



Essendon  
Football Club  
2007 Annual  
Report





Chairman's  
Report



## CONTENTS

Chairman's Report	3
Managing Director & CEO's Report	4
Finance Director's Report	6
Director's Report	7
Director's Declaration	8
Independent Audit Review	9
Income Statement	10
Balance Sheet	10
Statement of Changes in Members Funds	10
Cashflow Statement	10
Notes to and forming part of the Accounts	11



This report is about reflecting on the past 12 months but I must admit it is the future that is front of mind when I think about our football Club.

Much has changed on and off the field during the course of 2007 but ultimately that change was all about 2008 and beyond. Change reinvigorates an organisation and I get a real sense of that around the Club already.

There is a genuine enthusiasm about pre-season from a football perspective and I know the club's administration is as committed as ever to providing them every support. I think we should all be excited about what lies ahead.

Everyone associated with Essendon has had to deal with significant change in 2007 – be it as a Club member, supporter, player, administrator or board member.

The departure of our senior coach Kevin Sheedy and the retirement of champion James Hird are prime examples. More change followed post-season with retirements and de-listings as well as some significant changes to our coaching department.

Off field the landscape at Windy Hill has changed. The Shower Stand had to be demolished, the Windy Hill Fitness Centre has been expanded, the Windy Hill Venue has been renovated and our administration base has been significantly refurbished.

Yes, it has been a time of great change but with change comes opportunity. This proud, strong Club should, and will, do all it in its powers to make the most of these opportunities.

### ON-FIELD

The Board thought long and hard about the appointment of a senior coach for season 2008. Decisions on senior coaches are never taken lightly, particularly so when you are dealing with a man who had been at the helm for 27 years. The board undertook a thorough and diligent process before reaching the decision not to re-appoint Kevin Sheedy.

As expected this decision ignited much debate and a section of the club's membership felt moved to call a General Meeting to air their concerns. I have no problem with member's exercising their democratic right at all, indeed, I trust that meeting helped clear the air so we can all move forward in the one direction.

Throughout the process we made every effort to show the utmost respect for Kevin. Having made the decision before the end of the season it enabled the Club to organise appropriate send-off functions and matches. I think all Essendon members and supporters would say the final two weeks of the season when the Club farewelled Kevin Sheedy and James Hird was absolutely unforgettable.

I would again like to thank Kevin for everything he has done for the Essendon Football Club. He will always be an integral part of this Club's history.

James Hird, arguably Essendon's greatest ever player, reached his 250-game milestone and was farewelled from the game in grand style. He will be sorely missed by our team but he went out on his terms and as a champion of the game – he should be congratulated for that.

No doubt in the future he will again become involved at the Club in some way and I am sure all Essendon supporters would join me in telling him the door is always open.

Congratulations to James on his fifth Crichton Medal. It was a thoroughly deserved achievement and it puts him in esteemed company when it comes to best and fairest winners at this Club. Well done also to runner up Dustin Fletcher – a star in his own right – and joint third placegetters Mark McVeigh and Scott Lucas.

A number of other players have retired and some have been de-listed. To Mark Bolton, Chris Heffernan, Mark Johnson, Scott Camporeale, Kepler Bradley and Lachlan McKinnon thank you for your contribution to this Club and we wish you well in the future.

Matthew Knights' appointment heralds the start of an exciting new era at Essendon Football Club. Matthew is already showing his great talent to plan and communicate and has been accepted by all at the Club with great enthusiasm.

The Club has a well developed football strategy plan and Matthew, along with his new coaching panel, are dedicated to implement this strategy. Whilst we are not going to get ahead of ourselves with fancy predictions, the whole Board and Club Management are positive about our future.

The Bendigo Bombers made the finals of the VFL which was an excellent effort given injury took its toll during the course of the season. Essendon remains fully committed to this alignment and intent on this side providing the kind of success that is so often the pre-cursor to success at the elite level. Good luck to Adrian Hickmott who was recently appointed Bendigo senior coach.

### OFF-FIELD

The Club has reported a record profit of \$2.013 million for the year ending October 31st, 2007. Whilst winning finals is our core objective, that aim needs to be underpinned by a robust and vibrant business. Clearly this result is symptomatic of such a business.

This financial result reflects the work of our excellent management team, led by Peter Jackson our Managing Director and Chief Executive Officer. It also reflects a well-thought out business strategy implemented by the Club some time ago to insulate ourselves against any sustained downturn in on-field performance.

Windy Hill's recent upgrade is well progressed. A new administration facility will be completed by early 2008 while a state-of-the-art gymnasium facility was completed earlier this year. These upgrades to the Windy Hill precinct are all being financed by the Essendon Football Club.

Unlike many of our competitor clubs, the vast majority of what we do is not the result of Government or AFL subsidies. Windy Hill will always be the spiritual home of this football club and we think it imperative it be maintained as such. We also think it is important to continue to develop Windy Hill as a vibrant and relevant community asset. As such we will continue to put resources back into the precinct.

The Essendon Football Club continues to devote much time and effort into its community programs. The Club is strongly of the view that it has a responsibility to give back to the community and it does so on a number of fronts.

There are four key planks to our community programs – Indigenous, Youth, Multicultural and our partnership with the Cancer Council of Victoria. We also have a strong partnership in place with the Bill Hutchison Foundation. The Club's community magazine provides the full background on our programs. All members and supporters should be proud of what this Club does in the community.

### THANK YOU

I would like to extend a thank you to our major sponsors and business partners for their continued support, it is critical to the well being of any elite sporting Club. We also trust that the association with the brand of the Essendon Football Club is reflected in these businesses achieving their objectives.

I would particularly like to thank Hutchison 3G for their continued support. We have been partners for a long period of time and it has been a most rewarding association. I would also like to thank Puma, Samsung, Yakult, Channel 7, Toyota, Coca-Cola, Abey, Foster's Australia, NAB, Musashi, Tyrrell's Wines, JAL and Don Smallgoods.

I would also like to extend our thanks to our coterie groups – the Essendonians, Diamond Dons, Coleman Club, Lawdons, Red & Blacks and Hutchison Club - for their support. These groups add so much to the fabric of this Club and I thank them for their support.

To the Board, which devotes long hours and use their relative skills to ensure that the Essendon Football Club remains strong, thank you all for your support in what has been a very tough year.

On behalf of the board I would like to extend our special thanks to all the wonderful staff at Essendon Football Club. The staff of this Club work exceptionally hard and I look forward to their ongoing involvement in 2008.

I would also like to thank the many fantastic volunteers that support the Essendon Football Club. They love their football and this football club appreciates everything they do to help make this the greatest sporting Club in the land.

Finally, to you, the members and supporters of Essendon Football Club, thank you for your support of the red and black. As I said in my introduction, it has been a year of change. It has been difficult for us all at different times but what will endure is this football club and your support of it. Let's all look forward to 2008.



Managing Director  
and CEO's  
Report



By any measure, 2007 has been an extraordinary year for the Essendon Football Club. A lot has happened throughout the year that has been well documented in the media. I don't intend to dwell on any of those events, but look to the future. 2007 has been a year to build for the future. This can be seen not only in the appointment of a new senior coach and coaching panel, and a policy to play young players, but also in our off-field activities with the employment of new resources and ongoing capital commitments to underwrite the ongoing future commercial strength of the club. I will discuss these later in my report.

This year's reported profit, on top of the result for last year, indicates we have achieved our business plan objective to insulate the club's financial stability from prolonged downturns in on-field performance.

The club has finished at the bottom end of the ladder for each of the last three years – we have won 21 games from the 66 we have played in that time which represents a win/loss ratio of 32%.

Notwithstanding, the club has reported a record profit for 2007 of \$2,013,923, up from the previous record reported in 2006 of \$1,659,349.

Whereas we have not considered the team to be in a re-building stage over the last three years we are now no doubt heading into a re-building phase. The appointment of Matthew Knights as senior coach has seen the introduction of a youth policy, with a number of older players coming off the list. Matthew's stated policy is to play youth in 2008 with a view to building a sustainable competitive team by 2010.



We are excited about the playing list and our younger players, however this does mean that 2008 is likely to have moments of excitement but also frustration. Naturally we are aiming to play finals football in 2008, and to be very competitive in 2009 and 2010, however we may face some ups and downs as we play a younger team.

In this regard, maintaining the business model that ensures the club's financial stability will be as important for the next one-two years as it has been for the last three years.

The most pleasing part of the reported profit is that every part of the club's business contributed to this result. In past years, we have been reliant on investments and related entities to generate most of the profit result. Profit for football operations has been relatively poor. In 2007 this was not the case.

Membership and merchandise results in particular were very encouraging.

The total number of members grew from 36,511 in 2006 to 37,337 in 2007. As a result, the net contribution from membership increased on the 2006 result. Although only a modest increase (about \$72,000 or 2%), it is nevertheless a good result given the prior year performances of the team.

Essendon Football Club is a great club because it has been created by great players and sustained through the support of great members. In a year of a very

significant decision to change the Senior Coach, we look forward to the ongoing support of our members.

Merchandise was the stand-out performance of the year in football operations. Net contribution increased over \$220,000 or 63% over the 2006 result. It is fair to attribute a part of the merchandise result to the retirement of Kevin Sheedy and James Hird and the demand for memorabilia that created. Both Kevin and James shared in that demand. However, a large part was also due to the significant growth in general on-line sales through our website, www.essendonfc.com.au.

Our decision six years ago to retain an independent website has reaped dividends for the club. The main reason we retained an independent website was to allow us to control the use of our content to engage with our supporter base, ultimately to encourage supporters to transact directly with the club, rather than buying their Essendon merchandise from third parties.

The 2007 results indicate this strategy is successful with on-line merchandise sales increasing over 100% on 2006 sales. More importantly, this growth continued throughout the year. The monthly sales achieved towards the end of the year being almost three times the sales achieved in the corresponding months in 2006.

Our non-football revenue also grew in 2007. The Windy Hill Venue had a very strong year, following the Board's decision to commit to a master plan in 2006 to invest over \$1.5 million over a three year period.

As I said in my introduction, 2007 has been a year in which we have built for the future. This has happened in a number of areas of the club.

Firstly, in the football department, the Board approved in 2006 the implementation of the Football 2010 strategy. This resulted in additional recruiting, sports science and player development resources being employed during 2007. We expect to realise the full benefits of these resources in 2008 and beyond.

Secondly, our business operations have grown and become more sophisticated in recent years, demanding improved IT systems and resources. The Board approved an IT strategy that will require an investment of over \$1.1 million on new software systems, hardware upgrade and people.

Thirdly, we have upgraded our marketing resources with the employment of strategic and account management staff. This has been essential to ensure we are able to both service our corporate partners effectively, but also realise the value inherent in our brand and sponsor properties.

Finally, we completed the construction of a new gymnasium for the Windy Hill Fitness Centre that we believe will underwrite the future viability of that business. That project has culminated in the demolition of the Showers Stand which was necessary due to the poor physical condition of the building.

The Windy Hill Fitness Centre produced a solid performance in 2007, which is pleasing given the disruption caused by the construction. We now look forward to growth in that business in the future.

Tradition and Heritage is a core value of the club and we have plans to re-instate some of the historical significance of the Showers Stand within the Windy Hill precinct.

The vacant land created by this demolition now offers a new opportunity for the club, either in improved and expanded football training facilities, or an additional commercial development. The Board will consider strategic options for this land during the coming year. The timing of any development however, will depend on having the necessary funds available without placing undue strain on the club's resources.

There will be some benefits realised from this building for the future in 2008 but the greater benefits will be realised over the medium to longer term.

I have referred in recent CEO reports to the increasing depreciation and amortisation charges as a result of the major capital works undertaken in recent years. In 2007, total depreciation and amortisation charges increased by about \$100,000 on 2006 levels. However, these charges will increase by a further \$400,000 in 2008 to about \$1.2 million.



Managing Director  
and CEO's  
Report

The additional resources employed and the increased depreciation and amortisation charges are likely to impact on reported profit in 2008. However, we are still budgeting for a similar EBITDA performance in 2008 to that of 2007 which was about \$2.57 million.

Against this strong trading cash position is a number of commitments in 2008. These include the expenditure on IT already referred to, completion of funding of the Windy Hill Fitness Centre project, plus new capital works to refurbish the Windy Hill Venue bistro, and convert the Cookson Stand to a multi-purpose community centre.

These works are expected to reduce the club's cash resources including our managed funds to about \$2.9 million by the end of 2008. We would expect to regenerate our cash reserves in 2009 and 2010, as the capital commitments reduce and the return from the new resources employed during 2007 are fully realised. However, it does mean we need to be circumspect about developing new commercial opportunities or facilities at Windy Hill until we are sure we are realising the benefits from the resources and capital invested in 2007.

We continued to build our community programs in 2007 with some outstanding results.

We helped raise about \$500,000 for the Cancer Council of Victoria through the Relay for Life at Windy Hill and Victoria-wide Call to Arms fundraising program. The latter also linked into our Clash for Cancer game against Melbourne.

We have expanded our Indigenous Program through the adoption of the Tiwi Islands and Wadeye communities under the AFL Fostership Program. We also took the Dreamtime at the G game to a new level in 2007 and arranged a curtain-raiser game between the Tiwi Island Bombers and Rumbalara Football & Netball Club.

We employed a multi-cultural officer to work with schools in the Kensington and Flemington communities. This also involved the Club working closely with the Victoria Police in that area which resulted in the Walk in Harmony and the Andrew Welsh Auskick Clinic.

We continued the On the Ball Program, which aims to encourage adolescents to continue to participate in sport in order to help them meet the life challenges so often faced by adolescents.

We also continued to assist the development of the Bill Hutchison Foundation, a harm prevention charity that delivers the On the Ball Program in conjunction with the Essendon Football Club. We also provided the proceeds of the Essendon Women's Network Grand Final lunch to the Bill Hutchison Foundation to provide assistance to Mercy Care, a safe house to help victims of domestic violence. In 2007 we were able to donate \$25,000 on top of the same donation in 2006.

Grants to our 10 affiliated sporting clubs will increase from \$246,036 in 2006 to \$316,111 in 2007. These funds will help the local sporting clubs strengthen their own local communities through participation in sport.

There are a number of people and organisations to thank for the success achieved this year.

To the people who have left the club this year.

A lot has been said about James Hird. My perception of James is that he is a person that craves achievement, not recognition. He is not about being recognised for what he has done – he is about achieving greater things and being respected for that. The measure of his status as a champion is seen in the year he has had. When he simply could not retire at the end of 2006, because he would not have been satisfied with how it ended, he took a risk that might have meant damaging his own brand. He willed himself to perform this year as he has always done, which culminated in winning the Crichton Medal. This, in my opinion, is an absolute measure of his champion status.

To Kevin Sheedy; without doubt, he is the one person who has had the most profound impact on Essendon Football Club in the modern era. I am very proud of this club. I am very proud of what we have achieved during my time at this club. But the foundation was built by Kevin, who not only coached this club, but for a time was chief marketing officer as well, particularly over the decade

1985-1995. Without his vision and his marketing skills, this club would not have had the foundation to achieve what it has today. Kevin's coaching record will undoubtedly stand the test of time but more so will his overall contribution to this club, as it should.



To other players who have left the club, thank you for your efforts. Mark Johnson, Mark Bolton and Chris Heffernan in particular, have been marvellous servants of this club and will be forever recognised as good Essendon players and people.

To assistant coaches Dean Wallis and Gary Ayres, thank you for your efforts and most importantly, your professionalism and dignity during what would have been as challenging a time for you as it was for anyone else in the club.

We have great business partners. Hutchison has been our major partner since 2001, when we commenced our relationship with the brand Orange. 2008 is the final year of the current agreement and we are not certain what will happen beyond this year. In any event, Hutchison have been and are a fantastic partner to work with and we look forward to another strong partnership in 2008.

Abey were our shorts sponsor in 2006 and 2007. This partnership will not continue into 2008, but the partnership has been effective for both parties and we greatly appreciate their support.

Thank you to other business partners being Puma, Samsung, NAB, Channel 7, Coca-Cola, Foster's Australia, Musashi, Yakult, Toyota, Tyrrell's Wines, JAL and Don Smallgoods.

The coterie groups at Essendon provide great support. Thank you to the Essendonians and I wish their new president, Rob Harwood, the greatest success as he leads this Coterie into 2008. Thank you also to the Diamond Dons and their leader Stephen Day. The Diamond Dons have again become a strength under Stephen's leadership. I thank also all members of the Coleman Club.

Our non-matchday Coterie groups provide great support as well, including the Dick Reynolds Club under chairman Bruce Heymanson, the Essendon Women's Network under chairperson Linda Dessau, the Lawdons under chairman Tony Howard, the RednBlacks, and the Hutchison Club.

I would like to thank chairman Ray Horsburgh and the board for their support and strength throughout the year. The board is elected by members to manage the club on behalf of members and that brings with it significant responsibility, including at times making difficult decisions in the best long term interests of the club. This club is where it is today in part because successive boards have made the right long term decisions. This board showed strength and unity during the year, which was very important to maintaining stability, and allowed management to continue to operate the club effectively. The board should be congratulated.

Special thanks to the staff and management of the Essendon Football Club. An extremely dedicated and hardworking group of people whose main aim in life is to make Essendon Football Club the greatest sporting club in Australia. Without them, this club could not be what it is.

2007 has seen the end of a great era of the club. 2008 will hopefully be seen in time as the start of a great new era in the on-field performance of the team. I can assure all members that all the staff, coaches and players are totally dedicated to making sure this is the case, and we welcome the ongoing support of all 2007 members and new members in 2008 to help us to achieve this.





On behalf of the Board I am pleased to present the Financial Report of the Club for the year ended 31 October 2007.

**TRADING RESULTS**

Referring to the financial report, members will note that the Club has reported a profit of \$2,013,923 for the year ended 31 October 2007, a significant increase from the 2006 profit of \$1,659,349.

The improved profit resulted from an improved contribution from 'football' operations, particularly merchandise and membership, along with a continuing strong performance from our investment and non-football business activities. By 'non football', I am referring to our net revenue streams from the Windy Hill Venue, the Windy Hill Fitness Centre, and earnings from Investments.

**FINANCIAL POSITION**

Our cash and net asset position remains strong. Cash balances at year end were \$3,925,808 and investments at market value \$1,559,543, a total of almost \$5,500,000.

The Club generated trading cash of \$2,712,606 for the year from its operations after adding back non-cash depreciation and amortisation charges. This cash was used to fund working capital and also contributed towards the ongoing program of capital expenditure at the Club, which totalled \$3,723,096 for the year. The main items of capital expenditure were on the refurbishment of the Windy Hill venue, the new Windy Hill Fitness Centre development and various other property, plant and equipment purchases.

At year end the Club had total assets of \$21,463,946 and net assets of \$17,422,047. This includes further valuation increases of our freehold land of \$265,000.

**LOOKING AHEAD**

Our cash earnings for 2008 are budgeted to be similar to 2007, although reported profit is budgeted to be lower because of higher depreciation and amortisation charges. These increased charges flow from the capital improvement program at the Club in recent years. However, we are starting a new era at the Club which creates uncertainties. Management and the Board will need to be very alert and diligent if this budgeted result is to be achieved.

**DIRECTORS' REPORT**

Your directors submit their report on the company for the financial year ended 31 October 2007.

**1. DIRECTORS**

The names of the directors in office at any time during or since the end of the year are:

- |                                 |              |
|---------------------------------|--------------|
| G. Brown                        | D. Jackson   |
| K. Egan                         | P. Jackson   |
| A. Epis                         | T. Jonas     |
| D. Evans                        | B. Knight    |
| R. Gunston (appointed 19/10/07) | N. McKissock |
| R. Horsburgh                    | B. Teal      |

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**2. PRINCIPAL ACTIVITY**

The principal activity of the company during the course of the financial year was to conduct the Essendon Football Club and manage its affairs and to promote the Australian game of football, and there was no significant change in the nature of that activity during the financial year.

**3. OPERATING RESULT**

For the year ended 31 October 2007 the company had an overall profit of \$2,013,923 (2006: \$1,659,349).

**4. REVIEW OF OPERATIONS**

A detailed review of various aspects of operations is contained elsewhere in this Financial Report.

**5. SIGNIFICANT CHANGES IN STATE OF AFFAIRS**

There were no significant changes in the state of affairs of the company during the financial year.

**6. MATTERS SUBSEQUENT TO YEAR END**

No matters or circumstances have arisen between the end of the financial year and the date of this report which have, or may significantly affect the operations of the company or the state of affairs of the company in subsequent financial years.

**7. LIKELY DEVELOPMENTS**

Future developments in operations have been referred to in the Chairman's and Managing Director & CEO's Reports.

**8. DIRECTORS' AND AUDITORS' INDEMNIFICATION**

The company has not, during or since the financial year, in respect of any person who is or has been a director, officer or auditor of the company or a related body corporate:

- Indemnified or made any relevant agreement for indemnifying against a liability incurred as a director or officer, including costs and expenses in successfully defending legal proceedings; or
- Paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as a director or officer for the costs or expenses to defend legal proceedings with the exception of the following matter. During the financial year the company paid a premium to insure each of the company's directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

**9. DIRECTORS' BENEFITS**

Other than as outlined in the notes to and forming part of the financial statements, no non executive director has received or become entitled to receive, during or since the financial year, a benefit because of a contract made by the company or a related body corporate with a director, a firm of which a director is a member or an entity in which a director has a substantial financial interest. The executive director's remuneration benefits are incorporated within key management personnel compensation in the notes to the financial report.

**10. MEETINGS OF DIRECTORS**

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors during the financial year are:

NAME OF DIRECTOR	DIRECTORS' MEETINGS		AUDIT COMMITTEE	
	Number eligible to attend	Number Attended	Number eligible to attend	Number Attended
G. Brown	17	14	-	-
K. Egan	17	16	-	-
A. Epis	17	15	-	-
D. Evans	17	16	2	1
R. Gunston	1	1	-	-
R. Horsburgh	17	17	-	-
D. Jackson	17	16	-	-
P. Jackson	17	17	-	-
T. Jonas	17	15	2	2
B. Knight	17	16	2	2
N. McKissock	17	17	-	-
B. Teal	17	14	2	2

**11. INFORMATION ON CURRENT DIRECTORS**

R. Horsburgh	Board 2003-07	Chairman Board of Directors President Melton Country Club Inc.
G. Brown	Life Member Senior Player 1963-69 Board 2007	
K. Egan	Life Member Senior Player 1963-69 Board 1996-07	Chairman of Selectors
A. Epis	Life Member Senior Player 1958-68 Board 1998-07	
D. Evans	Board 2006-07	Member Audit Committee
R. Gunston	Board 2007	
D. Jackson	Board 2005-07	Deputy Chairman
P. Jackson	Board 2006-07	Managing Director & CEO
T. Jonas	Board 1997-07	Finance Director Treasurer Melton Country Club Inc. Chairman Audit Committee
B. Knight	Life Member Board 1994-07	Vice President Melton Country Club Inc. Member Audit Committee
N. McKissock	Life Member Board 1997-07	
B. Teal	Board 1999-07	Member Audit Committee

**12. AUDIT COMMITTEE**

At the date of this report the Essendon Football Club had an audit committee consisting of the following directors:

- |                     |           |
|---------------------|-----------|
| T. Jonas (Chairman) | B. Knight |
| D. Evans            | B. Teal   |

The external auditors, the Managing Director & CEO and the Finance Manager are invited to Audit Committee meetings at the discretion of the Committee. The Chairman attends Audit Committee meetings ex officio at his discretion.



**12. AUDIT COMMITTEE cont.**

The terms of reference of the Audit Committee are:-

- To review financial statements and other regulatory information distributed externally;
- To review external audit reports to ensure that any issues relative to controls or procedures are properly considered and when appropriate prompt remedial action is taken by management;
- To liaise with external auditors and ensure that the annual statutory audit is conducted in an effective and independent manner;
- To monitor the effectiveness of the internal control framework and consider enhancements;
- To ensure procedures are in place to protect club assets;
- To monitor the procedures in place to ensure compliance with the Corporations Act 2001, Taxation Law, both State and Federal, and other licensing and regulatory requirements;
- To maintain a quality accounting and audit function; and
- To establish and monitor appropriate risk management systems and procedures.

The Committee must report to the full board of the Essendon Football Club. The Committee has no authority to act outside of its terms of reference without prior approval of the board.

The Committee has no authority to commit club funds without the prior approval of the board.

The Committee has access to information from employees and relevant external parties where such information is required by the Committee to fulfil its obligations. Such information must be obtained by members only with the agreement of the Committee.

The Committee has the right to conduct investigations into matters where considered appropriate under its terms of reference.

**AUDITOR INDEPENDENCE**

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- The nature of all non-audit services is reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- The nature of the services provided do not compromise the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

The following fees for non-audit services were paid/payable to the external auditors during the year ended 31 October 2007:

	\$
Taxation services	2,160
Non statutory attestation services	9,200
Other	2,200
<b>Total</b>	<b>13,560</b>

**AUDITOR'S INDEPENDENCE DECLARATION**

An independence declaration has been provided by the company's auditor, William Buck. This is set out below.

Signed in accordance with a resolution of the Board of Directors.

  
R. Horsburgh  
Director

  
T. Jonas  
Director

Signed this 8th day of November, 2007.

**DIRECTORS' DECLARATION**

The directors of the company declare that:

- (1) the financial statements and notes, as set out on pages 10 to 15, are in accordance with the Corporations Act 2001:
  - (i) comply with Accounting Standards and the Corporations Regulations 2001, and International Financial Reporting Standards; and
  - (ii) give a true and fair view of the financial position as at 31 October 2007 and of the performance for the year ended on that date of the company.
- (2) in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

  
R. Horsburgh  
Director

  
T. Jonas  
Director

Signed this 8th day of November, 2007.

**AUDITOR'S INDEPENDENCE DECLARATION**

Under Section 307C of the Corporations Act 2001. To the Directors of Essendon Football Club: I declare that, to the best of my knowledge and belief during the year ended 31 October 2007 there have been:

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

  
William Buck  
Chartered Accountants

  
David Ashmore  
Partner

Dated this 8th day of November 2007. Melbourne, Australia.



**INDEPENDENT AUDITOR'S REPORT**

To the members of Essendon Football Club Limited

We have audited the accompanying financial report of Essendon Football Club Limited, which comprises the balance sheet as at 31 October 2007, and the income statement, statement of changes in member's funds and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 (including the Australian Accounting Interpretations) 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.

In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

**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 judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal 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 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:

- a) the financial report of Essendon Football Club Limited is in accordance with the Corporations Act 2001, including:
  - i) giving a true and fair view of the Essendon Football Club's financial position as at 31 October 2007 and of its performance for the year ended on that date; and
  - ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

  
William Buck  
Chartered Accountants

  
David Ashmore  
Partner

Dated this 8th day of November 2007. Melbourne, Australia.

**William Buck**  
Business Advisors  
Chartered Accountants



**INCOME STATEMENT**  
For the year ended 31 October 2007

	NOTE	2007	2006
		\$	\$
Revenues from ordinary activities	3(a)	36,240,627	32,556,942
Expenses from ordinary activities	3(b)	(34,226,704)	(30,897,593)
<b>Net profit from ordinary activities</b>	<b>3(c)</b>	<b>2,013,923</b>	<b>1,659,349</b>

**BALANCE SHEET**  
As at 31 October 2007

	NOTE	2007	2006
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	15(a)	3,925,808	4,936,298
Trade and other receivables	5	1,944,784	1,133,849
Inventories	6	650,448	410,074
Other	7	511,160	426,613
<b>TOTAL CURRENT ASSETS</b>		<b>7,032,200</b>	<b>6,906,834</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets	8	1,559,543	1,421,497
Property, plant and equipment	9	12,872,203	9,703,216
<b>TOTAL NON-CURRENT ASSETS</b>		<b>14,431,746</b>	<b>11,124,713</b>
<b>TOTAL ASSETS</b>		<b>21,463,946</b>	<b>18,031,547</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	2,498,157	1,509,695
Employee benefits	11	1,063,262	675,499
Income in advance	12	441,980	347,256
<b>TOTAL CURRENT LIABILITIES</b>		<b>4,003,399</b>	<b>2,532,450</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	11	38,500	355,973
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>38,500</b>	<b>355,973</b>
<b>TOTAL LIABILITIES</b>		<b>4,041,899</b>	<b>2,888,423</b>
<b>NET ASSETS</b>		<b>17,422,047</b>	<b>15,143,124</b>
<b>MEMBERS FUNDS</b>			
Accumulated Funds	14	16,074,547	14,060,624
Asset Revaluation Reserve	13	1,347,500	1,082,500
<b>TOTAL MEMBERS FUNDS</b>		<b>17,422,047</b>	<b>15,143,124</b>

**STATEMENT OF CHANGES IN MEMBERS FUNDS**  
For the year ended 31 October 2007

	Asset Revaluation Reserve	Accumulated Funds	Members Funds
	\$	\$	\$
<b>Balance at 1 November 2005</b>	<b>922,500</b>	<b>12,401,275</b>	<b>13,323,775</b>
Revaluation	160,000	-	160,000
Net profit recognised directly in members funds	-	1,659,349	1,659,349
<b>Balance at 31 October 2006</b>	<b>1,082,500</b>	<b>14,060,624</b>	<b>15,143,124</b>
Revaluation	265,000	-	265,000
Net profit recognised directly in members funds	-	2,013,923	2,013,923
<b>Balance at 31 October 2007</b>	<b>1,347,500</b>	<b>16,074,547</b>	<b>17,422,047</b>

**CASHFLOW STATEMENT**  
For the year ended 31 October 2007

	NOTE	2007	2006
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Members, Sponsors, Supporters, Other Operations		32,491,263	30,082,298
Payments to Suppliers, Employees and Players		(30,132,757)	(27,712,672)
Interest Received		349,912	270,238
Borrowing costs		-	(8,659)
Dividends Received		4,188	1,668
<b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>15(b)</b>	<b>2,712,606</b>	<b>2,632,873</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of investments		-	308,371
Purchase of property, plant and equipment		(3,723,096)	(686,446)
<b>NET CASH FLOWS USED IN INVESTING ACTIVITIES</b>		<b>(3,723,096)</b>	<b>(378,075)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Commercial bill		-	(250,000)
<b>NET CASH FLOWS USED IN FINANCING ACTIVITIES</b>		<b>-</b>	<b>(250,000)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,010,490)</b>	<b>2,004,798</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR</b>		<b>4,936,298</b>	<b>2,931,500</b>
<b>CASH AT END OF THE FINANCIAL YEAR</b>	<b>15(a)</b>	<b>3,925,808</b>	<b>4,936,298</b>

**1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The financial report complies with the requirements of International Financial Reporting Standards.

The Essendon Football Club is an unlisted public company limited by guarantee and incorporated and domiciled in Australia. The Financial Report of Essendon Football Club was authorised for issue by the directors on 8th November 2007.

The financial report has been prepared on a historical cost basis, modified by the revaluation of selected non current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data. Actual results may differ from these estimates.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

**(a) Inventories**

Inventories are measured at the lower of cost and net realisable value. Periodically, the directors will assess inventory balances for impairment. Where any indication of impairment exists inventory is written down to the lower of cost or net realisable value.

**(b) Financial Assets**

Financial Assets are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

*Financial Assets at fair value through the Income Statement*

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management within the requirements of AASB 139 Financial Instruments: Recognition and Measurement. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

**(c) Property, Plant and Equipment**

Property, plant and equipment are brought to account at cost or at independent or directors' valuation, less, where applicable, any accumulated depreciation or amortisation and impairment losses.

*Land*

Freehold land is shown at fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction), based on an annual valuation by external independent valuers.

*Plant and Equipment/Leasehold Improvements*

Plant and equipment are measured on the cost basis. The depreciable amount of all fixed assets including leasehold improvements, is depreciated on a straight line basis over their useful lives to the company commencing from the time the asset is held ready for use.

Depreciation rates used for each class of depreciable assets are:

Class of Fixed Assets	Depreciation Rate
Leasehold Improvements	2.5% - 10%
Plant & Equipment	15% - 33.3%

**(d) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values.

**(e) Impairment of Assets**

At each reporting date, the company reviews the carrying values of its tangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value.

Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

**(f) Employee Benefits**

Provision is made for the company's liability for employee benefits to annual leave and long service leave from services rendered by employees to balance date. Annual leave is provided at the nominal value based on the amounts expected to be paid. Long service leave is provided for employees with six or more years service for amounts which approximate the present value of future payments to be made to employees.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

**(g) Income Received in Advance**

Income is brought to account in the period in which it relates. Income received prior to 31 October 2007 which relates to future periods, has been recorded as income received in advance.

**(h) Income Tax**

Income Tax has not been provided for in the accounts of the company, as the company is an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act.

**(i) Player Acquisition Costs**

Player acquisition costs are written off in the year they are incurred as uncertainty exists as to the term over which the benefit will be received.

**(j) Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers, which is the date of the transfer of risks. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Dividend revenue is recognised when the right to receive a dividend has been established. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers since there is no going involvement. All revenue is stated net of the amount of goods and services tax (GST).

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

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Balance Sheet are shown inclusive of GST.

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

**(l) New Accounting standards and AASB interpretations**

Certain new accounting standards and AASB interpretations have been published that are not mandatory for 31 October 2007 reporting periods but contain an option for early adoption.

The company has reviewed each of these new standards and interpretations and is satisfied that they have no impact on the reported financial position and performance of the Company for the year ended 31 October 2007 and therefore there has been no early adoption of these standards, with the exception of AASB 8 Operating Segments and AASB 2007-3.

**(m) Business Combination**

The Windy Hill Fitness Centre is a business owned by the company but it is independently managed under a management agreement. The company includes the revenue and expenses of the business in the Income Statement and the net amount owing by the manager in the Balance Sheet.

**2. ESSENDON FOOTBALL CLUB LIMITED**

Essendon Football Club Limited ("Club") is an Australian public company limited by guarantee with a registered office in Napier Street Essendon, Victoria, Australia. The liability of each member of the company is limited to \$6.



	2007	2006
	\$	\$

### 3. OPERATING PROFIT FROM ORDINARY ACTIVITIES

<b>(a) Revenue from Ordinary Activities</b>		
<i>(i) Operating revenue</i>		
AFL annual distribution	5,613,256	4,442,316
AFL Prizemonies	15,000	15,000
Marketing revenues	16,672,927	15,900,447
Merchandise - sale of goods	2,103,034	1,543,884
Match receipts	1,157,638	738,167
Windy Hill Fitness Centre	3,017,592	2,859,034
Windy Hill Venue - sale of goods	3,059,029	2,785,601
- other	3,196,333	3,009,303
<b>Total operating revenue</b>	<b>34,834,809</b>	<b>31,293,752</b>

<i>(ii) Non-operating revenue</i>		
AFL distribution from sale of Waverley Park	250,000	300,000
AFL distribution - other	155,000	-
Interest received	366,991	281,719
Rental income	496,673	486,512
Net Income from investments	137,154	194,959
<b>Total non-operating revenue</b>	<b>1,405,818</b>	<b>1,263,190</b>
<b>Total Revenue from Ordinary Activities</b>	<b>36,240,627</b>	<b>32,556,942</b>

<b>(b) Expenses from Ordinary Activities</b>		
Administration	1,805,966	1,488,201
Finance costs	-	8,659
Football expenses	12,850,869	11,738,124
IT expenses	233,327	143,697
Loss on disposal of assets	14,716	-
Marketing expenses	8,775,986	7,988,821
Merchandise - cost of sales	1,299,877	851,804
Rental expenses	175,000	175,000
Venue expenses	995,018	945,869
Windy Hill Fitness Centre	2,495,242	2,295,782
Windy Hill Venue - cost of sales	1,018,112	927,050
- other	4,562,591	4,334,586
<b>Total Expenses from Ordinary Activities</b>	<b>34,226,704</b>	<b>30,897,593</b>

<b>(c) Profit from ordinary activities has been determined after</b>		
<i>Charging as Expenses/(Revenue):</i>		
Depreciation of: Plant and Equipment	277,291	255,408
Amortisation of: Leasehold Improvements	527,102	452,992
Provision for Employee Entitlements	70,290	145,388
Provision for Doubtful Debts	(16,472)	-
(Profit)/Loss on sale/disposal of assets	14,716	(6,752)
(Write-up)/write-down of non-current investments to recoverable amount	36,714	(72,227)
Dividend/Distribution income received on investments	(173,868)	(115,980)

	2007	2006
	\$	\$

### 4. REMUNERATION OF AUDITORS

Remuneration of the auditor William Buck for:		
- auditing the annual financial report	37,000	32,800
- other	13,560	14,855
	<b>50,560</b>	<b>47,655</b>
The auditors received no other benefits.		

### 5. TRADE AND OTHER RECEIVABLES

<b>Current</b>		
Trade and Sundry Debtors	1,910,992	1,119,094
Less Provision for Doubtful Debts	(8,528)	(25,000)
	<b>1,902,464</b>	<b>1,094,094</b>
Trading amounts receivable from associated entities (Refer Note 17a)	42,320	39,755
	<b>1,944,784</b>	<b>1,133,849</b>

### 6. INVENTORIES

Merchandise - at cost	580,629	348,172
Food and liquor - at cost	69,819	61,902
	<b>650,448</b>	<b>410,074</b>

### 7. OTHER ASSETS

Prepaid expenses	511,160	426,613
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### 8. FINANCIAL ASSETS

<b>Non-Current</b>		
Investments - managed funds held at fair value	1,559,543	1,421,497

### 9. PROPERTY, PLANT AND EQUIPMENT

Land - at 2007 independent valuation	3,050,000	2,785,000
	<b>3,050,000</b>	<b>2,785,000</b>
Plant and Equipment - at cost	2,694,558	2,430,319
Provision for Depreciation	(1,658,480)	(1,795,393)
	<b>1,036,078</b>	<b>634,926</b>
Leasehold Improvements - at cost	11,234,954	8,218,185
Provision for Amortisation	(2,448,829)	(1,934,895)
	<b>8,786,125</b>	<b>6,283,290</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>12,872,203</b>	<b>9,703,216</b>

An independent valuation of freehold land in Napier Street, Essendon, was undertaken on 26th October 2007 by P.W. Stokes FAPI FREI. The valuation was based on the current market value of the land.

### NOTE 9. PROPERTY, PLANT AND EQUIPMENT cont.

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and end of the current financial year:

2007	Land	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Beginning of financial year	2,785,000	634,926	6,283,290	9,703,216
Additions	-	683,019	3,040,077	3,723,096
Disposals	-	(4,576)	(10,140)	(14,716)
Revaluations	265,000	-	-	265,000
Depreciation expense	-	(277,291)	(527,102)	(804,393)
<b>End of financial year</b>	<b>3,050,000</b>	<b>1,036,078</b>	<b>8,786,125</b>	<b>12,872,203</b>

2006	Land	Plant and Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Beginning of financial year	2,625,000	649,815	6,290,355	9,565,170
Additions	-	240,519	445,927	686,446
Disposals	-	-	-	-
Revaluations	160,000	-	-	160,000
Depreciation expense	-	(255,408)	(452,992)	(708,400)
<b>End of financial year</b>	<b>2,785,000</b>	<b>634,926</b>	<b>6,283,290</b>	<b>9,703,216</b>

	2007	2006
	\$	\$

### 10. TRADE AND OTHER PAYABLES

Trade Creditors	701,421	212,708
Trade Creditors - Building Contracts	447,060	-
Accruals	1,349,676	1,296,987
	<b>2,498,157</b>	<b>1,509,695</b>

### 11. EMPLOYEE BENEFITS

<b>Current</b>		
Annual Leave	544,838	428,876
Long Service Leave	518,424	246,623
	<b>1,063,262</b>	<b>675,499</b>
<b>Non Current</b>		
Long Service Leave	38,500	355,973

	2007	2006
	\$	\$

### 12. INCOME RECEIVED IN ADVANCE

Income Received in Advance	441,980	347,256
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### 13. ASSET REVALUATION RESERVE

Freehold Land:		
Balance at the beginning of the financial year	1,082,500	922,500
Revaluation increment (Refer Note 9)	265,000	160,000
<b>Balance at the end of the financial year</b>	<b>1,347,500</b>	<b>1,082,500</b>

### 14. ACCUMULATED FUNDS

Balance at the beginning of the financial year	14,060,624	12,401,275
Net profit for the year	2,013,923	1,659,349
<b>Balance at the end of the financial year</b>	<b>16,074,547</b>	<b>14,060,624</b>



## 15. NOTES TO THE STATEMENT OF CASH FLOWS

	2007	2006
	\$	\$
<b>(a) Reconciliation of Cash</b>		
For the purposes of the Cash Flow Statement, the entity considers cash to include cash on hand, cash in banks and short-term investments, net of outstanding bank overdrafts. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the Balance Sheet as follows:		
Cash on Hand	161,841	151,983
Cash at Bank	737,836	639,858
Short Term Deposits	3,026,131	4,144,457
	<b>3,925,808</b>	<b>4,936,298</b>
<b>(b) Reconciliation of net cash from operating activities to net profit from ordinary activities:</b>		
Operating profit/(loss) from ordinary activities	2,013,923	1,659,349
<i>Non-cash flows in profit</i>		
(Profit)/Loss from Disposal of Fixed Assets	14,716	-
(Profit)/Loss from Sale of Investments	-	(6,752)
Depreciation and Amortisation	804,393	708,400
Unrealised Loss/(gain) on investments	31,635	(83,707)
Dividends reinvested	(169,680)	(114,313)
<i>Changes in assets and liabilities</i>		
(Increase)/Decrease in Receivables and Other Assets	(810,935)	287,582
(Increase)/Decrease in Inventory	(240,374)	(21,096)
Increase/(Decrease) in Payables and Income in Advance	998,638	58,022
Increase/(Decrease) in Provision for Employee Entitlements	70,290	145,388
<b>Net Cash Provided by/(used in) Operating Activities</b>	<b>2,712,606</b>	<b>2,632,873</b>

## 16. CAPITAL AND LEASING COMMITMENTS

<b>(a) Operating Lease Commitments</b>		
Non-cancellable Operating Leases contracted for but not capitalised in the accounts. Payable:		
- not later than one year	188,333	183,333
- later than one year but not later than 5 years	258,333	446,666
	<b>446,666</b>	<b>629,999</b>
Operating lease commitments relate to the lease of freehold land.		
<b>(b) Capital Expenditure Commitments</b>		
Payable:		
- not later than one year	1,463,102	203,279

## 17. RELATED PARTIES

	2007	2006
	\$	\$
<b>(a) Related Party Trading Balances</b>		
Trading amounts receivable from associated entities:		
<b>Current</b>		
Melton Country Club Inc.	42,320	39,755
<b>(b) Related Party Transactions</b>		
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
<b>(i) Associated Entities</b>		
Rental income received or receivable from: Melton Country Club Inc.	493,333	488,333
Management fees received or receivable from: Melton Country Club Inc.	118,440	113,752
<b>(c) Directors &amp; Director related entities</b>		
Consulting fees for tax services paid or payable to Pitcher Partners of which Mr Tim Jonas was a former partner.	8,019	2,200
Courier fees paid or payable to Australian National Couriers Service of which Mr Patrick Leggett is a director.	-	12,915

## 18. KEY MANAGEMENT PERSONNEL

<b>Transactions with key management personnel</b>		
The key management personnel compensation included in 'employee expenses' are as follows:		
Short term employee benefits	1,305,970	1,175,671
Other long term benefits	-	-
Post employment benefits	79,033	71,852
Termination benefits	-	-
	<b>1,385,003</b>	<b>1,247,523</b>

## 19. CONTINGENCIES

The directors are not aware of any contingencies that warrant disclosure in the Financial Report.

## 20. SUBSEQUENT EVENTS

No matters or circumstances have arisen between the end of the financial year and the date of this report which have, or may significantly affect the operations of the company or the state of affairs of the company in subsequent financial years.

## 21. FINANCIAL INSTRUMENTS

### (a) Interest Rate Risk

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in marketing interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

2007	Note	Floating Interest rate	Fixed interest maturing in:		Non interest Bearing	Total	Weighted Average Interest rate
			1 year or less	1 to 5 years			
		\$	\$	\$	\$	\$	%
<b>Financial Assets</b>							
Cash	15(a)	737,836	3,026,131	-	161,841	3,925,808	5.82
Trade & other receivables	5	-	-	-	1,944,784	1,944,784	Nil
Financial Investments	8	-	-	-	1,559,543	1,559,543	Nil
		<b>737,836</b>	<b>3,026,131</b>	-	<b>3,666,168</b>	<b>7,430,135</b>	
<b>Financial Liabilities</b>							
Trade & other payables	10	-	-	-	2,498,157	2,498,157	Nil
		-	-	-	<b>2,498,157</b>	<b>2,498,157</b>	
<b>Net financial</b>							
<b>Assets/(Liabilities)</b>		<b>737,836</b>	<b>3,026,131</b>	-	<b>1,168,011</b>	<b>4,931,978</b>	

2006	Note	Floating Interest rate	Fixed interest maturing in:		Non interest Bearing	Total	Weighted Average Interest rate
			1 year or less	1 to 5 years			
		\$	\$	\$	\$	\$	%
<b>Financial Assets</b>							
Cash	15(a)	639,858	4,144,457	-	151,983	4,936,298	5.74
Trade & other receivable	5	-	-	-	1,133,849	1,133,849	Nil
Investments	8	-	-	-	1,421,497	1,421,497	Nil
		<b>639,858</b>	<b>4,144,457</b>	-	<b>2,707,329</b>	<b>7,491,644</b>	
<b>Financial Liabilities</b>							
Trade & Other Payables	10	-	-	-	1,509,695	1,509,695	Nil
		-	-	-	<b>1,509,695</b>	<b>1,509,695</b>	
<b>Net financial</b>							
<b>Assets/(Liabilities)</b>		<b>639,858</b>	<b>4,144,457</b>	-	<b>1,197,634</b>	<b>5,981,949</b>	

### b) Credit Risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the Balance Sheet and notes to the financial statements. No unrecognised financial assets exist at balance date.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

### (c) Terms, Conditions and Accounting Policies

The company's accounting policies, including terms and conditions of each class of financial assets and financial liability, recognised at balance date, are set out below. There are no unrecognised financial assets or liabilities.

### (i) Financial Assets

#### Trade Debtors

Trade debtors are carried at amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full amount is no longer probable. Trade receivables are generally settled within 30 days from the date of invoice/statement.

#### (ii) Financial Liabilities

##### Trade creditors and other accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether or not billed to the company. Trade accounts payable are normally settled within 30 days. Liabilities for player payments are settled on various terms as negotiated with individual players.

### (d) Net Fair Values of Financial Assets and Liabilities

The company's financial assets and liabilities are carried in the Balance Sheet at amounts that approximate their net fair value.



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