stewardship of MCC President, Paul Sheahan AM and CEO Stephen Gough. The MCC celebrated its 175th Anniversary during the year. The MCG Trust plays a key overseeing role on behalf of the Government and the people of Victoria.

The composition of the Trust has changed during the year. Anne-Marie Corboy retired after nine years of admirable contribution. New appointments, namely the Hon. Peter Costello AC (May, 2013), Jane Fenton AM (October, 2013) and Dale Monteith (February, 2014), joined Trustees Kate Palmer, the Hon. Pat McNamara, Tony Stewart and Ian Carson, thus deepening the strength and experience of the Trust.

The MCG stands as a beacon in Yarra Park within easy access from the centre of Melbourne. It is surrounded by other renowned facilities, thus creating an unparalleled sporting and entertainment complex recognised around the world.

Yarra Park now falls within the responsibility of the Trust. Landscaping is continuing in accord with a comprehensive plan to rejuvenate the Park and with financial support from the Victorian Government. The award winning water treatment facilities are now fully operational with outstanding results. Statues of cricketer great Neil Harvey and football great John Coleman were unveiled during the year. Pat McNamara has been reappointed as Chairman of the Yarra Park Advisory Committee.

A world record cricket crowd of 91,112 attended the first day of the Boxing Day Test. The test series was comfortably won by Australia. Other international cricket matches – the one day match in February and the T20 in March – as well as the domestic 'Big Bash' games were all well attended. This augurs well for the ICC World Cup of Cricket to be contested in 2015. Australia will meet its old foe England in the opening game at the 'G' which will also host the Final. Stephen Gough and his MCC team, together with the Victorian Government and the Victorian Major Events Corporation can take much of the credit for this outcome.

The AFL plays an important role at the MCG. Attendances totalled just on 2,800,000 people over 51 matches for the year – an average of 54,700 per game, up on the previous year. The AFL Grand Final attracted 100,007 fans to see Hawthorn's victory over Fremantle in a strongly contested game. Block buster games, particularly on Anzac Day and during the Indigenous round, attract massive crowds that generate great solemnity.

The MCG arena is 'hallowed turf' coveted by sportsmen from all codes and it can accommodate substantially larger patron numbers than any other Australian stadium. In July, 95,446 people came to the MCG to see Liverpool play Melbourne Victory in soccer. The crowd's rendition of "You Will Never Walk Alone" was awe inspiring. One of Rugby League's State of Origin games has been secured for next year – it would be wise to book early!

As well, the MCG has opened its doors to the public in many ways. It has supported worthy causes for breast cancer and the homeless. Patrons have engaged in the 'MCG Stomp', 'Run to the G' and the Open Day in November. The National Sports Museum and the Sports Hall of Fame have their home within the MCG and attract good crowds with a positive financial return. The volunteer guided tours are an outstanding way to achieve a behind the scenes look at the 'G'.

## CHAIRMAN'S REVIEW

Looking to the future, there is no time for complacency. To preserve its iconic status a strategic direction must be set to address challenges and to move ahead of the times. To this end a "Smart Stadium" strategy is being developed. The first outcome has been the installation of larger, state of the art scoreboards, in situ for the Boxing Day Test. They show larger than life replays and statistical analysis without losing that special atmosphere that the MCG generates. There will be further technology advances at the ground in the year ahead.

The Trust and the MCC Committee are working closely with all stakeholders, particularly the AFL and cricket authorities, to address the challenges of improving attendances at the ground including 'live TV against the gate', pricing, match scheduling, membership waiting list issues, transport and pedestrian access and the importance of social media and connectivity. As John Wylie put it in his last review, the public interest will be best served by a partnership that retains the "underpinning philosophy of respect for each other's independence and desire to achieve mutual benefit".

Finally, on behalf of the MCG Trust, I express my appreciation for the support and engagement of the Victorian Government expressed through Sports Ministers the Hon. Hugh Delahunty and more recently the Hon. Damian Drum.



Robert N. Herbert AM  
Chairman

30 June 2014

# EXECUTIVE OFFICER'S REPORT

## FINANCE

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The Trust continues to be in a sound financial position.

The Trust earned a net result of \$5,162,000 in 2013/14 (before contributions to the Melbourne Cricket Club (MCC / Club) for redevelopment debt repayment purposes and including the \$1,000,000 State Government grant for landscaping upgrade in Yarra Park) compared with \$6,033,000 in 2012/13. Payments to the Club totalled \$5,070,000 (2012/13, \$5,960,000).

At 31 March 2014 the Trust held assets valued at over \$196 million (2013 \$177 million) including \$1.2 million in cash and term deposits. Land asset values increased during this year as a result of a revaluation of the MCG land in accordance with the requirements of a new accounting standard and an indexing of the value of the Yarra Park land to reflect the movement in values of land in the East Melbourne area.

The Trust's income primarily consists of ground rental from the MCC. The Trust then contributes most of its net income to the MCC to assist in the repayment of ground redevelopment debt. The rent charged is determined in accordance with the ground lease under which the MCG is leased to the MCC until 2042.

## YARRA PARK

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On 30 March 2011, the Trust signed a Funding Agreement with the Victorian Government under which the Government will provide \$6 million towards the cost of landscaping and capital improvements in Yarra Park. This work will be undertaken by the MCC on behalf of the Trust over three to four years. The \$1 million third instalment of the funding was received during the year. The project is expected to be completed in the 2014/15 year, resulting in continued significant improvement to Yarra Park's landscaping and infrastructure.

## GROUND ATTENDANCES

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In 2013/14 the MCG has experienced another year of strong attendances. The ground has clearly retained its status as the leading major events sports stadium in Australia and is recognised as the home of Australian sport. Attendance at all sporting events at the MCG during the year was 3,372,000. This is a significant total and is an 11% increase from the previous year's total of 3,029,000.

In any year there are a number of factors which influence attendances at events at the MCG. These include the number of events, any special events, the relative performances of the participating teams, match time scheduling, weather conditions and live television coverage of the events.

In the past year total AFL attendances at the ground were similar to the previous year after allowing for the additional final match in 2013. These were considered to be satisfactory however, the continuing low interest in the new interstate teams with virtually no Melbourne supporter base, the scheduling of matches for the benefit of television coverage, the live telecasting of all matches and the indifferent form of some Victorian clubs continues to affect attendances at AFL matches in Melbourne.

Despite the fact that the Ashes Test series had already been decided by the time the fourth test was played in Melbourne, attendance at the Boxing Day Test was the highest it has been for many years and included a record single day crowd for Test cricket of 91,112 on Boxing Day. Attendances at the one day and T20 international matches between Australia and England also

## EXECUTIVE OFFICER'S REPORT

attracted the highest levels of attendance for these forms of the game for many years. Sheffield Shield match attendances continued to be poor and crowds at the domestic T20 matches also declined slightly from the previous years.

A special event at the ground this year was the very successful soccer match in July between Liverpool and Melbourne Victory which attracted 95,446 spectators, of which the vast majority were Liverpool supporters.

### FOOTBALL

Total attendance at all AFL home-and-away and finals matches was 6,931,085 in the 2013 season, up 2.2% on the 6,778,824 in the previous year. Of this total 558,391 attended the finals, which included 100,007 at the grand final at the MCG. The MCG's proportion of all AFL attendances in 2013 was again a very significant 40.3%.

The performance by the Victorian teams during the year meant that the MCG hosted 6 finals. Average attendance at football matches at the MCG in 2013 of 55,000 was over 5% above the previous year but was at least partly due to the additional final.

The Trust will continue to closely monitor matters perceived to be affecting attendances at the ground.

#### FOOTBALL ATTENDANCE AT THE MCG

| SEASON | TOTAL ATTENDANCE AT MCG '000 | NUMBER OF GAMES* | AVERAGE ATTENDANCE '000 | MCG SHARE OF TOTAL AFL ATTENDANCE % |
|--------|------------------------------|------------------|-------------------------|-------------------------------------|
| 2013   | 2,791                        | 51(6)            | 55                      | 40.3                                |
| 2012   | 2,703                        | 52 (5)           | 52                      | 39.8                                |
| 2011   | 3,069                        | 54 (7)           | 57                      | 43.0                                |
| 2010   | 3,082                        | 55 (8)           | 56                      | 43.1                                |
| 2009   | 2,792                        | 53 (7)           | 53                      | 40.0                                |

\*Number of games includes finals shown in brackets.

#### AVERAGE FOOTBALL ATTENDANCE AT THE MCG

|                     | 2013 SEASON | 2012 SEASON | 2011 SEASON | 2010 SEASON | 2009 SEASON |
|---------------------|-------------|-------------|-------------|-------------|-------------|
| <b>TENANT TEAMS</b> |             |             |             |             |             |
| COLLINGWOOD         | 59,781      | 69,676      | 66,861      | 68,469      | 54,668      |
| HAWTHORN            | 56,182      | 44,629      | 48,161      | 50,278      | 52,339      |
| MELBOURNE           | 23,933      | 32,887      | 35,389      | 40,232      | 29,596      |
| RICHMOND            | 56,074      | 46,120      | 51,924      | 39,466      | 49,631      |
| <b>OTHER TEAMS</b>  |             |             |             |             |             |
|                     | 62,641      | 54,416      | 58,941      | 63,784      | 58,974      |
| <b>FINALS</b>       |             |             |             |             |             |
|                     | 74,057      | 72,883      | 76,110      | 70,864      | 76,071      |

# EXECUTIVE OFFICER'S REPORT

## CRICKET

International cricket attendance in Australia in the 2013/14 season was 1,041,000, an increase of 354,000 or 51% from the previous season. This was due to the substantially higher level of interest in the Ashes test series against England than the previous year's split tour with three tests against each of South Africa and Sri Lanka. Test match attendances at the MCG were the highest in recent years even exceeding the previous Ashes test. Attendances at one day international and the international T20 match at the ground were also substantially higher than in previous years. International cricket attendances at the MCG were again a very important part of the season's total representing almost 36% of total Australian attendances for international cricket matches during the 2013/14 season. This is a significant increase on the previous year's 33%. For the first time two women's one day international matches were also played at the ground, but they attracted only modest attendances of 900 and 1,300 respectively.

### INTERNATIONAL CRICKET ATTENDANCE AT THE MCG

|                               | 2013/14        | 2012/13        | 2011/12        | 2010/11        | 2009/10        |
|-------------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>TEST MATCH</b>             |                |                |                |                |                |
| NUMBER OF DAYS                | 4              | 3              | 4              | 4              | 5              |
| TOTAL ATTENDANCE              | 271,865        | 137,455        | 189,347        | 239,165        | 156,344        |
| AVERAGE ATTENDANCE            | 67,966         | 45,818         | 47,336         | 59,791         | 31,269         |
|                               |                |                |                |                |                |
| <b>ONE-DAY INTERNATIONALS</b> |                |                |                |                |                |
| NUMBER OF MATCHES             | 1              | 2              | 2              | 2              | 2              |
| TOTAL ATTENDANCE              | 38,068         | 49,423         | 58,860         | 54,178         | 41,020         |
| AVERAGE ATTENDANCE            | 38,068         | 24,711         | 29,430         | 27,089         | 20,510         |
|                               |                |                |                |                |                |
| <b>20/20 INTERNATIONALS</b>   |                |                |                |                |                |
| NUMBER OF MATCHES             | 1              | 1              | 1              | 1              | 1              |
| TOTAL ATTENDANCE              | 63,425         | 39,427         | 62,275         | 58,846         | 60,074         |
|                               |                |                |                |                |                |
| <b>TOTAL ATTENDANCE</b>       | <b>373,358</b> | <b>226,305</b> | <b>310,482</b> | <b>352,189</b> | <b>257,438</b> |

Whilst the total attendance at state cricket matches at the MCG during the year was roughly in line with previous years, the composition varied somewhat as the format of the interstate one day competition changed this year. All matches were played in a group in Sydney early in the season. Consequently there were no interstate one day matches played at the MCG at all. Average attendances at the 2013/14, KFC 20/20 "Big Bash" competition continued to decline slightly. Attendances at Sheffield Shield matches during the season continued to be disappointing despite the high quality of the cricket played in this competition.

# EXECUTIVE OFFICER'S REPORT

## STATE CRICKET ATTENDANCE AT THE MCG

|                            | 2013/14 | 2012/13 | 2011/12 | 2010/11 | 2009/10 |
|----------------------------|---------|---------|---------|---------|---------|
| <b>SHEFFIELD SHIELD</b>    |         |         |         |         |         |
| NUMBER OF DAYS             | 20      | 18      | 20      | 20      | 23      |
| TOTAL ATTENDANCE           | 10,089  | 8,539   | 8,771   | 8,258   | 20,498  |
| AVERAGE ATTENDANCE         | 504     | 475     | 439     | 413     | 891     |
|                            |         |         |         |         |         |
| <b>ONE DAY COMPETITION</b> |         |         |         |         |         |
| NUMBER OF DAYS             | -       | 5       | 4       | 5       | 6       |
| TOTAL ATTENDANCE           | -       | 5,417   | 4,305   | 4,279   | 10,536  |
| AVERAGE ATTENDANCE         | -       | 1,083   | 1,076   | 855     | 1,756   |
|                            |         |         |         |         |         |
| <b>20/20 CRICKET</b>       |         |         |         |         |         |
| NUMBER OF DAYS             | 5       | 4       | 4*      | 3#      | 2       |
| TOTAL ATTENDANCE           | 99,757  | 85,705  | 109,696 | 59,931  | 71,177  |
| AVERAGE ATTENDANCE         | 19,951  | 21,426  | 27,424  | 19,977  | 35,589  |
|                            |         |         |         |         |         |
| <b>TOUR MATCH</b>          |         |         |         |         |         |
| NUMBER OF DAYS             |         | ^       |         | 3       |         |
| TOTAL ATTENDANCE           |         |         |         | 7,936   |         |
| AVERAGE ATTENDANCE         |         |         |         | 2,645   |         |
|                            |         |         |         |         |         |
| <b>TOTAL ATTENDANCE</b>    | 109,846 | 99,661  | 122,772 | 80,404  | 102,211 |

\* 2011/12 and onwards - KFC "Big Bash"

# 2010/11 and prior - Interstate 20/20 competition

^ No attendance recorded - free event

## NATIONAL SPORTS MUSEUM

The National Sports Museum (NSM) is home to Australia's premier repository of sports-related collections, and is also the manager of MCG Tours. As a collaborative museum, it consolidates and enhances the MCG's standing as Australia's home of sporting heritage.

The NSM offers a vibrant, exciting and attractive mix of sporting information, cultural heritage and interactive entertainment. It serves the MCG's match-day patronage, as well as catering for families, schools, seniors and tourist groups, seven days a week.

The sixth year of operation saw the NSM and the MCG Tours record 159,000 visitors, the highest ever outside a summer Olympic year (when there is traditionally a visitation spike). Of these, around 4,000 attended the NSM free of charge as part of the MCG Open Day on November 17, part of the Melbourne Cricket Club's 175th birthday celebrations.

Periods of strong visitation were also witnessed in the week of the British & Irish Lions visit to Melbourne, and in the days either side of the Liverpool FC game at the MCG in July. Around 31 per cent of the NSM's patronage came via school visits.

## EXECUTIVE OFFICER'S REPORT

The NSM is supported by more than 370 volunteers who actively contribute to its success, with many individuals fulfilling more than one role.

Following a number of years of research that revealed a very high level of overall visitor satisfaction, the focus of recent surveys has been on probing for a more detailed response to the museum. Such information is informing the museum's long term strategic planning.

The NSM and MCG Tours were once again awarded the annual TripAdvisor Certificate of Excellence.

Exhibitions at the National Sports Museum continue to draw proudly on the Australian Gallery of Sport and Olympic Museum (AGOSOM) collection, developed since 1986 and owned by the MCG Trust.

Acquisitions to the AGOSOM collection this year included a donation of an Australian uniform from the 1994 Olympic Winter Games and a souvenir Delftware plate from the 1928 Olympic Games. The blazer worn by Australia's oldest Olympic gold medallist, the late Sir William Northam, was also kindly donated by his family.

The NSM's program of temporary exhibitions and displays continued to provide additional and timely attractions for visitors, as well as maintaining the museum's profile in the media. An internally curated major temporary exhibition entitled "More Than Green and Gold: Australia's Sporting Colours" featured key objects from many different sports and was seen by more than 30,000 of the museum's visitors.

Ms Louise Hearman has commenced her National Sports Museum Basil Sellers Creative Arts Fellowship. The commitment of Mr Sellers to the Fellowship program is much appreciated.

The continuing support from the NSM's corporate partners Coca-Cola, Spotless, Herald and Weekly Times, Australian Football League and its broadcast partners, ISS, Bank of Melbourne, Ticketek, Russell Corp Australia and Eurosport is greatly appreciated.

## THANKS

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I wish to thank the Trustees for their continued support and the MCC management and staff for their assistance and advice as the Trust has successfully completed another year.



Graeme Sinclair  
Executive Officer  
30 June 2014

## ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED 31 MARCH 2014

### COMPREHENSIVE OPERATING STATEMENT

| YEAR ENDED 31 MARCH 2014   | Notes    | 2014<br>\$'000 | 2013<br>\$'000 |
|--|----------|----------------|----------------|
| Revenue  | 3        | <b>5,249</b>   | 6,136          |
| Operating expenses   | 4        | <b>(87)</b>    | (103)          |
| Contribution to Melbourne Cricket Club ("the Club") for repayment of Great Southern Stand and Northern Stand Re-development debt ("Re-development Debt") | 15       | <b>(4,070)</b> | (3,960)        |
| Contribution to the Club for Yarra Park landscape upgrade  | 15       | <b>(1,000)</b> | (2,000)        |
| <b>NET RESULT FOR THE YEAR</b>   | 8 (c)    | <b>92</b>      | 73             |
| <b>OTHER COMPREHENSIVE INCOME</b>  |          |                |                |
| Fair Value Revaluations:   |          |                |                |
| Crown land - MCG   | 6, 8 (a) | <b>13,700</b>  | -              |
| Crown land - Yarra Park  | 6, 8 (a) | <b>5,150</b>   | -              |
| <b>Other Comprehensive Income for the year</b>   |          | <b>18,850</b>  | -              |
| <b>Total Comprehensive Income for the year</b>   |          | <b>18,942</b>  | 73             |

The accompanying notes form part of these financial statements.

# BALANCE SHEET

| AS AT 31 MARCH 2014              | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|----------------------------------|-------|----------------|----------------|
| <b>CURRENT ASSETS</b>            |       |                |                |
| Cash and cash equivalents        | 9 (b) | 1,228          | 1,154          |
| Trade and other receivables      | 5     | 101            | 99             |
| <b>TOTAL CURRENT ASSETS</b>      |       | <b>1,329</b>   | <b>1,253</b>   |
| <b>NON-CURRENT ASSETS</b>        |       |                |                |
| Property, plant and equipment    | 6     | 183,850        | 165,000        |
| Other non-current assets         | 6     | 11,760         | 11,760         |
| <b>TOTAL NON-CURRENT ASSETS</b>  |       | <b>195,610</b> | <b>176,760</b> |
| <b>TOTAL ASSETS</b>              |       | <b>196,939</b> | <b>178,013</b> |
| <b>CURRENT LIABILITIES</b>       |       |                |                |
| Trade and other payables         | 7     | 13             | 29             |
| <b>TOTAL CURRENT LIABILITIES</b> |       | <b>13</b>      | <b>29</b>      |
| <b>TOTAL LIABILITIES</b>         |       | <b>13</b>      | <b>29</b>      |
| <b>NET ASSETS</b>                |       | <b>196,926</b> | <b>177,984</b> |
| <b>TRUST FUNDS</b>               |       |                |                |
| Accumulated funds                | 8     | 70,109         | 70,017         |
| Reserves                         | 8     | 126,817        | 107,967        |
| <b>TOTAL TRUST FUNDS</b>         |       | <b>196,926</b> | <b>177,984</b> |

The accompanying notes form part of these financial statements.

# STATEMENT OF CHANGES IN EQUITY

| YEAR ENDED 31 MARCH 2014                | Accumulated<br>Funds<br>\$'000 | Other<br>Reserves<br>\$'000 | Total<br>Equity<br>\$'000 |
|---|--------------------------------|-----------------------------|---------------------------|
| <b>Balance at 31 March 2012</b>         | <b>69,944</b>                  | <b>107,967</b>              | <b>177,911</b>            |
| <b>Changes in Equity</b>                |                                |                             |                           |
| Result for the year ended 31 March 2013 | 73                             | -                           | 73                        |
| Other Comprehensive Income              | -                              | -                           | -                         |
| <b>Balance at 31 March 2013</b>         | <b>70,017</b>                  | <b>107,967</b>              | <b>177,984</b>            |
| <b>Changes in Equity</b>                |                                |                             |                           |
| Result for the year ended 31 March 2014 | 92                             | -                           | 92                        |
| Other Comprehensive Income              | -                              | 18,850                      | 18,850                    |
| <b>Balance at 31 March 2014</b>         | <b>70,109</b>                  | <b>126,817</b>              | <b>196,926</b>            |

The accompanying notes form part of these financial statements.

# STATEMENT OF CASH FLOWS

| YEAR ENDED 31 MARCH 2014  | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|---|-------|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                                 |       |                |                |
| Payments to suppliers   |       | (109)          | (108)          |
| Interest received   |       | 54             | 44             |
| Ground lease rental from the Club   |       | 4,615          | 4,501          |
| State Government of Victoria contribution –<br>Yarra Park landscape upgrade |       | 1,000          | 2,000          |
| Contribution to the Club for repayment of<br>Re-development Debt            |       | (4,477)        | (4,356)        |
| Contribution to the Club for Yarra Park landscape upgrade                   |       | (1,100)        | (2,200)        |
| GST cash flows  |       | 91             | 188            |
| <b>NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES</b>                   | 9 (a) | <b>74</b>      | 69             |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>                 |       | <b>74</b>      | 69             |
| Cash and cash equivalents at beginning of year                              |       | 1,154          | 1,085          |
| <b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>                             | 9 (b) | <b>1,228</b>   | 1,154          |

The accompanying notes form part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 MARCH 2014

## 1. MELBOURNE CRICKET GROUND TRUST ("THE TRUST") INFORMATION

The first Trustees of the Melbourne Cricket Ground ("MCG") were appointed by the Victorian Government in 1861. The Trust was established as a body corporate incorporated under the provisions of the *Melbourne Cricket Ground Trust Act 1989* as the successor to the unincorporated Trustees who held office under the *Melbourne Cricket Ground Act 1933*. The 1989 Act provided that the assets and liabilities of the Trustees became the assets and liabilities of the Trust. The 1933 and 1989 Acts were repealed in 2009 with the provisions re-enacted in the *Melbourne Cricket Ground Act 2009* ("the Act").

The Trust was appointed as the Committee of Management for Yarra Park effective from 15 March 2010 under the terms of the *Melbourne Cricket Ground and Yarra Park Amendment Act 2009* ("Yarra Park Amendment Act").

The registered office of the Trust is located at:

MelbourneCricket  
Yarra Park  
Jolimont  
Victoria 3002

The principal activities of the Trust during the year were the formulation of strategies to maintain the MCG's status as a leading provider of premium sporting content, and the management of Yarra Park. Ultimately, the Trust oversees the Club's ground management role.

There was no significant change in the nature of these activities during the period.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied, unless otherwise stated.

### (a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared on an accrual basis in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB"), Interpretations and the *Financial Management Act 1994*. The financial report has also been prepared on a historical cost basis, except for land and the AGOS-OM Collection, which have been measured at fair value.

The financial report is presented in Australian dollars.

### (b) Statement of compliance

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates with a risk of material adjustments in the next year are disclosed throughout the notes to the financial statements.

31 MARCH 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (b) Statement of compliance (cont'd)

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

New and revised Australian Accounting Standards and Interpretations issued by the AASB which are mandatory to the reporting period ended 31 March 2014 and the comparative information presented for the year ended 31 March 2013, have been adopted by the Trust. With the exception of AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13, the adoption of these standards did not have a material impact on this financial report and is not likely to affect future periods.

Consistent with AASB 13 Fair Value Measurement, the Trust determines the policies and procedures for recurring fair value measurements in accordance with the requirements of AASB 13 and the relevant Financial Reporting Directions. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Trust has determined the classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above. In addition, the Trust determines whether transfers have occurred between the levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The effect from the adoption of AASB 13 Fair Value Measurement is detailed in note 6 (a) of the financial statements.

Some new accounting standards, amendments to standards and interpretations have been published that are not mandatory for 31 March 2014 reporting periods. The Trust has not applied them in preparing this financial report and minimal impact is expected to arise from their application in future reporting periods.

#### (i) Changes in accounting policies – AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when the Trust is required to use fair value, but rather provides guidance on how to measure fair value under Australian Accounting Standards when fair value is required or permitted. The Trust has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revisited and adjusted where applicable. In light of AASB 13, the Trust has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value.

A change in accounting estimate has been made due to the adoption of AASB 13 Fair Value Measurement and has been applied against the valuation of Crown Land – MCG. The change in estimate impacts the calculation of the present day value of the net cash flows being the present value of future rental streams under the lease into perpetuity (99 years).

AASB 13 has predominantly impacted the disclosures of the Trust. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7.

31 MARCH 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (c) Cash and cash equivalents

For the purposes of the cash flow statement, cash includes cash on hand and in banks, and money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts. Interest is charged as an expense or revenue as it accrues.

### (d) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectable amounts. An allowance for doubtful debts is made when there is objective evidence that the Trust will not be able to collect the debts. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

### (e) Yarra Park

Yarra Park (the parklands that surround the MCG) was permanently reserved as a public park in June 1873. Since 1917, the Council of the City of Melbourne ("the Council") has been appointed as the Committee of Management for Yarra Park. The Yarra Park Amendment Act revoked the appointment of the Council and appointed the Trust as the Committee of Management for Yarra Park, thereby expanding the functions of the Trust and specifying the management arrangements and the implementation of an Improvements Plan for Yarra Park.

Under the Yarra Park Amendment Act, the Trust also assumes responsibility for car parking arrangements, receiving advice from the Yarra Park Advisory Committee on the operation and management of Yarra Park and the honouring of existing licences and contracts established by the Council. Further, any money received by or on behalf of the Trust in relation to Yarra Park may only be spent on the operation, management, maintenance and improvement of Yarra Park, and such monies received and spent must be separately accounted for in the financial report.

The Yarra Park Amendment Act also allows the Trust to delegate its functions and responsibilities for Yarra Park to the Club and it has done so via the execution by the Trust, the Club and the relevant Ministers of a formal *Instrument of Delegation* and *Second Deed of Amendment to the MCG Management and Indemnity Deed*. These agreements appoint and allow the Club to fulfil all of the responsibilities assigned to the Trust under the Yarra Park Amendment Act. The Club will continue to act as the Committee of Management for Yarra Park for as long as the Club is the Ground Manager.

During the year, the Trust received a grant from the State of Victoria under the terms of a funding agreement in relation to landscape and capital works within Yarra Park. This funding was then contributed to the Club under the terms of the *Instrument of Delegation*. The grant has been recorded as revenue and the contribution as an expense in the Statement of Comprehensive Income.

31 MARCH 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (f) Property, plant and equipment

#### (i) Crown land - MCG

The Act provides that the assets and liabilities of the Trustees became the assets and liabilities of the Trust. Under the provisions of the Act, the Trust was deemed to become the grantee of the MCG's land reserved under an Order in Council dated 20 February 1934. No cost was incurred by the Trust in respect of this land.

Crown land for the MCG is measured on a fair value basis. At each balance date, the value of the asset in this class is reviewed to ensure that its carrying value does not materially differ from the asset's fair value at that date. Where necessary, the asset is revalued to reflect its fair value.

#### (ii) Crown land - Yarra Park

The Yarra Park Amendment Act transfers the regulation of Crown land at Yarra Park to the control of the Trust.

This land was contributed for nil consideration from the Council to the Trust effective 15 March 2010. It is measured on a fair value basis. At each balance date, the value of the asset in this class is reviewed to ensure that its carrying value does not materially differ from the asset's fair value at that date. Where necessary, the asset is revalued to reflect its fair value.

#### (iii) Impairment

All assets are assessed annually for indications of impairment. If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying amount exceeds its recoverable amount, the difference is written off by a charge to the Statement of Comprehensive Income, except to the extent that this write down can be debited to an asset revaluation reserve account applicable to that class of asset.

### (g) Other assets – AGOS-OM Collection (part of the National Sports Museum (“NSM”))

The AGOS-OM Collection comprises assets that the Trust intends to preserve because of their unique historical and cultural attributes. The Collection is recognised at fair value with regard to its highest and best use. The Collection is not depreciated. Valuation of the Collection from an independent assessor will be completed every five years with any future acquisitions being valued at cost for purchases and fair value for material donated items until the next valuation.

At each balance date, the value of the AGOS-OM Collection is reviewed to ensure the carrying amount does not materially differ from the Collection's fair value at that date. Where necessary, the asset is revalued to reflect its fair value.

The Collection is managed, maintained and displayed by National Sports Museum Limited (“NSML”), in accordance with the Melbourne Cricket Ground Trust Exhibition Agreement.

### (h) Trade and other payables

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

Payables to related parties are carried at the principal amount.

31 MARCH 2014

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

### (i) Taxes

#### *Income Tax*

The Trust is exempt from income tax under Section 50-45 of the *Income Tax Assessment Act (ITAA) 1997*.

#### *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except where 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.

Trade receivables and trade payables are stated with the amount of GST included.

The net amount of GST receivable from, or payable to the taxation authority is included as part of receivables or payables in the Balance Sheet. Cash Flows are included in the Statement of Cash Flows on a gross basis and the GST components of cash flows arising from investing and financing activities, which are recoverable from or payable to the taxation authority, are classified as operating cash flows.

### (j) Allocation between current and non-current

In the determination of whether an asset, other than cash or a cash equivalent is current or non-current, consideration is given as to whether the Trust expects to realise or consume the asset within twelve months after the reporting date. All cash and cash equivalents are deemed as current.

Current liabilities are recognised when the liability is due to be settled within twelve months after reporting date or the Trust does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### (k) Indemnification and insurance of Trustees

The State Government has advised that costs of indemnification of Trustees are a chargeable expense against the Trust and that the State indemnifies the Trust against losses of the Trust.

### (l) Revenue recognition

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

#### *Lease Rental and Interest*

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

### (m) Expense payments

Payments to third parties are recognised as an expense in the reporting period in which they are paid or payable. They include transactions such as the contribution to the Club for repayment of Great Southern Stand and Northern Stand Re-development debt.

### (n) Employee leave benefits

The Trust employed nil employees during the year (2013: nil employees). No employee leave benefits are owed at balance date (2013: nil benefits owed). Administration services for the Trust are provided by the Club's staff at no cost to the Trust.

### (o) Rounding

The amounts contained in this report and in the financial report have been rounded off to the nearest \$1,000 where rounding is applicable (or in certain cases to the nearest dollar), under the option available to the Trust under Standing Direction 4.2(d). The Trust is an entity to which the Standing Direction applies.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| 31 MARCH 2014   | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|---|-------|----------------|----------------|
| <b>3. REVENUES</b>  |       |                |                |
| Lease rental from the Club  | 15    | <b>4,195</b>   | 4,092          |
| Total revenues from operating activities                                    |       | <b>4,195</b>   | 4,092          |
| <b>Other revenues</b>   |       |                |                |
| Interest revenue  |       | <b>54</b>      | 44             |
| State Government of Victoria contribution –<br>Yarra Park landscape upgrade |       | <b>1,000</b>   | 2,000          |
| Total other revenues  |       | <b>1,054</b>   | 2,044          |
| <b>Total revenues</b>   |       | <b>5,249</b>   | 6,136          |
| <b>4. EXPENSES</b>  |       |                |                |
| Operating expenses  |       | <b>87</b>      | 103            |
| <b>5. TRADE AND OTHER RECEIVABLES</b>                                       |       |                |                |
| GST receivable  |       | <b>101</b>     | 99             |
|   |       | <b>101</b>     | 99             |

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2014

2014  
\$'000

2013  
\$'000

## 6. PROPERTY, PLANT AND EQUIPMENT

### *Crown land - MCG*

|                                      |               |        |
|--------------------------------------|---------------|--------|
| Carrying amount at beginning of year | <b>62,000</b> | 62,000 |
| Net amount of revaluation increment  | <b>13,700</b> | -      |
| Fair Value at 31 March 2014          | <b>75,700</b> | 62,000 |

### *Crown Land - Yarra Park*

|                                      |                |         |
|--------------------------------------|----------------|---------|
| Carrying amount at beginning of year | <b>103,000</b> | 103,000 |
| Net amount of revaluation increment  | <b>5,150</b>   | -       |
| Fair Value at 31 March 2014          | <b>108,150</b> | 103,000 |

|                                     |                |         |
|-------------------------------------|----------------|---------|
| Total Property, Plant and Equipment | <b>183,850</b> | 165,000 |
|-------------------------------------|----------------|---------|

### **Other Current Assets**

#### AGOS-OM Collection (part of the NSM)

|                                      |               |        |
|--------------------------------------|---------------|--------|
| Carrying amount at beginning of year | <b>11,760</b> | 11,760 |
| Net amount of revaluation increment  | -             | -      |
| Fair Value at 31 March 2014          | <b>11,760</b> | 11,760 |

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2014

## 6 (a) FAIR VALUE MEASUREMENTS

The Trust measures and recognises the following assets at fair value on a recurring basis:

- Land
- AGOS-OM Collection

### A. Fair value hierarchy

AASB 13 requires disclosure of fair value measurements by level of the following fair value hierarchy:

- (a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable, and
- (c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measure is unobservable.

(i) Fair value measurement hierarchy for assets at 31 March 2014

The following table presents the Trust's assets measured and recognised at fair value at 31 March 2014. Comparative information for non-financial assets has not been provided as permitted by the transitional provisions of the new rules.

|  | Notes   | Carrying amount as at 31 March 2014 | Fair value measurement at end of reporting period using: |          |                |
|--|---------|-------------------------------------|--|----------|----------------|
|  |         |                                     | Level 1  | Level 2  | Level 3        |
|  |         | \$'000                              | \$'000   | \$'000   | \$'000         |
| Specialised land at fair value                 |         |                                     |  |          |                |
| Crown Land – MCG                               | 6, 2(b) | 75,700                              | -  | -        | 75,700         |
| Crown Land – Yarra Park                        | 6, 2(b) | 108,150                             | -  | -        | 108,150        |
| <b>Total of specialised land at fair value</b> |         | <b>183,850</b>                      | <b>-</b>   | <b>-</b> | <b>183,850</b> |
| Cultural assets at fair value                  |         |                                     |  |          |                |
| AGOS-OM Collection                             | 6, 2(b) | 11,760                              | -  | -        | 11,760         |
| <b>Total of cultural assets at fair value</b>  |         | <b>11,760</b>                       | <b>-</b>   | <b>-</b> | <b>11,760</b>  |

There were no transfers between levels 1, 2 or 3 for recurring fair value measurements during the year. The Trust's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The carrying amounts of receivables and payables are assumed to approximate their fair values due to their short term nature

**31 MARCH 2014**

**6 (a) FAIR VALUE MEASUREMENTS (Cont'd)**

**B. Valuation techniques used to derive level 3 fair values**

All fair value estimates for non-financial assets are included in level 3.

(i) Crown Land - Yarra Park

The level 3 fair value of the Yarra Park land has been derived using the sales comparison approach. Sales prices of comparable land in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre and given the nature of the property a discount for a Community Service Obligation (CSO).

The CSO is an allowance made to reflect the difference between the highest and best use of unrestricted freehold land and assets held by the public sector. It reflects reductions in land value due to uses which are physically possible, legally permissible and financially feasible.

(ii) Crown Land - MCG

In view of the long term lease involved, the most appropriate method of the valuation of the land under lease to the Melbourne Cricket Club is the discounted cash flow method. This method involves the calculation of the present day value of the net cash flows being the present value of future rental streams under the lease into perpetuity.

(iii) AGOS-OM Collection

For the AGOS-OM collection the Trust obtains independent valuations from a qualified valuer at least every five years. The latest valuation, by Simon Storey Valuers, at 31 March 2012 was for \$11,760,000. Fair value for the AGOS-OM collection is determined by reference to the best available market evidence. Where available, this is based on the current market selling price of the same or similar works or on the estimated amount which market participants would be prepared to pay. As there are a large number of items in the collection, the whole collection has been valued using scientific sampling techniques. At the end of each reporting period the Trustees update their assessment of the fair value of the collection, taking into account any additions or disposals during the period and obtaining advice from the independent valuer that the fair value of the collection did not materially differ from the carrying value. At 31 March 2014, an independent review by Simon Storey Valuers determined the fair value of the AGOS-OM collection did not materially differ from the carrying value.

If one or more of the significant inputs is not based on observable market data, the asset is included in Level 3. This is the case for land and cultural assets.

For its land assets the Trust obtains independent valuations from the Victorian Valuer General at least every five years. The latest valuation of the Yarra Park land was at 31 March 2012 using the market approach adjusted for CSO. The latest valuation of the MCG land was at 31 March 2014 using the discounted cash flow method. The latest valuation of the AGOS-OM Collection was at 31 March 2012 using the best available market evidence and scientific sampling techniques.

At the end of each reporting period the Trustees update their assessment of the fair value of each property, taking into account the most recent independent valuations, movements in the Valuer General's commercial land indexation factors and movements in any other relevant criteria

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2014

## 6 (a) FAIR VALUE MEASUREMENTS

### C. Description of significant unobservable inputs to Level 3 valuations

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative and qualitative information regarding the significant unobservable inputs used in the level 3 fair value measurements.

| Description                    | Valuation technique                        | Significant unobservable inputs                          | Range (weighted average) | Sensitivity of fair value measurement to changes in significant unobservable inputs |
|--------------------------------|--|--|--------------------------|---|
| <b>Crown Land – MCG</b>        | Discounted cash flow approach              | Indexation of future rental streams                      | 3.0%                     | The higher the indexation the higher the land value                                 |
|                                |  | Discount rate applied to future rental streams           | 8.75%                    | The higher the discount rate the lower the valuation                                |
|                                |  | Term of discounting                                      | 99 years                 | The longer the term the higher the valuation  |
| <b>Crown land – Yarra Park</b> | Market approach                            | Direct cost per square metre                             | \$1,800 per square metre | The higher this value the higher the land value                                     |
|                                |  | Community Service Obligation (CSO) adjustment            | 80%                      | The higher the CSO the lower the valuation  |
|                                |  | East Melbourne commercial land indexation for 2013       | 5%                       | The higher this index the higher the land value                                     |
| <b>AGOS-OM Collection</b>      | Market approach using a sampling technique | Selecting an appropriate comparable item at market value |                          | The higher the value of the comparable item the higher the Collection value         |

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| 31 MARCH 2014 | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------|-------|----------------|----------------|
|---------------|-------|----------------|----------------|

## 7. TRADE AND OTHER PAYABLES

|                 |  |           |           |
|-----------------|--|-----------|-----------|
| Accrued Charges |  | 13        | 13        |
| Trade Payables  |  | -         | 16        |
|                 |  | <b>13</b> | <b>29</b> |

### (a) Aggregate amounts payable to related parties:

|                       |    |   |    |
|-----------------------|----|---|----|
| Other related parties | 15 | - | 16 |
|                       |    | - | 16 |

### Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Other payables and accrued charges relate to ground activities performed prior to balance date for which payment has not been made by the Trust at balance date.
- (ii) In addition, other payables and accrued charges also include expenditures incurred by the Club, Melbourne Cricket Club Foundation Limited ("the Foundation") and/or NSML on behalf of the Trust for which the Trust is obligated to pay at year end. Refer to note 16 (b) (iv) for further details.

### (b) Prior period adjustment

The prior year comparative within the financial statements have been adjusted due to the inclusion of the accrual of Audit Fees Expense for the year ended 31 March 2013. The adjustment has been made in order to comply with the accounting policy referred to in note 2 (a) of the financial statements.

The line items and associated note to the financial statements affected by the adjustment include the 'Trade and other payables' within the Balance Sheet which has increased by \$0.013 million. A respective decrease within the Balance Sheet of \$0.013 million is associated to the 'Accumulated funds'. The adjustment to the 'Accumulated funds' line item also affected the amounts stated in the Statement of Changes in Equity.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| 31 MARCH 2014   | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|---|-------|----------------|----------------|
| <b>8. RESERVES AND ACCUMULATED FUNDS</b>  |       |                |                |
| Asset revaluation   | 8 (a) | <b>126,769</b> | 107,919        |
| Special purpose – NSM   | 8 (b) | <b>48</b>      | 48             |
|   |       | <b>126,817</b> | 107,967        |
| Accumulated funds   | 8 (c) | <b>70,109</b>  | 70,017         |
| <b>(a) Asset revaluation</b>  |       |                |                |
| <i>(i) Nature and purpose of reserve</i>  |       |                |                |
| The asset revaluation reserve is used to record increments and decrements in the value of non-current assets. |       |                |                |
| <i>(ii) Movements in reserve</i>  |       |                |                |
| Balance at beginning of year  |       | <b>107,919</b> | 107,919        |
| Revaluation increments / (decrements) on revaluation of:  |       |                |                |
| - Crown land - MCG  |       | <b>13,700</b>  | -              |
| - Crown land – Yarra Park   |       | <b>5,150</b>   | -              |
| - AGOS-OM Collection  |       | -              | -              |
| Balance at end of year  |       | <b>126,769</b> | 107,919        |
| <b>(b) Special purpose – NSM</b>  |       |                |                |
| <i>(i) Nature and purpose of reserve</i>  |       |                |                |
| The NSM reserve records donations provided to the Trust for the purchase of sporting memorabilia.             |       |                |                |
| <i>(ii) Movements in reserve</i>  |       |                |                |
| Balance at beginning of year  |       | <b>48</b>      | 48             |
| Transfers from / (to) other equity accounts:  |       |                |                |
| - Accumulated funds   |       | -              | -              |
| Balance at end of year  |       | <b>48</b>      | 48             |
| <b>(c) Accumulated funds</b>  |       |                |                |
| Balance at beginning of year  |       | <b>70,017</b>  | 69,944         |
| Net result for the year   |       | <b>92</b>      | 73             |
| Transfers from / (to) other equity accounts:  |       |                |                |
| - Asset revaluation reserve   |       | -              | -              |
| - Special purpose – NSM   |       | -              | -              |
| Balance at end of year  |       | <b>70,109</b>  | 70,017         |

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| 31 MARCH 2014 | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------|-------|----------------|----------------|
|---------------|-------|----------------|----------------|

## 9. CASH FLOW INFORMATION

### (a) Reconciliation of net result to the net cash flows from operations

|   |  |      |     |
|---|--|------|-----|
| Net result  |  | 92   | 73  |
| <b>Changes in assets and liabilities</b>          |  |      |     |
| (Increase)/decrease in trade & other receivables  |  | (2)  | (2) |
| Increase/(decrease) in trade & other payables     |  | (16) | (2) |
| Net cash flow from/(used in) operating activities |  | 74   | 69  |

### (b) Reconciliation of cash

Cash and cash equivalents comprises:

|  |  |       |       |
|--|--|-------|-------|
| - cash at bank                           |  | 18    | 402   |
| - short term deposits                    |  | 1,210 | 752   |
| Cash and cash equivalents at end of year |  | 1,228 | 1,154 |

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are at call and earn interest at the respective short-term deposit rates.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

| 31 MARCH 2014 | Notes | 2014<br>\$'000 | 2013<br>\$'000 |
|---------------|-------|----------------|----------------|
|---------------|-------|----------------|----------------|

## 10. AUDITORS' REMUNERATION

Amounts received or due and receivable  
by Victorian Auditor General for:

– an audit of the financial report of the Trust

|           |    |
|-----------|----|
| <b>13</b> | 13 |
| <b>13</b> | 13 |

## 11. CONTINGENT LIABILITIES

At the date of this report, the Trust is not aware of any contingent liabilities.

## 12. SUBSEQUENT EVENTS

There are no subsequent events to the Trust's knowledge which significantly affect the operating results and state of affairs for the year ended 31 March 2014.

## 13. EXPENDITURE COMMITMENTS

At the date of this report, the Trust is not aware of any capital or contracted expenditure commitments, other than those commitments under the Yarra Park Amendment Act and under the funding agreement for landscape and capital improvement works within Yarra Park, which have been delegated by the Trust to the Club under the provisions of the *Instrument of Delegation* and *Second Deed of Amendment to the MCG Management and Indemnity Deed*.

## 14. RE-DEVELOPMENT OF THE MCG

Under the provisions of the original Indemnity Deed dated 11 April 1990, the Club agreed to redevelop the Great Southern Stand at a cost of approximately \$150 million. The original Indemnity Deed was re-negotiated and a new Management and Indemnity ("M&I") Deed was signed (15 August 2002) by the Trust, the Club and the State Government of Victoria.

The original financing arranged by the Club in relation to the Great Southern Stand will be fully repaid by March 2017, with guarantees in respect of the financing being provided by the Trust and the Treasurer of Victoria in accordance with the specific provisions of the Indemnity Deed.

As part of the M&I Deed, the Club agreed to redevelop the Northern side of the MCG. The financing arranged by the Club will be fully repaid by March 2026, with guarantees in respect of the financing being provided by the Trust and the Treasurer of Victoria in accordance with the specific provisions of the M&I Deed.

The outstanding long-term debt in relation to the re-developments of the MCG is recognised in the Club's accounts. Total Re-development Debt at 31 March 2014 for these projects is \$242.477 million (2013: \$266.352 million).

31 MARCH 2014

## 15. RELATED PARTY DISCLOSURES

(a) The Office bearers of the Trust during the financial year were:

|                            |  |
|----------------------------|--|
| Mr Robert Herbert AM       | The Hon. Patrick McNamara              |
| Mr Ian Carson              | Mr Dale Monteith                       |
| Ms Anne-Marie Corboy       | Ms Kathryn Palmer                      |
| The Hon. Peter Costello AC | Mr Anthony Stewart                     |
| Ms Jane Fenton AM          | Mr Graeme Sinclair (Executive Officer) |

(b) The following transactions occurred with other related parties during the financial year:

- (i) During the year the Trust received from the Club \$4.195 million (2013: \$4.092 million) in respect of the Club's lease rental of the MCG.
- (ii) The Trust contributed \$4.070 million from its cash reserves to the Club for the repayment of Re-development Debt (2013: \$3.960 million).
- (iii) During the year, under the terms of an *Instrument of Delegation*, the Trust contributed Yarra Park landscape and capital improvement funding of \$1.000 million (2013: \$2.000 million) to the Club.
- (iv) From time to time, the Club, the Foundation and NSML undertake transactions on behalf of the Trust. As at balance date, amounts payable by the Trust to the Club were nil (2013: \$15,789) and amounts payable by the Trust to the Foundation and the NSML were nil (2013: nil).

## 16. GROUND MANAGER

On 15 August 2002, the Club entered into a *Deed of Variation of Lease* with the MCG Trust pursuant to which the Club's existing tenancy of the MCG was extended until 31 March 2042 with an option to extend its lease over the Members' Reserve for a further 25 years. Under a separate management agreement with the Trust and the Government of Victoria, the Club's role as manager of the MCG has also been extended until 31 March 2042.

Building Improvements and Capital Work in Progress have been funded by the Club and are recognised in the Club's accounts at a written down value of \$485.985 million (2013: \$499.666 million). The residual interest in buildings and improvements at the ground will revert to the Trust at the end of the lease period.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

31 MARCH 2014

## 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Trust's activities expose it primarily to the financial risks of changes in interest rates. The Trust does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The Trust's principal financial instruments comprise cash and short-term deposits.

The main purpose of these financial instruments is to meet obligations for the Trust's operations. The Trust has various other financial assets and liabilities such as trade payables, which arise directly from its operations. It is, and has been throughout the period under review, the Trust's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Trust's financial instruments are cash flow interest rate risk and credit risk. Policies for managing the main risks are summarised below:

### *Interest rate risk exposures*

The Trust's exposure to the risk of changes in market interest rates relates primarily to the Trust's cash, which is subject to floating interest rates.

### *Credit risk exposure*

The Trust trades only with recognised, creditworthy third parties.

It is the Trust's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Trust's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Trust.

With respect to credit risk arising from the other financial assets of the Trust, which comprise cash and cash equivalents, the Trust's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Since the Trust trades only with recognised third parties, there is no requirement for collateral.

## 18. FINANCIAL INSTRUMENTS

### (a) Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments exposed to interest rate risk:

| Financial Instruments       | Floating interest rate |                | Fixed interest rate maturing in: |                |                |                |                   |                | Weighted average effective interest rate |           |
|-----------------------------|------------------------|----------------|----------------------------------|----------------|----------------|----------------|-------------------|----------------|--|-----------|
|                             |                        |                | 1 year or less                   |                | 1 to 5 years   |                | More than 5 years |                |  |           |
|                             | 2014<br>\$'000         | 2013<br>\$'000 | 2014<br>\$'000                   | 2013<br>\$'000 | 2014<br>\$'000 | 2013<br>\$'000 | 2014<br>\$'000    | 2013<br>\$'000 | 2014<br>%                                | 2013<br>% |
| <i>(i) Financial assets</i> |                        |                |                                  |                |                |                |                   |                |  |           |
| Cash                        | 18                     | 402            | -                                | -              | -              | -              | -                 | -              | 0.01                                     | 2.00      |
| Short term deposits at call | 1,210                  | 752            | -                                | -              | -              | -              | -                 | -              | 3.00                                     | 4.00      |
|                             |                        |                |                                  |                |                |                |                   |                |  |           |
|                             | 1,228                  | 1,154          | -                                | -              | -              | -              | -                 | -              |  |           |

All other financial assets and financial liabilities, both recognised and unrecognised, are non-interest bearing.

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## 18. FINANCIAL INSTRUMENTS (Cont'd)

### (b) Fair values

All financial assets and liabilities are summarised in the above table. Where financial assets and liabilities have not been recorded at fair value the carrying amount approximates fair value at balance date. The following methods and assumptions are used to determine the fair values of financial assets and liabilities.

#### Recognised financial instruments

##### *Cash and cash equivalents:*

The carrying amount approximates fair value because of their short-term to maturity.

##### *Trade and other receivables:*

The carrying amount approximates fair value.

##### *Trade and other payables:*

The carrying amount approximates fair value.

### (c) Liquidity risk management

Ultimate responsibility for liquidity risk rests with the Trustees, who have built an appropriate liquidity risk management framework for the management of the Trust's short, medium and long-term funding and liquidity management. The Trust manages the liquidity risk by maintaining adequate cash reserves, and by continuously monitoring forecast and actual cash flows while matching the maturity profiles of financial assets and liabilities. Given the current surplus cash assets, liquidity risk is minimal.

### (d) Sensitivity analysis

At 31 March 2014, if interest rates had changed by +/- 50 basis points from the year-end rates with all other variables held constant, the net result for the year would have been \$0.006 million lower/higher (2013: change of 50 basis points, \$0.006 million lower/higher), mainly as a result of lower/higher interest income from cash and cash equivalents.

# NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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## 19. RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the year.

|  | <i>Period</i>           |
|--|-------------------------|
| <b>Responsible Ministers:</b>                            |                         |
| Hon. Denis Napthine<br>Premier                           | 01/04/2013 – 31/03/2014 |
| and  |                         |
| Hon. Hugh Delahunty<br>Minister for Sport and Recreation | 01/04/2013 – 17/03/2014 |
| and  |                         |
| Hon. Damian Drum<br>Minister for Sport and Recreation    | 17/03/2014 – 31/03/2014 |
| <b>Trustees:</b>   |                         |
| Mr Robert Herbert AM (Chairman)                          | 01/04/2013 – 31/03/2014 |
| Mr Ian Carson  | 01/04/2013 – 31/03/2014 |
| Ms Anne-Marie Corboy                                     | 01/04/2013 – 30/06/2013 |
| Hon. Peter Costello AC                                   | 15/05/2013 – 31/03/2014 |
| Ms Jane Fenton AM  | 01/10/2013 – 31/03/2014 |
| Hon. Patrick McNamara                                    | 01/04/2013 – 31/03/2014 |
| Mr Dale Monteith   | 11/02/2014 – 31/03/2014 |
| Ms Kathryn Palmer  | 01/04/2013 – 31/03/2014 |
| Mr Anthony Stewart                                       | 01/04/2013 – 31/03/2014 |

The Trustees as listed above have received no remuneration (2013: Nil).

## DECLARATION BY TRUSTEES

We certify the attached financial statements for the Melbourne Cricket Ground Trust have been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable Australian Accounting Standards and other professional reporting requirements.

We further state that, in our opinion, the information set out in the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Statement of Cash Flows and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 31 March 2014 and the financial position of the Trust as at 31 March 2014.

We are not aware of any circumstance which would render any of the particulars included in the financial statements to be misleading or inaccurate.

On behalf of the Melbourne Cricket Ground Trust.



Robert N. Herbert AM  
Chairman

Melbourne, 13 June 2014



Victorian Auditor-General's Office

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## INDEPENDENT AUDITOR'S REPORT

### To the Trustees, Melbourne Cricket Ground Trust

#### *The Financial Report*

The accompanying financial report for the year ended 31 March 2014 of the Melbourne Cricket Ground Trust which comprises the statement of comprehensive income, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the declaration by trustees has been audited.

#### *The Trustees' Responsibility for the Financial Report*

The Trustees of the Melbourne Cricket Ground Trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Trustees determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed 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 audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Trustees, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

## Independent Auditor's Report (continued)

### *Independence*

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

### *Opinion*

In my opinion, the financial report presents fairly, in all material respects, the financial position of the Melbourne Cricket Ground Trust as at 31 March 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

### *Matters Relating to the Electronic Publication of the Audited Financial Report*

This auditor's report relates to the financial report of the Melbourne Cricket Ground Trust for the year ended 31 March 2014 included both in the Melbourne Cricket Ground Trust's annual report and on the website. The Trustees of the Melbourne Cricket Ground Trust are responsible for the integrity of the Melbourne Cricket Ground Trust's website. I have not been engaged to report on the integrity of the Melbourne Cricket Ground Trust's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE  
16 June 2014

  
John Doyle  
Auditor-General

## Protected Disclosure Act 2012

The purpose of the Protected Disclosure Act ("Act") is to encourage and facilitate the making of disclosures of improper conduct by public officers and public bodies without fear of reprisal. The Trust is a "public body" for the purposes of the Act. The Trust is not permitted to receive disclosures made under the Act. You can make a protected disclosure about the Trust or its members or its members, officers or employees by contacting the Independent Broad-based Anti-corruption Commission. As required under the Act, the Trust has adopted procedures for the protection of people against detrimental action that might be taken against them in reprisal for the making of protected disclosures. These procedures are available from the Trust on request.

