

Premiers 2010

~ COLLINGWOOD FOOTBALL CLUB ~



2010 ANNUAL FINANCIAL REPORT

Collingwood Football Club Limited

(A COMPANY LIMITED BY GUARANTEE) ACN 006 211 196

31 OCTOBER, 2010



Collingwood Football Club Limited

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Collingwood Football Club Limited

Director's report

To the Members of the Collingwood Football Club Limited ("the Company").

The Directors present their report, together with the financial report of the Group, being the Company and its controlled entities, for the year ended 31 October 2010 and the auditor's report thereon.

Directors

The Directors of the Group at any time during or since the end of the financial year were:

Mr E McGuire

President – Appointed 29 October 1998
Experience – Director of McGuire Media Pty Ltd, Director of Victoria Major Events Company, Director of Athletics Australia, Director of Twenty3 Sport and Entertainment. PM appointed Board Member for the Australia Social Inclusion Board. Board & Committee member for numerous charities

Mr J Kennedy

Vice President/Director – Appointed 11 December 1994
Qualifications – MB.BS (University of Melbourne), F.R.A.C.S F.A.C.S; MS (Iowa) DABO.
Experience – Associate Professor Otolaryngology, head and neck surgery; Director Rostig P/L; Chairman Fees Committee Australian Society of Otolaryngology Head and Neck Surgery

Mr A Waislitz

Vice President/Director – Appointed 29 October 1998
Qualifications – B.Ec., LL.B. Graduate Harvard Business School OPM Program
Experience – Executive Chairman Thorney Investment Group. Director of various Pratt Group companies. Appointed Board Member of Zoos Victoria Foundation 2010

Mr I McMullin

Director – Appointed 29 October 1998
Qualifications – Bachelor of Commerce, University of Melbourne
Experience – Director of Life's a Party Group

Mr M Korda

Director – Appointed 15 May 2007
Qualifications – Bachelor of Business; Registered Company Auditor; Liquidator; Official Liquidator.
Experience – Principal Kordamentha Group. Director of various companies.

Mr P Leeds

Director – Appointed 13 November 2007
Qualifications – Associate Fellow – Aust Institute of Management
Experience – Director of Victoria Racing Club; Director Radio 3UZ Pty Ltd; Director National Stroke Foundation; Chairman Twenty3 Sport and Entertainment; Chairman Australian made Media; Advisory Board Menzies Art Brands.

Ms S Capp

Director – Appointed 19 February 2004
Resigned 16 December 2009

Ms A Camplin OAM

Director – Appointed 16 December 2009
Qualifications – Bachelor of Information Technology (Swinburne University of Technology)
Experience – Global Technology Services, Strategy Executive, IBM Corporation; Chairman Australian Sports Foundation; Director Australian Sports Commission; Audit Committee Chairman Australian Sports Commission, Director Olympic Winter Institute of Australia, AOC Chef de Mission 2012 Winter Olympic Youth Games

Collingwood Football Club Limited

Directors' report (continued)

Directors meetings

The number of Directors meetings held and the number of meetings attended by each of the Directors during the financial year was as follows:

Directors	Directors Meetings ⁽¹⁾		Finance & Operations Committee Meetings ⁽¹⁾	
	No. of Meetings attended	No. of Meetings eligible to attend	No. of Meetings attended	No. of Meetings eligible to attend
Edward McGuire	11	11	-	-
Jack Kennedy	9	11	-	-
Alex Waislitz	7	11	-	-
Ian McMullin	10	11	9	11
Mark Korda	10	11	11	11
Paul Leeds	11	11	8	11
Alisa Camplin ⁽²⁾	7	9	-	-
Sally Capp ⁽³⁾	1	1	1	1

⁽¹⁾ Shows the number of meetings held and attended by each director during the period the director was a member of the Board or Committee

⁽²⁾ Appointed 16th December 2009

⁽³⁾ Retired 16th December 2009

Principal activities

The principal activities of the Group during the course of the financial year were to conduct the operations of the Collingwood Football Club, to manage its affairs, and provide a team of footballers bearing the name of the Collingwood Football Club.

The Group owns and operates a travel agency. The Group also currently operates and owns the leasehold of The International in Lilydale, Coach and Horses in Ringwood, The Club in Caroline Springs, The Beach Hotel in Albert Park and the Diamond Creek Tavern in Diamond Creek.

Review and result of operations

The Group recorded a profit for the period of 2010 of \$1,000,724 (2009: profit of \$594,061).

A detailed review of various aspects of the operations is contained in the President's report published in the "In Black and White 2010 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 Group that occurred during the financial year under review.

Collingwood Football Club Limited

Directors' report (continued)

Events subsequent to balance date

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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years have been referred to in the report of the President published in the "In Black and White 2010 Year Book".

Directors' interests 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 Group 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 Group for their services.

Indemnification and insurance of officers

Indemnification

Under the Articles of Association, the Board and all members thereof shall be indemnified by the Group 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 Group.

Insurance premiums

The Group has paid premiums for directors' and officers' liability insurance in respect of Directors, Secretaries and executive officers of the Group as permitted by the Corporations Act 2001. The terms of the insurance policy prohibit disclosure of details of the nature of the liabilities covered by, and the amounts of the premiums payable under, that insurance policy.

Collingwood Football Club Limited

Directors' report (continued)

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the year ended 31 October 2010.

Dated at Melbourne this 15th day of November 2010.

Signed in accordance with a resolution of the Directors:



Edward McGuire
Director



Mark Korda
Director



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

To: the directors of Collingwood Football Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2010 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

Gordon Sangster
Partner

Melbourne

15 November 2010

Collingwood Football Club Limited
Consolidated Statement of Comprehensive Income
For the year ended 31 October 2010

	Note	2010 \$	2009 \$
Revenue		75,194,122	62,702,193
Financial income		157,928	111,538
Other income		172,850	-
Total revenue and other income	3	<u>75,524,900</u>	<u>62,813,731</u>
Social club / gaming expenses		(16,188,172)	(19,030,635)
Football expenses		(19,035,351)	(17,023,915)
Administration expenses		(4,579,602)	(3,585,655)
Marketing, merchandise and sponsorship expenses		(13,551,320)	(8,613,921)
Pie in the Sky travel expenses		(4,807,362)	(4,378,237)
Membership expenses		(5,248,149)	(3,689,962)
Depreciation and amortisation expense		(1,470,314)	(915,222)
Operating lease rental expenses		(4,402,487)	(3,948,936)
Financial expenses	6	<u>(852,302)</u>	<u>(1,033,187)</u>
		5,389,841	594,061
Impairment loss on gaming venues		<u>(4,389,117)</u>	-
Profit/(loss) before income tax		1,000,724	594,061
Income tax expense	2(g)	-	-
Profit/(loss) for the period		<u>1,000,724</u>	<u>594,061</u>
Other comprehensive income		-	-
Total comprehensive income attributable to:			
Members of Collingwood Football Club		<u>1,000,724</u>	<u>594,061</u>

The Consolidated Statement of Comprehensive Income is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 34.

Collingwood Football Club Limited
Consolidated Statement of Changes in Equity
For the year ended 31 October 2010

	Settled Sum	Retained Earnings	Total Equity
Balance at 1st November 2008	10	7,120,545	7,120,555
Total comprehensive income for the period			
Profit or loss	-	594,061	594,061
Other comprehensive income	-	-	-
	<u>10</u>	<u>7,714,606</u>	<u>7,714,616</u>
Balance at 1st November 2009	10	7,714,606	7,714,616
Total comprehensive income for the period			
Profit or loss	-	1,000,724	1,000,724
Other comprehensive income	-	-	-
	<u>10</u>	<u>8,715,330</u>	<u>8,715,340</u>

The Consolidated Statement of Changes in Equity is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 34.

Collingwood Football Club Limited
Consolidated Statement of Financial Position
As at 31 October 2010

	Note	2010 \$	2009 \$
Assets			
Cash and cash equivalents	7	9,968,909	4,557,040
Trade and other receivables	8	3,487,307	2,971,686
Inventories	9	1,174,944	395,938
Prepayments		597,083	946,237
Assets classified as held for sale	10	1,566,982	9,546,501
Total current assets		<u>16,795,225</u>	<u>18,417,402</u>
Prepayments		444,846	-
Property, plant and equipment	11	5,616,794	6,383,030
Intangible assets	12	4,182,566	1,591,978
Total non-current assets		<u>10,244,206</u>	<u>7,975,008</u>
Total assets		<u>27,039,431</u>	<u>26,392,410</u>
Liabilities			
Trade and other payables	13	11,437,347	4,987,931
Loans and borrowings	14	-	7,250,000
Employee benefits	15	1,303,569	1,066,361
Unearned income		395,208	-
Total current liabilities		<u>13,136,124</u>	<u>13,304,292</u>
Trade and other payables	13	1,255,103	1,440,836
Loans and borrowings	14	3,000,000	3,833,980
Employee benefits	15	130,064	98,686
Unearned income		802,800	-
Total non-current liabilities		<u>5,187,967</u>	<u>5,373,502</u>
Total liabilities		<u>18,324,091</u>	<u>18,677,794</u>
Net assets		<u>8,715,340</u>	<u>7,714,616</u>
Equity			
Settled sum		10	10
Retained earnings		8,715,330	7,714,606
Total equity		<u>8,715,340</u>	<u>7,714,616</u>

The Consolidated Statement of Financial Position is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 34.

Collingwood Football Club Limited
Consolidated Statement of Cash Flows
For the year ended 31 October 2010

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Cash receipts in the course of operations		81,617,133	61,697,752
Cash paid in the course of operations		(67,630,811)	(58,303,190)
Interest received		157,928	111,538
Interest paid		-	(152)
Net cash from operating activities		<u>14,144,250</u>	<u>3,505,948</u>
Cash flows from investing activities			
Proceeds on sale of investments		1,236,364	-
Proceeds from sale of non-current assets		-	-
Payments for investments		-	-
Acquisition of property, plant and equipment		(855,060)	(800,710)
Payment for gaming licences		(305,000)	(295,000)
Net cash used in investing activities		<u>76,304</u>	<u>(1,095,710)</u>
Cash flows from financing activities			
Repayment of borrowings		(8,083,980)	-
Interest paid		(724,705)	(900,596)
Net cash used in financing activities		<u>(8,808,685)</u>	<u>(900,596)</u>
Net increase/(decrease) in cash and cash equivalents		5,411,869	1,509,642
Cash and cash equivalents at 1 November		<u>4,557,040</u>	<u>3,047,398</u>
Cash and cash equivalents at 31 October	17(a)	<u>9,968,909</u>	<u>4,557,040</u>

The Consolidated Cash Flows Statement is to be read in conjunction with the notes to the Consolidated Financial Statements set out on pages 12 to 34.

Collingwood Football Club Limited

Notes to the Consolidated Financial Statements

For the year ended 31 October 2010

1 Collingwood Football Club Limited

Collingwood Football Club Limited (“the Company”) is a company limited by guarantee where statutory members guarantee its liabilities to the extent of \$10. The registered office of the Company is The Westpac Centre, Olympic Park, Melbourne, Victoria. The consolidated financial report of the Company for the financial year ended 31 October 2010 comprises the ‘the Company’ and its subsidiaries. Collingwood Football Club and its subsidiaries together are referred to as “the Group”.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year’s presentation.

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 Group has adopted early AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-02 *Amendments to Australian Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 November 2009 to prepare Tier 2 general purpose financial statements.

The consolidated financial report of the Group are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements were authorised for issue by the Directors on 15 November 2010.

(b) Basis of preparation

These consolidated financial statements are presented in Australian dollars, which is the Group’s functional and presentation currency. The consolidated financial statements have been prepared on the historical cost basis except for freehold land and buildings that are measured at fair value.

The preparation of consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about assumptions and estimates that have a significant risk of resulting in a material adjustment within the next financial year are discussed below:

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

(i) Estimated impairment of goodwill and other non-current assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). The recoverable amounts of cash generating units have been determined by value in use calculations.

(c) Basis of consolidation

The Group has adopted revised AASB 3 *Business Combinations* (2008) and amended AASB 127 *Consolidated and Separate Financial Statements* (2008) for business combinations occurring in the financial year started 1 November 2009. All business combinations occurring on or after 1 November 2009 are accounted for by applying the acquisition method. The change in accounting policy is applied prospectively.

For every business combination, the Group identifies the acquirer, which is the combining entity that obtains control of the other combining entities or businesses. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(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 Group.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

(ii) Travel Revenue

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

- When deposits are received they are 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.

(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 earned.

(vii) Members' payments in advance

These contributions relate to a 2, 5 and 10 year membership plans introduced in 2010 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 and other payables. These payments are included as revenue in the years to which they relate.

(viii) Dividend income

Dividends are recognised when declared.

(ix) Grant income

Grant income, including contributions of assets, is recognised when the Group controls the contribution or right to receive the contribution, and it is probable that the economic benefits comprising the contributions will flow to the Group, and the amount of the contribution can be measured reliably.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(e) Expenses

(i) Operating lease payments

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

(ii) Finance income and costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, 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.

Finance income comprises interest income on funds invested. Interest income is recognised in profit and loss, using the effective interest method. Dividend income is recognised in profit and loss on the date the entity's right to receive payments is established, which in the case of quoted securities, is ex-dividend date.

(f) Goods and services tax

Revenue, 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 ATO is included as a current asset or liability in the balance sheet.

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

(g) Income tax

The Group 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 are measured at cost or deemed cost less accumulated depreciation (see accounting policy h(v)) and impairment losses (see accounting policy (o)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. 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.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Other leases are classified as operating leases and the leased assets are not recognised in the Group's statement of financial position.

(iii) Subsequent costs

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

(iv) Memorabilia

Purchased

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

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 purchased memorabilia collections as their service potential has not, in any material sense, been consumed during the period.

Collected

Over the years the Group 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.

(v) Depreciation

Depreciation is calculated over the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value for items of property, plant and equipment, including building extensions and leasehold property but excluding memorabilia and freehold land and buildings.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(v) Depreciation (continued)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

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

	<u>2010</u>	<u>2009</u>
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%

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

(vi) Assets classified as held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost of sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Intangible Assets

Gaming licences that are acquired by the Group are stated at cost less accumulated amortisation and impairment losses (see accounting policy (o)).

The cost of gaming licences is calculated based on the present value of future cash flows, discounted at the market rate of interest at reporting date.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(i) Intangible Assets (continued)

Subsequent expenditure

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as incurred.

Amortisation

Amortisation is calculated over the cost of the asset, or another amount substituted for cost, less its residual value. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful life of the licence, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The amortisation rates used for the licences are as follows:

	2010	2009
Gaming licence	16 years	10 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate on a prospective basis. Estimates in respect of gaming licences were revised during the year ended 31 October 2010.

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(j) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(j) Non-derivative financial assets (continued)

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

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

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

(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 Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(m) Non-derivative financial assets

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts and trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

(n) 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 Group on the date it commits to purchase/sell the investments.

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

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(o) Impairment – Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Group considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(p) Employee benefits

Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, are measured on an undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax and are expensed as the related service is provided. 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 Group as the benefits are taken by the employees.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(p) Employee benefits (continued)

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

Superannuation plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(q) Provisions

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

(r) Loans and borrowings

Loans and 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.

(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.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

2 Statement of significant accounting policies (continued)

(s) Use and revision of accounting estimates (continued)

Assets held for sale

The Group assesses the carrying value of assets held for sale in accordance with accounting policy (h(vi)). These calculations involve estimating the anticipated sale proceeds and related costs and commitments.

Impairment of intangibles

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

(t) Presentation of financial statement and reduced disclosure

The Group applies revised AASB 101 Presentation of Financial Statements (2007), which became effective for the financial year beginning 1 November 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income.

Comparative information has been re-presented so that it also is in conformity with the revised standard.

The Group early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements. This has resulted in a reduction of disclosures for items such as financial instruments. Comparative information has been re-presented or removed so that is also conforms to the new disclosure requirements.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

	2010	2009
	\$	\$
3 Revenue and other income		
Social club and gaming	20,756,542	22,748,231
Marketing and sponsorship	21,139,732	15,113,627
Membership	11,769,403	9,582,383
AFL distributions and match returns	16,167,955	10,315,988
Pie in the Sky travel	5,006,456	4,564,278
Other	354,034	377,686
Total revenue	<u>75,194,122</u>	<u>62,702,193</u>
Interest income	157,928	111,538
Deposit forfeit	100,000	-
Investments disposal	72,850	-
Total finance and other income	<u>330,778</u>	<u>111,538</u>
Total revenue and other income	<u>75,524,900</u>	<u>62,813,731</u>
4 Personnel expenses		
Wages and salaries	20,854,165	18,555,164
Contributions to superannuation	1,634,897	1,532,847
Movement in employee entitlements	390,847	(13,784)
	<u>22,879,909</u>	<u>20,074,227</u>
5 Auditor's remuneration		
Audit services: <i>Auditors of the Group</i>		
<i>KPMG Australia</i>		
Audit and review of the financial report	<u>100,000</u>	<u>90,000</u>
Other Services	2,200	48,200

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

	2010	2009
	\$	\$
6 Financial expense		
Interest expense and financial liabilities measured at amortised cost	724,705	900,596
Unwind of discount on other payables	127,597	132,591
	<u>852,302</u>	<u>1,033,187</u>
7 Cash and cash equivalents		
Cash on hand	518,732	622,329
Cash at bank	9,450,177	3,934,711
	<u>9,968,909</u>	<u>4,557,040</u>
8 Trade and other receivables		
<i>Current</i>		
Trade receivables	2,724,495	1,805,113
Less: Provision for impairment	(47,000)	(37,864)
	<u>2,677,495</u>	<u>1,767,249</u>
Other receivables	809,812	1,204,437
	<u>809,812</u>	<u>1,204,437</u>
	<u>3,487,307</u>	<u>2,971,686</u>
9 Inventories		
Liquor, food, souvenirs and football equipment	<u>1,174,944</u>	<u>395,938</u>

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

10 Assets classified as held for sale

The Beach Hotel is presented as a disposal group held for sale following the commitment of the Group's management to a plan to sell the venue.

Formal Contracts of Sale have been executed and exchanged and the sale is expected to be completed in 2011.

Assets held for sale includes property, plant and equipment of \$1,566,982 (2009: \$9,546,501)

When the Diamond Creek Tavern sale did not complete, due to the purchaser being placed into Administration, this asset was reviewed by The Group and assessed to be an asset that should be retained and continued to be operated by The Group. Accordingly the Diamond Creek Tavern has been reclassified out of assets held for sale.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

11 Property, plant and equipment

Cost	Furniture and fittings	Leasehold improvements	Plant and equipment	Purchased memorabilia	Freehold land & buildings	Total
Balance as at 1 November 2009	1,354,305	3,672,156	4,254,137	222,772	1,163,514	10,666,884
Transfers from assets held for sale	302,058	-	771,373	-	-	1,073,431
Acquisitions	290,002	233,850	284,328	-	-	808,180
Disposals	-	-	-	-	(1,163,514)	(1,163,514)
Balance as at 31 October 2010	1,946,365	3,906,006	5,309,838	222,772	-	11,384,981

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

11 Property, plant and equipment (continued)

Depreciation	Furniture and fittings	Leasehold improvements	Plant and equipment	Purchased memorabilia	Freehold land & buildings	Total
Balance as at 1 November 2009	626,068	762,322	2,895,464	-	-	4,283,854
Transfers from assets held for sale	51,598	-	83,331	-	-	134,929
Depreciation charge for the year	188,156	346,681	814,567	-	-	1,349,404
Balance as at 31 October 2010	865,822	1,109,003	3,793,362	-	-	5,768,187
Carrying amounts						
As at 1 November 2009	728,237	2,909,834	1,358,673	222,772	1,163,514	6,383,030
As at 31 October 2010	1,080,543	2,797,003	1,516,476	222,772	-	5,616,794

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

11 Property, plant and equipment (continued)

Collected memorabilia

In addition to purchased memorabilia, the Company has a significant collection of memorabilia which was acquired over the years at no cost. An independent valuation of this memorabilia was performed by Mr R. Milne, certified with the Department of Communications and the Arts, on 3 November 2010 for \$9,167,255. This amount has not been brought to account.

	Gaming Licence \$	Goodwill \$	Total \$
12 Intangible assets			
Cost			
Balance as at 1 November 2009	2,604,237	-	2,604,237
Acquisitions	-	-	-
Transfer from assets held for sale	-	2,711,498	2,711,498
Balance as at 31 October 2010	2,604,237	2,711,498	5,315,735
Amortisation			
Balance as at 1 November 2009	(1,012,259)	-	(1,012,259)
Amortisation for the year	(120,910)	-	(120,910)
Transfer from assets held for sale	-	-	-
Balance as at 31 October 2010	(1,133,169)	-	(1,133,169)
Carrying Amounts			
Balance as at 1 November 2009	1,591,978	-	1,591,978
Balance as at 31 October 2010	1,471,068	2,711,498	4,182,566

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

	2010	2009
	\$	\$
13 Trade and other payable		
<i>Current</i>		
Trade payables	7,394,339	2,254,914
Other payables and accruals	3,738,008	2,433,017
Gaming licences	305,000	300,000
	<u>11,437,347</u>	<u>4,987,931</u>
<i>Non Current</i>		
Gaming licences	<u>1,255,103</u>	<u>1,440,836</u>
14 Loans and borrowings		
<i>Current liabilities</i>		
Commercial bill	<u>-</u>	<u>7,250,000</u>
	<u>-</u>	<u>7,250,000</u>
<i>Non current liabilities</i>		
Bank loan	-	833,980
Commercial bill	<u>3,000,000</u>	<u>3,000,000</u>
	<u>3,000,000</u>	<u>3,833,980</u>
<i>Bank Facilities</i>		
Bank Overdraft	1,000,000	1,000,000
Bank Loan	-	850,000
Commercial bill facilities	3,000,000	10,250,000

Bank overdraft

The overdraft is secured by registered mortgage debenture over the whole of the Group'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 2010 was 10.06%.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

14 Loans and borrowings (continued)

Bank loan

The bank loan was secured by a registered mortgage over the freehold land and buildings of the Group. The freehold land and buildings were disposed of during the 2010 financial year and the bank loan settled in full.

Commercial bill facilities

The \$12,500,000 commercial bill facility was available from 6 October 2006. During the 2010 financial year the previous \$10,250,000 facility was reduced to \$3,000,000. This \$3,000,000 facility is secured by a registered mortgage over the property lease of the Diamond Creek Tavern and a specific charge over their liquor and gaming licences. The interest rate for the Diamond Creek Tavern fixed rate element is 9.29% (2009: 9.29%) at 31 October 2010.

	2010	2009
	\$	\$
15 Employee benefits		
<i>Current</i>		
Salaries and wages accrued	-	122,271
Liability for long service leave	490,194	362,267
Liability for annual leave	813,375	581,823
	<u>1,303,569</u>	<u>1,066,361</u>
<i>Non Current</i>		
Liability for long service leave	<u>130,064</u>	<u>98,686</u>
<i>Number of Employees</i>		
Number of full-time employees at year end	106	96

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

	2010	2009
	\$	\$
16 Commitments		
<i>Leases and Lessee</i>		
Operating leases and plant and equipment contracted but not provided for as payable:		
Within one year	3,769,859	3,666,283
One year or no later than five years	14,704,089	13,654,033
Later than five years	22,989,488	26,562,883
	<u>41,463,436</u>	<u>43,883,199</u>

The Company 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.

Of the non-cancellable operating leases at 31 October 2010, \$12,287,874 (2009, \$13,156,797) relates to The Beach Hotel. Outstanding commitments for The Beach Hotel on the date of disposal will cease to be a commitment of the Group at that date.

The Company entered into an agreement to acquire 191 gaming machine entitlements at various costs per entitlement for “The Club”, “The Beach”, “Diamond Creek Tavern”, “Coach & Horses” and “The Lilydale International” venues.

Each entitlement is for 10 years commencing 16 August 2012. The Company paid a deposit of \$444,846 in the financial year ending 31 October 2010, with the future obligation of \$6,117,023 payable over 4 years in quarterly instalments.

Other commitments

Victoria Park

The Company has an access agreement with the City of Yarra for use of the playing facilities and grounds at Victoria Park, with the final instalment of \$100,000 to be paid in 2012.

The Company is in negotiation with City of Yarra about entering into a lease agreement for the Bob Rose Social Club building at Victoria Park. City of Yarra councillors have agreed to accept the Company’s “Expression of interest” and negotiate solely with The Company.

Player Payments

Due to the contract terms varying considerably amongst players, it is not practical to reliably measure the future commitments under player contracts.

Guarantees

The Company has provided a bank guarantee of \$200,000 as part of the Olympic Park lease agreement. 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, Caroline Springs. The Company has provided a bank guarantee of \$403,000 to Bleakehouse P/L in respect to The Beach Hotel. The Company has provided a bank guarantee of \$650,000 to DC Freehold Pty Ltd in respect to Diamond Creek Tavern.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

	2010	2009
	\$	\$
17 Notes to the statements of cash flows		
(a) Cash and cash equivalents		
Cash on hand	518,732	622,329
Cash at bank	9,450,177	3,934,711
	<u>9,968,909</u>	<u>4,557,040</u>

	Company	
	2010	2009
	\$	\$
18 Parent		
Results of the parent entity		
Profit for the period	1,000,724	594,061
Other comprehensive income	-	-
Total comprehensive income	<u>1,000,724</u>	<u>594,061</u>

	2010	2009
	\$	\$
Financial position of parent entity at year end		
Current Assets	16,120,870	17,923,682
Total Assets	26,365,076	26,087,514
Current Liabilities	12,506,660	13,047,615
Total Liabilities	17,693,735	18,416,898

Total Equity of the parent entity comprising of:

Settled sum	10	10
Retained Earnings	8,671,331	7,670,606
Total Equity	<u>8,671,341</u>	<u>7,670,616</u>

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

	2010	2009
	\$	\$
19 Key Management Personnel disclosures		
<i>Key management personnel compensation</i>		
The key management personnel (KMP) compensation (included in personnel expenses (see note 4)) are as follows		
Short Term Employee Benefits	1,591,333	1,410,513
Other Long Term Benefits	16,821	14,148
	<u>1,608,154</u>	<u>1,424,661</u>

Other key management personnel disclosures

A number of KMP's of the Group, 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, match day tickets, club merchandise, attended club functions, made donations and contributed towards fundraising auctions. The terms and conditions of the transactions with KMP's and their KMP related entities were no more favourable than those available, or which might be reasonably be 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 Group amounted to:

	2010	2009
	\$	\$
<i>Transactions with KMP</i>		
Sales to KMP	400,720	431,746
Purchases from	196,744	52,543
Receivables from as at 31 October	-	384,468
Payables to as at 31 October	110,604	-

Collingwood Football Club Limited
Notes to the financial statements
For the year ended 31 October 2010

<i>Group interest</i>	
2010	2009
%	%

20 Group Entities

Name

Parent Entity

Collingwood Football Club Limited

Subsidiaries

Pie in the Sky Trust Travel Pty Ltd

100	100
-----	-----

Pie in the Sky Trust

100	100
-----	-----

21 Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 October 2010 that will significantly affect, or may significantly affect the operations of the Group, the results of the operations, or the state of affairs of the Company in subsequent years.

Directors' declaration

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

- (a) the financial statements and notes that are contained in pages 8 to 34, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 October 2010 and of their performance, as represented by the results of their operations and their cashflows for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
- (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.

Signed in accordance with a resolution of the Directors:



Edward McGuire
Director



Mark Korda
Director

Dated at Melbourne this 15th day of November 2010.



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

Report on the financial report

We have audited the accompanying financial report of the Group comprising Collingwood Football Club Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year, which comprises the consolidated statement of financial position as at 31 October 2010, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 21 and the directors' declaration.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers 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 accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, a view which is consistent with our understanding of the Group's financial position and of its performance.



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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 October 2010 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

Gordon Sangster
Partner

Melbourne

15 November 2010

