



COLLINGWOOD FOOTBALL CLUB LIMITED

(A COMPANY LIMITED BY GUARANTEE)
ABN 89 006 211 196

ANNUAL FINANCIAL REPORT
31 OCTOBER 2006

Collingwood Football Club Limited and its controlled entities
ABN 89 006 211 196

Contents

Directors' report	3
Lead auditor's independence declaration	6
Income statements	7
Statements of recognised income and expense	8
Balance sheets	9
Statements of cash flows	10
Notes to the consolidated financial statements	11
Directors' declaration	37
Independent audit report	38

Collingwood Football Club Limited and its controlled entities

Directors' report

To the Members of the Collingwood Football Club Limited ("the Company"). The directors have pleasure in presenting their report together with the financial report of the Company and of the consolidated entity being the Company and its controlled entities for the year ended 31 October 2006 and the auditor's report thereon.

Directors

The directors of the Company at any time during or since the end of the financial year are:

Edward McGuire	President, Company Director of McGuire Media Pty Ltd, CEO of Channel 9.
Sally Capp	Head of the Office of the CEO – Australia and New Zealand Banking Group Limited
Jack Kennedy	Surgeon
Ian McMullin	General Manager – Educational Services for SSL Spotless Services Limited
Kevin Rose	Life Member, Former Player, Company Director of Rose Poultry Pty Ltd
Alex Waislitz	Company Director of Thorney Holdings Pty Ltd and McPherson's Limited.
Eugene Arocca	Former partner of Maurice Blackburn and Cashman. Resigned as Director on 29 November 2005.
Gary Pert	General Manager – Austereo Melbourne. Commenced as Director on 17 March 2006.

Directors' Meetings

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

Director	Number of Meetings	Number of Meetings
	Attended	Held *
Edward McGuire	9	10
Sally Capp	9	10
Jack Kennedy	9	10
Ian McMullin	8	10
Kevin Rose	10	10
Alex Waislitz	8	10
Gary Pert	7	7
Eugene Arocca	0	1

* Number of meetings held during the time the director held office in the financial year.

Principal activities

The principal activities of the consolidated entity during the course of the financial year were to conduct the operations of the Collingwood Football Club, to manage its affairs, and control and otherwise provide teams of footballers bearing the name of the Collingwood Football Club.

The consolidated entity owns and operates a travel agency as a result of the acquisition of a Jetset Travel franchise on 1 April 2003.

From 21 December 2005 the consolidated entity also owns and operates a venue in Caroline Springs, named "The Club."

Collingwood Football Club Limited and its controlled entities

Directors' report (continued)

Review and result of operations

The profit from ordinary activities after income tax for the consolidated entity amounted to \$2,013,563 (2005: profit of \$1,852,435).

A detailed review of various aspects of the operations is contained in the Chief Executive Officer's Report published in the "In Black and White 2006 Year book".

Dividends

The Articles of Association specifically prohibit the payment of dividends to members. No such dividends were declared or paid.

State of affairs

In the opinion of the directors there were no significant changes in the state of affairs of the consolidated entity that occurred during the financial year under review.

Events subsequent to balance date

On 3 August 2006, the Company signed a Heads of Agreement with Sovereign Hotel Group Pty Ltd to purchase the business with existing lease of the Beach Hotel. A deposit of \$350,000 has been paid. The contract of sale has been signed on 27 September 2006, however the sale is conditional upon the Company obtaining relevant statutory approvals from the Victorian Casino and Gaming Authority and the Director of Liquor Licensing.

On 12 May 2006, the Company signed a Heads of Agreement with Minus Pty Ltd to purchase the business with existing lease of the Diamond Creek Hotel. A deposit of \$375,000 has been paid. The contract of sale has been signed on 10 November 2006, however the sale is conditional upon the Company obtaining relevant statutory approvals from the Victorian Casino and Gaming Authority and the Director of Liquor Licensing.

Other than the matters discussed above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely developments

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years have been referred to in the reports of the President and the Chief Executive Officer published in the "In Black and White 2006 Year book".

Directors' Interest and Benefits

Other than as outlined in the notes to and forming part of the financial statements, since the end of the previous financial year no director of the Company has received or become entitled to receive any benefits because of a contract made by the consolidated entity with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest. Directors are not remunerated by the consolidated entity for their services.

Collingwood Football Club Limited and its controlled entities

Directors' report (continued)

Indemnification and insurance of officers (continued)

Indemnification

Under the Articles of Association, the board and all members thereof shall be indemnified by the Company against all costs, losses, expenses and liabilities incurred by the board or any members thereof in the course of the business and it shall be the duty of the board to pay and satisfy all such costs, losses, expenses and liabilities out of the funds of the Company.

Insurance premiums

During the financial year the Company paid insurance premiums totalling \$26,916 (2005: \$38,752) in respect of directors' and officers' liability insurance contracts. Such insurance contracts insure against certain liabilities (subject to specific exclusions) for persons who are or have been directors or officers of the Company.

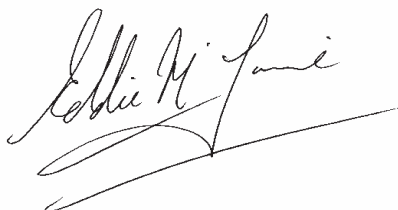
The liabilities insured include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company.

Lead auditors independence declaration under section 307C of the Corporations Act 2001

The lead auditors independence declaration is set out on page 6 and forms part of the directors report for the year ended 31 October 2006.

Dated at Melbourne this 14th day of November 2006.

Signed in accordance with a resolution of the directors:



Edward McGuire
Director



Ian McMullin
Director



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

To: the directors of Collingwood Football Club

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2006 there have been:

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

KPMG

Peter Jovic
Partner

Melbourne

14 November 2006

Collingwood Football Club Limited and its controlled entities

Income statements

For the year ended 31 October 2006

		Consolidated		The Company	
	Note	2006 \$	2005 \$	2006 \$	2005 \$
Revenue	3	44,206,086	38,267,222	39,593,473	34,763,968
Financial income	6	<u>427,547</u>	<u>347,473</u>	<u>425,488</u>	<u>347,473</u>
Total revenue		<u>44,633,633</u>	<u>38,614,695</u>	<u>40,018,961</u>	<u>35,111,441</u>
Social Club / Gaming expenses		6,447,922	4,774,115	6,447,922	4,774,115
Football expenses		14,126,128	13,056,029	14,126,128	13,056,029
Administration expenses		3,415,644	3,633,240	3,415,644	3,633,240
Marketing and Sponsorship expenses		9,534,640	7,915,270	9,534,640	7,915,270
Pie in the Sky travel expenses		4,549,962	3,473,581	-	-
Membership expenses		2,882,096	2,679,402	2,882,096	2,679,402
Operating lease rental expenses		689,202	599,421	689,202	599,421
Financial expenses	6	70,494	2,627	70,494	2,627
Depreciation and amortisation expense		903,982	628,575	902,242	624,572
Profit before tax		2,013,563	1,852,435	1,950,593	1,826,765
Income tax expense	2(g)	-	-	-	-
Profit for the year		<u>2,013,563</u>	<u>1,852,435</u>	<u>1,950,593</u>	<u>1,826,765</u>

The income statements are to be read in conjunction with the notes to the consolidated financial statements set out on pages 11 to 36.

Collingwood Football Club Limited and its controlled entities

Statements of Recognised Income and Expense

As at 31 October 2006

	Note	Consolidated		The Company	
		2006 \$	2005 \$	2006 \$	2005 \$
Net income recognised directly in equity		-	-	-	-
Profit for the period		<u>2,013,563</u>	<u>1,852,435</u>	<u>1,950,593</u>	<u>1,826,765</u>
Total recognised income and expense for the period	19	<u>2,013,563</u>	<u>1,852,435</u>	<u>1,950,593</u>	<u>1,826,765</u>

The statements of recognised income and expense are to be read in conjunction with the notes to the consolidated financial statements set out on pages 11 to 36.

Collingwood Football Club Limited and its controlled entities

Balance sheets

As at 31 October 2006

		Consolidated		The Company	
	Note	2006 \$	2005 \$	2006 \$	2005 \$
Current assets					
Cash and cash equivalents	8	1,364,521	1,756,680	1,231,433	1,682,845
Receivables	9	1,989,800	1,843,811	1,900,549	1,722,272
Inventories	10	616,852	642,255	616,852	642,255
Investments	11	1,337,708	1,950,498	1,337,708	1,950,498
Other	12	<u>265,126</u>	<u>214,309</u>	<u>273,016</u>	<u>341,803</u>
Total current assets		<u>5,574,007</u>	<u>6,407,553</u>	<u>5,359,558</u>	<u>6,339,673</u>
Non-current assets					
Investments	11	-	3	144,824	144,827
Property, plant and equipment	13	7,252,992	5,623,704	7,252,992	5,621,964
Intangibles	14	<u>2,272,391</u>	<u>-</u>	<u>2,272,391</u>	<u>-</u>
Total non-current assets		<u>9,525,383</u>	<u>5,623,707</u>	<u>9,670,207</u>	<u>5,766,791</u>
Total assets		<u>15,099,390</u>	<u>12,031,260</u>	<u>15,029,765</u>	<u>12,106,464</u>
Current liabilities					
Payables	15	2,533,225	3,373,232	2,518,387	3,423,314
Provisions	17	-	34,903	-	34,903
Employee benefits	18	1,409,585	1,355,921	1,379,903	1,343,178
Unearned income		<u>27,803</u>	<u>17,729</u>	<u>27,803</u>	<u>17,729</u>
Total current liabilities		<u>3,970,613</u>	<u>4,781,785</u>	<u>3,926,093</u>	<u>4,819,124</u>
Non-current liabilities					
Interest-bearing liabilities	16	2,724,069	-	2,724,069	-
Provisions	17	-	820,453	-	820,453
Unearned income		<u>33,038</u>	<u>70,915</u>	<u>33,038</u>	<u>70,915</u>
Total non-current liabilities		<u>2,757,107</u>	<u>891,368</u>	<u>2,757,107</u>	<u>891,368</u>
Total liabilities		<u>6,727,720</u>	<u>5,673,153</u>	<u>6,683,200</u>	<u>5,710,492</u>
Net assets		<u>8,371,670</u>	<u>6,358,107</u>	<u>8,346,565</u>	<u>6,395,972</u>
Equity					
Settled sum		10	10	-	-
Retained profits	19	<u>8,371,660</u>	<u>6,358,097</u>	<u>8,346,565</u>	<u>6,395,972</u>
Total equity		<u>8,371,670</u>	<u>6,358,107</u>	<u>8,346,565</u>	<u>6,395,972</u>

The balance sheets are to be read in conjunction with the notes to the consolidated financial statements set out on pages 11 to 36.

Collingwood Football Club Limited and its controlled entities

Statements of cash flows

For the year ended 31 October 2006

		Consolidated		The Company	
	Note	2006 \$	2005 \$	2006 \$	2005 \$
Cash flows from operating activities					
Cash receipts from customers		44,368,087	38,000,499	39,749,665	34,497,248
Cash paid to suppliers and employees		(43,781,280)	(35,676,506)	(39,220,052)	(32,152,902)
Interest received		22,703	25,531	20,644	25,531
Interest paid		(70,494)	(2,627)	(70,494)	(2,627)
Dividends received		<u>133,425</u>	<u>121,107</u>	<u>133,425</u>	<u>121,107</u>
Net cash from operating activities	22	<u>672,441</u>	<u>2,468,004</u>	<u>613,188</u>	<u>2,488,357</u>
Cash flows from investing activities					
Loans to controlled entities		-	-	-	(60,000)
Proceeds on sale of assets		-	7,500	-	7,500
Proceeds on sale of investments		1,009,195	467,555	1,009,195	467,555
Payments for investments		(141,935)	(1,440,487)	(141,935)	(1,440,487)
Acquisition of property, plant and equipment		(2,489,184)	(1,039,390)	(2,489,184)	(1,039,390)
Payment for gaming licences		(350,000)	-	(350,000)	-
Sale of unit trust		<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Net cash from investing activities		<u>(1,871,924)</u>	<u>(2,004,822)</u>	<u>(1,871,924)</u>	<u>(2,064,822)</u>
Cash flows from financing activities					
Proceeds from borrowings		850,000	-	850,000	-
Repayment of borrowings		(42,676)	-	(42,676)	-
Net cash from financing activities		<u>807,324</u>	<u>-</u>	<u>807,324</u>	<u>-</u>
Net increase in cash and cash equivalents		(392,159)	463,182	(451,412)	423,535
Cash and cash equivalents at 1 November		<u>1,756,680</u>	<u>1,293,498</u>	<u>1,682,845</u>	<u>1,259,310</u>
Cash and cash equivalents at 31 October	8	<u>1,364,521</u>	<u>1,756,680</u>	<u>1,231,433</u>	<u>1,682,845</u>

The statements of cash flows are to be read in conjunction with the notes to the consolidated financial statements set out on pages 11 to 36

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

1 Collingwood Football Club Limited

The Collingwood Football Club Limited ("The Company") is a company limited by guarantee where statutory members guarantee its liabilities to the extent of \$10 each. The registered office of the Company is Lexus Centre, Olympic Park, Melbourne, Victoria. The consolidated financial report of the company for the financial year ended 31 October 2006 comprise the company and its subsidiaries (together referred to as 'the consolidated entity'). The financial report was authorised for issue by the directors on 14 November 2006.

2 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ('AASBs') adopted by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001. International Financial Reporting Standards ('IFRSs') form the basis of Australian Accounting Standards ('AASBs') adopted by the AASB, and for the purpose of this report are called Australian equivalents to IFRS ('AIFRS') to distinguish from previous Australian GAAP.

This is the consolidated entity's first financial report prepared in accordance with Australian Accounting Standards, being AIFRS and AASB 1 *First-Time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied. An explanation of how the transition to AIFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 27.

(b) Basis of preparation

The financial report is presented in Australian Dollars. It is prepared on the historical cost basis except that financial instruments held for trading and freehold land and buildings are stated at fair value.

Accounting standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 31 October 2006. No changes to the current accounting policies are anticipated on application of these issued or revised standards.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and assumptions that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. 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.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

The accounting estimates and judgments set out below in the significant accounting policies have been applied consistently to all periods presented in the financial report and in preparing an opening AIFRS balance sheet at 1 November 2004 for the purposes of the transition to Australian Accounting Standards – AIFRS.

The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

(c) Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements.

Transactions eliminated on consolidation

Intragroup balances and any unrealised gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

Unit trusts

Investment in a unit trust is carried at its cost less any impairment losses.

(d) Revenue recognition

(i) Sales Revenue

Revenues are recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Sales revenue comprises revenue earned (net of returns and discounts) from sponsorship, gaming, hospitality, marketing, AFL distributions, membership and the sale of products or services to entities outside the consolidated entity.

(ii) Travel Revenue

Revenue from the sale of airline tickets and travel packages is recognised when the following occurs:

- When deposits are received they can be taken up as revenue to the extent that it equals the cancellation fee; or
- When full payment has been received from the consumer and airline tickets or redeemable value vouchers have been issued or when the airline or travel package provider has been paid.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

(iii) AFL distributions and match returns

AFL distributions are recognised as they are received. Match day income is recognised at the conclusion of each AFL home game

(iv) Membership

Membership income is recognised throughout the duration of the AFL home and away season.

(v) Marketing and sponsorship income

Marketing & sponsorship income is recognised when amounts are due and payable in accordance with the terms and conditions of the sponsorship contract.

(vi) Social and gaming revenue

Gaming, bar, bistro and function revenue is recognised as it is received.

(vii) Members' payments in advance

Members' contributions that are not applicable to the 2006 financial year have been shown in the Balance Sheet as part of Unearned Income. These contributions relate to a 10 year membership plan introduced in 2000 and are not refundable. Appropriate amounts are included as revenue in the years to which they relate.

Subscriptions received in advance from members that relate to future years are included in trade creditors. These payments are included as revenue in the years to which they relate.

(e) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease.

(ii) Net financing costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method, interest receivable on funds invested and dividend income. Borrowing costs are expensed as incurred and included in net financing costs.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established which in the case of quoted securities is ex-dividend date.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(f) Goods and services tax

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

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as a current asset or liability in the balance sheet.

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

(g) Income Tax

The Company is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997.

(h) Property, plant and equipment

(i) *Owned assets*

Items of property, plant and equipment (excluding freehold land and buildings, which are measured on a fair value basis – (see accounting policy h(v)) are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy o).

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) *Leased assets*

Leases of plant and equipment under which the consolidated entity assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases.

(iii) *Subsequent costs*

The Consolidated entity recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to the Consolidated entity and the cost of the item can be measured reliably. All other costs are recognised in the income statement as an expense as incurred.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(iv) Memorabilia

Purchased

Items of memorabilia purchased by the club are recorded at their cost of acquisition and are reviewed annually for impairment.

Collected

Over the years the Club has also collected considerable memorabilia. This memorabilia is not recorded in the financial statements, but has been independently valued and will be reviewed on a periodic basis.

Memorabilia collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have a very long and indeterminate useful life. No amount of depreciation has been recognised in respect of memorabilia collections as their service potential has not, in any material sense, been consumed during the period.

(v) Revaluations of non-current assets

Land and buildings measured at fair value are revalued with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from fair value at reporting date. Independent valuations of freehold land and buildings will be obtained on a periodic basis.

Revaluation increments, on a class basis, are recognised in the asset revaluation reserve except those amounts reversing a decrement previously recognised as an expense are recognised as revenues. Revaluation decrements are only offset against revaluation increments relating to the same class of asset and any excess is recognised as an expense.

(vi) Depreciation

Items of property, plant and equipment, including building extensions and leasehold property but excluding memorabilia and freehold land and buildings, are depreciated using either the straight line or reducing balance method over their estimated useful lives.

The depreciation and amortisation rates used for each class of asset are as follows:

	2006	2005
Building Extensions	5%*	5%*
Leasehold Improvements	5%*	5%*
Furniture and Fittings	15%*	15%*
Plant and Equipment	20%*	20%*
Motor Vehicles	22.5%**	22.5%**
Freehold land & buildings	0%	0%
Memorabilia	0%	0%
* Straight line method		
** Reducing balance method		

The residual value, the useful life and depreciation method applied to an asset are reassessed at least annually.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(i) Intangible Assets

Licences that are acquired by the consolidated entity are stated at cost less accumulated amortisation (see below) and impairment losses (see accounting policy o).

Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Amortisation

Amortisation is charged to the income statement on a straight line basis over the estimated useful life of the licence. The licence is amortised from the date it is available for use. The estimated useful life in the current and comparative periods are as follows:

- Licence 10 years

(j) Receivables

Trade receivables are stated at amortised cost less impairment losses.

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses

(l) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the consolidated entity's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(m) Investments

Financial instruments held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognised in the income statement.

The fair value of financial instruments classified as held for trading is their quoted bid price at the balance sheet date.

Financial instruments classified as held for trading investments are recognised/ derecognised by the consolidated entity on the date it commits to purchase/sell the investments.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(n) Payables

Trade and other payables are stated at amortised cost. Trade accounts payable are settled within normal trading terms.

(o) Impairment

The carrying amounts of the Consolidated entity's assets, other than inventories (see accounting policy k), are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated, (see accounting policy o(i)).

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through profit or loss.

Impairment losses recognised in respect of cash generating units are allocated first to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

(i) Calculation of recoverable amount

The recoverable amount of the Company's investments in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted.

Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Significant receivables are individually assessed for impairment. Impairment testing of significant receivables that are not assessed as impaired individually is performed by placing them into portfolios of significant receivables with similar risk profiles and undertaking a collective assessment of impairment. Non-significant receivables are not individually assessed. Instead, impairment testing is performed by placing non-significant receivables in portfolios of similar risk profiles, based on objective evidence from historical experience adjusted for any effects of conditions existing at each balance sheet date.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(o) Impairment (continued)

(ii) Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for employee entitlements to wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, are calculated at undiscounted amounts based on remuneration wage and salary rates that the consolidated entity expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the consolidated entity as the benefits are taken by the employees.

Long term service benefits

The Consolidated entity's net obligation in respect of long-term service benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the balance sheet date which have maturity dates approximating to the terms of the consolidated entity's obligations.

As a result of a federally certified long service leave agreement between the players and the AFL, the Collingwood Football Club has no obligation for long service leave for current players.

Superannuation plan

The Company contributes to a defined contribution employee superannuation plan. Contributions are recognised as an expense in the income statement as they are made.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

2 Statement of significant accounting policies (continued)

(q) Provisions

A provision is recognised in the balance sheet when the consolidated entity has a present legal, equitable or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation, the timing or amount of which is uncertain.

A provision for onerous contracts is recognised when the expected benefits to be derived by the consolidated entity from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

(r) Interest bearing borrowings

Interest bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated as amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Comparative period policy

Bank loans are recognised at their principal amount, subject to set-off arrangements. Interest expense is accrued at the contracted rate.

(s) Use and revision of accounting estimates

The preparation of the financial report requires the making of estimations and assumptions that affect the recognised amount of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Impairment of intangibles

The consolidated entity assesses whether intangibles are impaired at least annually in accordance with accounting policy (o). These calculations involve estimation of the recoverable amount of the cash generating units to which the intangibles are allocated.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
3 Revenue				
Social Club and Gaming	7,496,533	5,215,352	7,496,533	5,215,352
Marketing and Sponsorship	15,619,058	14,180,146	15,619,058	14,180,146
Membership	7,668,550	7,861,859	7,668,550	7,861,859
AFL Distributions and Match Returns	8,504,219	7,267,366	8,504,219	7,267,366
Pie in the Sky travel	4,614,662	3,503,254	-	-
Other	<u>303,064</u>	<u>239,245</u>	<u>305,113</u>	<u>239,245</u>
	<u>44,206,086</u>	<u>38,267,222</u>	<u>39,593,473</u>	<u>34,763,968</u>

4 Personnel Expenses

Wages and salaries	13,368,992	11,530,612	13,240,611	11,375,853
Contributions to superannuation	1,484,100	1,109,158	1,474,200	1,096,174
Movement in employee entitlements	<u>179,212</u>	<u>24,572</u>	<u>177,014</u>	<u>19,585</u>
	<u>15,032,304</u>	<u>12,664,342</u>	<u>14,891,825</u>	<u>12,491,612</u>

5 Auditors' remuneration

Audit services:

Auditors of the Company –
KPMG

Audit of the financial report	<u>55,000</u>	<u>45,000</u>	<u>50,000</u>	<u>40,000</u>
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The auditors of the Collingwood Football Club received no other benefits.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

	Consolidated		The Company	
	2006 \$	2005 \$	2006 \$	2005 \$
6 Net Finance Income				
Financial Income:				
Interest income	22,703	25,531	20,644	25,531
Dividend income	133,425	121,107	133,425	121,107
Investments:				
Net gain on disposal	88,389	23,289	88,389	23,289
Re-measurement through profit and loss	<u>183,030</u>	<u>177,546</u>	<u>183,030</u>	<u>177,546</u>
Financial Income	<u>427,547</u>	<u>347,473</u>	<u>425,488</u>	<u>347,473</u>
Financial Expense:				
Interest expense	<u>70,494</u>	<u>2,627</u>	<u>70,494</u>	<u>2,627</u>
Net Finance Costs	<u>357,053</u>	<u>344,846</u>	<u>354,994</u>	<u>344,846</u>

7 Segment information

The consolidated entity operates predominately in the sporting industry wholly in Australia.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

	Consolidated		The Company	
	2006 \$	2005 \$	2006 \$	2005 \$
8 Cash and cash equivalents				
Cash on hand	390,939	451,753	390,741	451,553
Cash at bank	<u>973,582</u>	<u>1,304,927</u>	<u>840,692</u>	<u>1,231,292</u>
Cash and cash equivalents	<u>1,364,521</u>	<u>1,756,680</u>	<u>1,231,433</u>	<u>1,682,845</u>
9 Receivables				
<i>Current</i>				
Trade debtors	799,895	996,896	730,984	922,175
Less: Provision for doubtful debts	<u>(27,727)</u>	<u>(35,000)</u>	<u>(27,727)</u>	<u>(35,000)</u>
	772,168	961,896	703,257	887,175
Other debtors	<u>1,217,632</u>	<u>881,915</u>	<u>1,197,292</u>	<u>835,097</u>
	<u>1,989,800</u>	<u>1,843,811</u>	<u>1,900,549</u>	<u>1,722,272</u>
10 Inventories				
Liquor, food, souvenirs and football equipment	<u>616,852</u>	<u>642,255</u>	<u>616,852</u>	<u>642,255</u>
11 Investments				
<i>Current</i>				
Listed equity securities held for trading	<u>1,337,708</u>	<u>1,950,498</u>	<u>1,337,708</u>	<u>1,950,498</u>
<i>Non-current</i>				
Investment in unit Trust	-	3	-	3
Shares in controlled entities	-	-	188,824	188,824
Provision for write-down of shares in controlled entities	<u>-</u>	<u>-</u>	<u>(44,000)</u>	<u>(44,000)</u>
	<u>-</u>	<u>3</u>	<u>144,824</u>	<u>144,827</u>
12 Other current assets				
Prepayments	<u>265,126</u>	<u>214,309</u>	<u>273,016</u>	<u>341,803</u>

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

13	Plant and equipment Consolidated	Furniture and fittings	Leasehold improvements	Plant and equipment	Leasehold gaming venues	Purchased memorabilia	Freehold land & buildings	Total
Cost								
Balance as at 1 November 2004	947,764	2,893,112	2,411,706	-	19,400	-	6,271,982	
Acquisitions	13,050	406,034	553,768	-	66,538	-	1,039,390	
Disposals	-	-	(32,140)	-	-	-	(32,140)	
Balance as at 31 October 2005	960,814	3,299,146	2,933,334	-	85,938	-	7,279,232	
Balance as at 1 November 2005	960,814	3,299,146	2,933,334	-	85,938	-	7,279,232	
Transfers	-	-	(125,000)	-	-	-	(125,000)	
Acquisitions	61,169	320,033	294,328	550,000	100,140	1,163,514	2,489,184	
Disposals	-	-	(52,800)	-	-	-	(52,800)	
Balance as at 31 October 2006	1,021,983	3,619,179	3,049,862	550,000	186,078	1,163,514	9,590,616	

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

13 Plant and equipment (continued) Consolidated

	Furniture and fittings	Leasehold improvements	Plant and equipment	Leasehold gaming venues	Purchased memorabilia	Freehold land & buildings	Total
Depreciation							
Balance as at 1 November 2004	33,735	63,922	950,197	-	-	-	1,047,854
Depreciation charge for the year	120,000	151,160	357,415	-	-	-	628,575
Disposals	-	-	(20,901)	-	-	-	(20,901)
Balance as at 31 October 2005	153,735	215,082	1,286,711	-	-	-	1,655,528
Balance as at 1 November 2005	153,735	215,082	1,286,711	-	-	-	1,655,528
Disposals	-	-	(15,305)	-	-	-	(15,305)
Depreciation charge for the year	111,683	159,226	426,492	-	-	-	697,401
Balance as at 31 October 2006	265,418	374,308	1,697,898	-	-	-	2,337,624

Carrying amounts

As at 1 November 2005	807,079	3,084,064	1,646,623	-	85,938	-	5,623,704
As at 31 October 2006	756,565	3,244,871	1,351,964	550,000	186,078	1,163,514	7,252,992
As at 1 November 2004	914,029	2,829,190	1,461,509	-	19,400	-	5,224,128
As at 31 October 2005	807,079	3,084,064	1,646,623	-	85,938	-	5,623,704

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

13 Plant and equipment (continued)

Company

Cost	Furniture and fittings	Leasehold improvements	Plant and equipment	Leasehold gaming venues	Purchased memorabilia	Freehold land & buildings	Total
Balance as at 1 November 2004	947,764	2,893,112	2,393,986	-	19,400	-	6,254,262
Acquisitions	13,050	406,034	553,768	-	66,538	-	1,039,390
Disposals	-	-	(20,975)	-	-	-	(20,975)
Balance as at 31 October 2005	960,814	3,299,146	2,926,779	-	85,938	-	7,272,677
Balance as at 1 November 2005	960,814	3,299,146	2,926,779	-	85,938	-	7,272,677
Transfers	-	-	(125,000)	-	-	-	(125,000)
Acquisitions	61,169	320,033	294,328	550,000	100,140	1,163,514	2,489,184
Disposals	-	-	(52,800)	-	-	-	(52,800)
Balance as at 31 October 2006	1,021,983	3,619,179	3,043,307	550,000	186,078	1,163,514	9,584,061

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

13 Plant and equipment (continued) Company

	Furniture and fittings	Leasehold improvements	Plant and equipment	Leasehold gaming venues	Purchased memorabilia	Freehold land & buildings	Total
Depreciation							
Balance as at 1 November 2004	33,735	63,922	944,057	-	-	-	1,041,714
Depreciation charge for the year	120,000	151,160	353,415	-	-	-	624,575
Disposals	-	-	(15,576)	-	-	-	(15,576)
Balance as at 31 October 2005	153,735	215,082	1,281,896	-	-	-	1,650,713
Balance as at 1 November 2005	153,735	215,082	1,281,896	-	-	-	1,650,713
Depreciation charge for the year	111,683	159,226	424,752	-	-	-	695,661
Disposals	-	-	(15,305)	-	-	-	(15,305)
Balance as at 31 October 2006	265,418	374,308	1,691,343	-	-	-	2,331,069
Carrying amounts							
As at 1 November 2005	807,079	3,084,064	1,644,883	-	85,938	-	5,621,964
As at 31 October 2006	756,565	3,244,871	1,351,964	550,000	186,078	1,163,514	7,252,992
As at 1 November 2004	914,029	2,829,190	1,449,929	-	19,400	-	5,212,548
As at 31 October 2005	807,079	3,084,064	1,644,883	-	85,938	-	5,621,964

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

13 Plant and equipment (continued)

Collected memorabilia

In addition to purchased memorabilia, the Club has a significant collection of memorabilia which was acquired at no cost. An independent valuation of this memorabilia collected over the years was performed by Mr R. Milne, certified with the Department of Communications and the Arts, on 12 October 2005 for \$5,634,525. This amount has not been brought to account.

14 Intangible assets

	Consolidated		The Company	
	\$		\$	
Gaming Licences:				
Cost				
Balance as at 1 November 2005	-	-	-	-
Acquisitions	2,353,972	-	2,353,972	-
Transfers	<u>125,000</u>	-	<u>125,000</u>	-
Balance as at 31 October 2006	<u>2,478,972</u>	-	<u>2,478,972</u>	-
Amortisation				
Balance as at 1 November 2005	-	-	-	-
Amortisation charge for the year	<u>(206,581)</u>	-	<u>(206,581)</u>	-
Balance as at 31 October 2006	<u>(206,581)</u>	-	<u>(206,581)</u>	-
Carrying Amount				
As at 31 October 2006	<u>2,272,391</u>	-	<u>2,272,391</u>	-

The recoverable amount of the licences is based on value in use calculations. Those calculations use cash flow projections based on actual operating results and the club's business plan.

15 Payables

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Current				
Trade payables	953,877	1,205,340	953,248	1,179,438
Other payables and accruals	<u>1,579,348</u>	<u>2,167,892</u>	<u>1,565,139</u>	<u>2,243,875</u>
	<u>2,533,225</u>	<u>3,373,232</u>	<u>2,518,387</u>	<u>3,423,313</u>

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
16 Interest-bearing liabilities				
<i>Non current</i>				
Bank loan – secured	845,097	-	845,097	-
Long Term payable	<u>1,878,972</u>	<u>-</u>	<u>1,878,972</u>	<u>-</u>
	<u>2,724,069</u>	<u>-</u>	<u>2,724,069</u>	<u>-</u>
Financing facilities				
Bank overdraft	2,000,000	1,000,000	2,000,000	1,000,000
Bank loan	850,000	-	850,000	-
Commercial Bill Facility	12,500,000	-	12,500,000	-
<i>Facilities utilised at reporting date:</i>				
Bank overdraft	-	-	-	-
Bank loan	845,097	-	845,097	-
Commercial Bill Facility	-	-	-	-
<i>Facilities not utilised at reporting date:</i>				
Bank overdraft	2,000,000	1,000,000	2,000,000	1,000,000
Bank loan	4,093	-	4,093	-
Commercial Bill Facility	12,500,000	-	12,500,000	-

Bank overdraft

The overdraft is secured by registered mortgage debentures over the whole of the Company's assets including all properties and members' payments in advance. Interest on the bank overdraft is charged at prevailing market rates. The weighted average effective interest rate for the overdraft at 31 October 2006 is 9.70% (2005: 9.20%).

Bank Loan

The bank loan is secured by a registered mortgage over the freehold land and buildings of the consolidated entity. The term of the bank loan is thirty years and is payable on or before 17 February 2036. The loan is payable on an interest only basis for a period of 10 years. The current variable interest rate at 31 October 2006 is 6.99%.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

16 Interest-bearing liabilities (continued)

Commercial Bill Facility

The \$12,500,000 commercial bill facility is available from 1 November 2006. This is secured by a registered mortgage over the property leases of the two new proposed venues and a specific charge over their liquor and gaming licences. Interest rate for the loan is calculated on a 90 day rollover with a rate of 6.49%.

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
17 Provisions				
Current				
Surplus Lease	<u>-</u>	<u>34,903</u>	<u>-</u>	<u>34,903</u>
	<u>-</u>	<u>34,903</u>	<u>-</u>	<u>34,903</u>
Non-Current				
Surplus Lease	<u>-</u>	<u>820,453</u>	<u>-</u>	<u>820,453</u>
	<u>-</u>	<u>820,453</u>	<u>-</u>	<u>820,453</u>

Reconciliations

Reconciliations of the carrying amount of the provision is set out below:

Surplus lease premises

Balance at 1 November	855,356	890,259	855,356	890,259
Payments made during the year	<u>855,356</u>	<u>(34,903)</u>	<u>855,356</u>	<u>(34,903)</u>
Balance at 31 October	<u>-</u>	<u>855,356</u>	<u>-</u>	<u>855,356</u>

In 1995, the Company and the City of Yarra agreed to a lease of Victoria Park for a period of 21 years. On 31 March 2005, the Company ceased to be a tenant of the premises as a result of a new lease agreement for the Company to occupy the Lexus Centre.

In March 2006 the Victoria Park lease was settled, fully utilising the provision. Also refer note 20.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

18 Employee benefits

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Current				
Salaries & Wages accrual	699,744	816,130	680,003	811,131
Liability for Long Service Leave	370,321	155,849	370,321	155,849
Liability for Annual Leave	<u>339,520</u>	<u>383,942</u>	<u>329,579</u>	<u>376,198</u>
	<u>1,409,585</u>	<u>1,355,921</u>	<u>1,379,903</u>	<u>1,343,178</u>

Number of employees

Number of full-time employees at year end	84	56	81	54
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19 Retained profits

Balance at 1 November	6,358,097	4,505,662	6,395,972	4,569,207
Total recognised income and expense	<u>2,013,563</u>	<u>1,852,435</u>	<u>1,950,593</u>	<u>1,826,765</u>
Balance at 31 October	<u>8,371,660</u>	<u>6,358,097</u>	<u>8,346,565</u>	<u>6,395,972</u>

20 Commitments

Leases as Lessee

Non-cancellable operating lease rentals of property, plant and equipment are payable as follows:

Less than one year	1,601,971	2,075,732	1,601,971	2,031,011
Between one and five years	6,104,962	5,796,756	6,104,962	5,789,079
More than five years	<u>18,281,128</u>	<u>20,909,624</u>	<u>18,281,128</u>	<u>20,909,624</u>
	<u>25,988,061</u>	<u>28,782,112</u>	<u>25,988,061</u>	<u>28,729,714</u>

The Consolidated entity leases property, plant and equipment under operating leases expiring from one to twenty one years, typically with an option to renew the leases after they expire.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

20 Commitments (continued)

Other commitments

Olympic Park

The Company has provided a bank guarantee of \$200,000 as part of the Olympic Park lease agreement.

Victoria Park

Following the settlement of Victoria Park, the Club was committed to pay the City of Yarra \$1.25m. In March 2006 the Company paid \$850,000, including the first instalment of \$100,000 for settlement of Victoria Park. These amounts have been fully provided for in past years. The Company is committed to pay the additional \$400,000 in annual instalments of \$100,000 over the next four years.

Player Payments

The Company negotiates individual contracts of varying lengths and conditions for each of the football players in the club. Certain players are entitled to receive base payments regardless of their level of performance or number of games played, as well as entitlements should player employment contracts be terminated before expiry. As contract terms in this regard vary considerably, with some future payments being dependent upon number of games played, and the level of performance and whether players remain on the approved lists, it is not practical to estimate the total future commitments under current contracts.

Other

The consolidated entity has a contractual obligation to pay franchise fees to Jetset travel for five years from 2004. The amount payable is estimated to be \$35,000 over the five year period. The consolidated entity paid an amount of \$7,387 during 2006 (2005: \$7,008).

The company has provided a bank guarantee of \$110,000 to George Adams Pty Ltd as part of the agreement to operate gaming machines at The Club.

21 Contingent asset

Waverley Park

Following the sale of Waverley Park to Mirvac, the Company has been advised by the AFL that it will distribute \$2,000,000 from the sale proceeds over 7 years on each 30 October in the years 2002 to 2008.

The Company has been advised that these payments are conditional upon and subject to certain conditions.

Due to the uncertainty of receipt of the sale proceeds in future years, the Company will account for the distributions on a cash received basis.

On 15 October 2006 the Company received \$300,000 (2005:\$300,000). This amount has been treated as revenue in the 2006 year. The balance of the proceeds being \$500,000 has not been brought to account in the financial year (2006:\$250,000, 2007:\$250,000)

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

22 Notes to the statements of cash flows

Reconciliation of cash flows from operating activities

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Profit for the period	2,013,563	1,852,435	1,950,593	1,826,765
Adjustments for:				
Reassessment of recoverable amount of property, plant and equipment	-	5,840	-	-
(Profit)/loss on sale of assets	37,495	(2,100)	37,495	(2,100)
(Profit)/loss on sale of investments	(88,389)	(23,289)	(88,389)	(23,289)
Depreciation of property, plant and equipment	697,401	628,575	695,661	624,575
Amortisation of intangibles	206,581	-	206,581	-
Revaluation of investments	(183,030)	(177,546)	(183,030)	(177,546)
Release of members funds to profit	(27,803)	(27,803)	(27,803)	(27,803)
Net cash provided by operating activities before change in assets and liabilities	<u>2,655,818</u>	<u>2,256,112</u>	<u>2,591,108</u>	<u>2,220,602</u>

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

22 Notes to the statements of cash flows (continued)

	Consolidated		The Company	
	2006	2005	2006	2005
	\$	\$	\$	\$
Change in assets and liabilities during the financial year:				
(Increase)/decrease in trade / other debtors	(245,989)	347,541	(278,277)	338,559
(Increase)/decrease in inventory	25,403	(56,725)	25,403	(56,725)
(Increase)/decrease in prepayments	(50,817)	(91,046)	68,787	(95,371)
Increase/(decrease) in trade / other payables	(910,282)	60,623	(975,202)	134,782
Increase/(decrease) in debentures	-	(75,548)	-	(75,548)
Increase/(decrease) in provisions	<u>(801,692)</u>	<u>27,047</u>	<u>(818,631)</u>	<u>22,058</u>
Net cash provided from operating activities	<u>672,441</u>	<u>2,468,004</u>	<u>613,188</u>	<u>2,488,357</u>

23 Key Management Personnel disclosures

Key management personnel compensation

The key management personnel (KMP) compensation (included in personnel expenses (see Note 4)) are as follows:

	2006	2005	2006	2005
	\$	\$	\$	\$
Short Term Employee Benefits	1,061,498	936,294	1,061,498	936,294
Other Long Term Benefits	59,863	-	59,863	-
Total Compensation	<u>1,121,361</u>	<u>936,294</u>	<u>1,121,361</u>	<u>936,294</u>

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

23 Key Management Personnel disclosures (continued)

Other key management personnel disclosures

A number of key management persons of the Company, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

During the year a number of KMP's purchased club membership packages, finals tickets, attended club functions, made donations and contributed towards fundraising auctions. The terms and conditions of the transactions with the KMP's and their KMP related entities were no more favourable than those available, or which might be reasonably expected to be available, on similar transactions to non-KMP related entities on an arm's length basis.

The aggregate amounts recognised during the year relating to key management personnel and other related parties, for the company and consolidated entity, were as follows:

KMP	Service	Income/ (Expense) 2006	Receivable/ (Payable) 2006	Income / (Expense) 2005	Receivable/ (Payable) 2005
I Mc Mullin	Food and Catering	(911,364)	-	(557,310)	-
E McGuire	Production Costs (Channel 9 Grand Final Breakfast)	(80,000)	-	-	-
S Capp	IT services	-	-	(12,420)	-
E Arocca	Legal services	(27,896)	-	(6,331)	-
G Swann	Accounting services	(2,663)	-	-	-

Non-key management personnel disclosures

The Consolidated entity has a related party relationship with its subsidiaries and with its key management personnel.

Loans are made by the Company to wholly owned subsidiaries for capital purchases. Loans outstanding between the Company and its controlled entities have no fixed date of repayment and are non-interest bearing.

This interest free loan provided by the Company to its subsidiary Pie in the Sky Travel is repayable on demand. As at 31 October 2006, the amount owed to the Company was \$188,824 (2005: \$188,824).

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

24 Additional Financial Instruments disclosure

Interest rate risk

The consolidated entities major financial assets and liabilities are cash, borrowings, trade debtors and trade creditors. No interest is payable or receivable on trade and intercompany balances.

Current interest rates for cash at bank is 3.50% (2005: 3.45%) and bank loan 6.99% (2005: nil).

Net fair values of financial assets and liabilities

The fair value of listed investments is shown at Note 11. The fair value of Freehold Land and Buildings is shown at Note 13. The Director's consider that the carrying amount of other recognised financial assets and liabilities also approximates their net fair value.

Credit risk

Credit risk represents the accounting loss that would be recognised at the reporting date if counterparties failed to perform as contracted. The consolidated entity does not have significant exposure to any individual or counter party. The credit risk on financial assets of the consolidated entity is the carrying amount, net of any provision for doubtful debts.

Market Risk

Market risk is defined as the risk of losses in positions arising from movements in market prices. The consolidated entities investment portfolio operates in the Australian market and may be exposed to potential large swings in market prices and significant consequential losses. Potential losses may arise from both general and market price movements.

Derivatives

The consolidated entity does not use derivative instruments.

Collingwood Football Club Limited and its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2006

25 Consolidated entities

Name	<i>Consolidated entity interest</i>	
	2006 %	2005 %
<i>Parent entity</i>		
Collingwood Football Club Limited, incorporated in Australia		
<i>Subsidiaries</i>		
Pie in the Sky Travel Pty Ltd, incorporated in Australia	100	100
Pie in the Sky Trust	-	-

26 Events subsequent to balance date

On 3 August 2006, the Company signed a Heads of Agreement with Sovereign Hotel Group Pty Ltd to purchase the business with existing lease of the Beach Hotel. A deposit of \$350,000 has been paid. The contract of sale has been signed on 27 September 2006, however the sale is conditional upon the Company obtaining relevant statutory approvals from the Victorian Casino and Gaming Authority and the Director of Liquor Licensing.

On 12 May 2006, the Company signed a Heads of Agreement with Minus Pty Ltd to purchase the business with existing lease of the Diamond Creek Hotel. A deposit of \$375,000 has been paid. The contract of sale has been signed on 10 November 2006, however the sale is conditional upon the Company obtaining relevant statutory approvals from the Victorian Casino and Gaming Authority and the Director of Liquor Licensing.

27 Explanation of transition to AIFRS's

As stated in significant accounting policies note 2 (a), these are the consolidated entity's first consolidated financial statements prepared in accordance with AIFRSs.

The policies set out in the significant accounting policies section of this report have been applied in preparing the financial statements for the financial year ended 31 October 2006, the comparative information presented in these financial statements for the financial year ended 31 October 2005 and in the preparation of the opening AIFRS balance sheet at 1 November 2004 (the consolidated entity's date of transition).

The transition from previous GAAP to AIFRS has not had a material effect on the consolidated entity's income statement, balance sheet and cash flows.

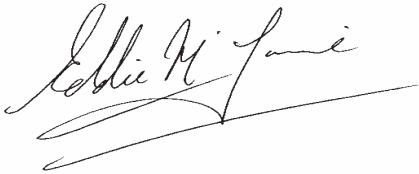
Directors' declaration

In the opinion of the directors of Collingwood Football Club Limited ("the Company"):

- (a) the financial statements and notes, set out on pages 7 to 36, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and consolidated entity as at 31 October 2006 and of their performance, as represented by the results of their operations and their cash flows for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 14th day of November 2006.

Signed in accordance with a resolution of the directors:



Edward McGuire
Director



Ian McMullin
Director



Independent audit report to members of Collingwood Football Club Limited

Scope

The financial report and directors' responsibility

The financial report comprises the income statement, statement of recognised income and expense, balance sheet, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration set out on pages 7 to 37 for both Collingwood Football Club Limited (the "Company") and Collingwood Football Club and its controlled entities ("the Consolidated Entity"), for the year ended 31 October 2006. The Consolidated Entity comprises both the Company and the entities it controlled during the year.

The directors of the Company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian equivalents to International Financial Reporting Standards*.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the Company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report; and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Audit opinion

In our opinion, the financial report of Collingwood Football Club Limited is in accordance with:

- a) the *Corporations Act 2001*, including:
 - i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 31 October 2006 and of their performance for the financial year ended on that date; and
 - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) other mandatory financial reporting requirements in Australia

KPMG

Peter Jovic
Partner

Melbourne

14 November 2006

