

the essendon football club annual report • 2009

BOMBER





CONTENTS

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



ESSENDON DELIVERS ON AND OFF-FIELD IN 2009

Chairman Ray Horsburgh says the Bombers experienced another year of change which included a return to finals action for the first time in five years

Dear Members,

It is my pleasure to provide you with the chairman's report for the 2009 season.

It has been another year of significant and important change at Essendon Football Club. Our CEO and managing director Peter Jackson and two of our star players in Matthew Lloyd and Scott Lucas announced their retirements. Each of these three men has contributed immensely to the success of this club and will be greatly missed.

Peter spent more than 13 years as the club's CEO. It has been a period of great significance on many fronts and he has done an excellent job. By way of thanks, the Board made Peter a Life Member of the club on Crichton Medal night which we felt was appropriate recognition of his contribution.

So much has been said about Matthew Lloyd and Scott Lucas. They have been outstanding players over a long period of time. They will be missed but the memories they have provided us will be cherished.

Fans might also be interested to know that there will be a major farewell event next year for Matthew and Scott and full details of this function will be provided on essendonfc.com.au. Separately, the club's first home game in Round 2 against Fremantle will also be a chance for the fans to properly say good-bye to Matthew who will be doing a lap of honour pre-match.

We were very fortunate to appoint Ian Robson recently to replace Peter as CEO and managing director. Ian is a proven sports administrator and dynamic CEO who was recruited from one of our biggest rivals, the Hawthorn Football Club.

Other important appointments in the past 12 months have included Paul Hamilton as general manager of football operations and Richard Burnet as chief commercial officer. I believe we currently have a very new and vibrant management team with the experience to take our club forward.

On-field we played in the finals for the first time in five years and, with the development of our young list under Matthew Knights, we would expect to continue to press for finals football in 2010 and beyond. I am confident that the 2009 finals experience will only increase the desire of the playing group. Sixteen players were given their first taste of September action which is something that will put us in a much better position for our next finals campaign and, ultimately, will help us challenge for our next premiership.

We had three Rising Star nominations through exciting young players Michael Hurley, Tayte Pears and David Zaharakis – Tayte placing third overall. We also saw the likes of Jobe Watson, Jason Winderlich, Patrick Ryder and Angus Monfries, among many others; flourish after being awarded more responsibility in their particular roles.

Financially, we have had another solid year in what was a very uncertain economic climate. We recorded a profit of \$760,894 which was realised off a revenue base of

\$41.3 million. The club's cash and net asset position is also sound for the financial year ending 31 October, 2009. Significantly, Essendon's final profit result was achieved with an increase in spending on football of \$1.2million. The Essendon Board is committed to providing an environment for our players to become the best they can be.

Our financial result was not possible without the support of members and I want to recognise that support. We again broke through the 40,000 member mark (40,634) which was very pleasing, although numbers were down from the 2008 all-time record. Membership is crucial to a club and contributed \$4.3 million to the Bombers in 2009. I call on all Essendon supporters to purchase a 2010 'This is Essendon' membership and encourage their family and friends to do the same.

Essendon remains financially sound, and while we cannot rest on laurels, we can go forward with confidence that we can achieve our growth goals with our financial position secure.

I would like to recognise the Federal Government's contribution of \$460,000 in 2009 as part of the Windy Hill Green precinct development which has seen a complete energy audit and lighting re-fit to reduce the club's carbon footprint.

Our community involvement remains a key area for our brand development and we are seen as the leaders within the AFL in this area. It is a commitment we have a responsibility to make but equally it makes sense as a long-term business strategy.

I would particularly like to thank the Bill Hutchison Foundation for their support. We run a number of programs jointly that fits with its harm prevention charter and we look forward to continuing that partnership into the future. I would urge any members or supporters wanting to make tax-deductible charitable donations to consider the Bill Hutchison Foundation.

The joint programs include On The Ball and our fostership programs with the remote indigenous communities. Looking forward, the partnership will extend to the joint delivery of the club's literacy program and some multicultural programming.

The club's partnership with Cancer Council Victoria continues to go from strength to strength and we look forward to further enhancing that relationship moving forward through the Call To Arms campaign and Relay For Life.

We have a wonderful group of support coteries and I express thanks from the Board to all members of the Coleman Club, Essendonians, Diamond Dons, Dick Reynolds Club, RednBlacks, Bill Hutchinson Club and Lawdons. Also thanks to the Essendon Women's Network who work so hard and produce the annual Great Grand Final Comedy Debate.

The staff at Essendon Football Club is a special group and I want to thank them all for their dedication and professional work. Any club or business is only as good as the people that work there and we are very fortunate

to have a committed and passionate staff. I also want to recognise the many volunteers who freely give of their time because they love Essendon - they contribute enormously to this club.

Ongoing we have plans to redevelop the Windy Hill precinct to give our players first class facilities for their training and physical development. We must remain competitive in this area and the Board is committed to this course of action.

With this objective in mind we have been in discussions with the three levels of government - Federal, State and Local - to obtain assistance to roll out this master plan. This will involve the relocation of the Essendon Cricket Club and Essendon Bowls Clubs and we will work cooperatively to achieve this outcome.

On-field our senior coach has continued to reshape our list and with the return of David Hille, Kyle Reimers and Scott Gumbleton from long-term injuries and the continued emergence of a number of young players we expect our exciting brand of football to continue delivering results.

On behalf of all members, I thank Matthew and his coaching staff for their dedication and resolve to return Essendon back to the top. We still need patience but I think we are heading in the right direction and the future is bright.

I also want to thank our major partner, Samsung, for their outstanding support and we hope that their involvement with Essendon has contributed to the growth of their businesses. I would also like to thank our other 2009 business partners whom provide this club with such enormous support. Thanks to adidas, Yakult, Antler, Musashi, Red Energy, Vodafone, Donsbet.com.au, NAB, Coca-Cola Amatil, Channel 7, Mitchelton and Preece Wines, Metricon, Don KRC, Herald Sun and DESA.

To ensure that we remain relevant and innovative at Board level we have put a special resolution to seek members' approval to change our constitution regarding Board appointments. We need to ensure that we maintain the right skill sets and we are seeking approval to have six elected and three appointed Directors in the composition of the Board.

This would enable the right skill mix to be maintained in future and keep the Board refreshed and balanced. The resolution is clearly stated in the order of business circulated to members.

On a personal note I have decided to remain on the Board but not seek re-election as chairman. I believe it is time to pass the baton to David Evans, who has been nominated by the Board as the next chairman. I thank the Board for their fantastic support over the years and look forward to working with David for the next exciting period in the club's journey.



Ray Horsburgh

Ray Horsburgh
Chairman
Essendon Football Club



SOLID YEAR SETS THE CLUB UP FOR FUTURE SUCCESS

Managing director Ian Robson says precinct development is the most critical item on the Essendon Football Club agenda

Dear Members,

Can I firstly say how proud I feel to be a part of the Essendon Football Club and I would also like to thank everyone associated with the club that has made me feel so welcome. I have admired Essendon from afar and I now look forward to working hard and delivering this club success on and off the field.

It is only right that I acknowledge outgoing chief executive and managing director Peter Jackson. Peter made a wonderful contribution to this football club for more than 13 years and I am sure all members and supporters would join me in thanking him and wishing him all the best for the future. I have no doubt Peter will not be lost to the game and his vast experience will be put to good use.

I would also like to recognise our major partner Samsung. This club counts itself extremely fortunate to have this important partnership in place and we will continue to work hard to provide Samsung with great value.

On behalf of members and supporters I would also like to thank two retiring greats of the Essendon Football Club – Matthew Lloyd and Scott Lucas. Both have made enormous contributions to this club and indeed the game more broadly.

Matthew finishes his career ranked the seventh highest goal-kicker in the history of the game. He played 270 games and was a member of Essendon's 2000 Premiership side. He captained this club, represented his State and his Country and did it with the highest level of professionalism. I congratulate him on what he has given this club and the game.

Remarkably Scott Lucas also finishes his career with 270 games and premiership. Scott was a dual best and fairest winner and a wonderful big-game player. He was one of

the finest kicks of a football the game has seen and he can be rightly proud of everything he has achieved and the manner in which he went about it.

The memories that both players have provided members and fans will last forever. As with all our past players, the doors to Windy Hill will always be open. It is also timely that I make members aware that next year the club will be holding a tribute dinner to honour the contributions of Matthew and Scott. Full details of this function will be provided in due course on essendonfc.com.au.

Off-field the club has produced a solid result for the financial year ending 31 October, 2009. The club will report an operating profit of \$760,894 and it is a figure we can be pleased with given the uncertain economic environment in which we operated. The profit figure was realised off a revenue base of \$41.3 million. Our cash position is still sound at over \$2.4 million, including financial assets. The net asset position is \$21.7 million so the club is in a sound position.

A number of our key revenue centres performed extremely well. Our merchandise contribution was very good over the past 12 months growing 71% year-on-year. Merchandise sales on the Essendon website jumped 29% year-on-year which was also a pleasing return.

The club's match receipt and stadium revenue grew by 22% year-on-year which is an excellent result and I think mainly due to the exciting brand of football the team is playing at the moment. Essendon is a team that the fans want to watch and that is a wonderful thing for our supporters.

Membership was down slightly in raw numbers in 2009. Our final figure of 40,634 was down 1,313 but the net contribution of membership grew by 3% to \$4.3 million. It reinforces to me how critical membership is

to the well-being of your football club and I encourage supporters to become members to help keep this club strong. I will be unashamed about my goal to drive this club membership to 50,000. Essendon is one of the biggest and most-supported sporting clubs in Australia and we should be aspiring to new and bold benchmarks in this area.

Our sponsorship revenue grew 55% year-on-year which is a significant step in the right direction. As per my previous comments, Essendon is an exceptionally strong brand and I think there is further room to move in this area in the years ahead.

Another of the good news stories for the club was the performance of the Windy Hill Fitness Centre which increased its net contribution by 18%. The significant redevelopment that was undertaken at that facility – giving it outstanding facilities – has paid dividends.

There were some areas of the business that suffered more than most because of the economic uncertainty, most notably the Windy Hill Venue and our corporate hospitality business. The profitability of both areas is largely dependent on discretionary spend and they suffered during the season.

The Windy Hill Venue contribution was down 43% while corporate hospitality took a 62% hit. Given the rejuvenated economy and some change in strategic direction, we believe both these businesses can make more significant contributions to the bottom line in 2009/10.

The final result was achieved with the club also spending an additional \$1.2million in football. This figure will be boosted even further in 2009/10 as we do everything we can to provide the right environment for our players and coaching staff to deliver the on-field result we strive for. The result also includes a Federal Government contribution of \$460,000 as part of Windy Hill green precinct development. This partnership with the Federal Government has enabled the club to undertake a complete energy audit and lighting re-fit to reduce our carbon footprint. I thank the Federal Government for their support.

I would like to take this opportunity to share my vision for the Windy Hill precinct with members. I think this is the most important item on the club's agenda in the short-to-mid term and something that is a must to underpin on-field performance and our business as a whole.

We need to develop a state-of-the-art high performance facility for our players and coaching staff. We need to provide the room and the equipment for coaching staff to set up a training program that provides us the best opportunity to establish skill acquisition and physical preparation programs that give us the best opportunity of winning games of football.

The current football facilities in my view are strangling our football side and this club owes it to its players, supporters and the broader community to get serious about developing a precinct that will carry this club forward for generations to come. This is an absolute priority for the board and management.

Winning games of football is our core business and this upgrade will enhance our ability to deliver and



What a nail biting win against the undefeated Saints in Round 20



ultimately it is winning games of football that drives our key business strategies.

There are however significant community benefits that will flow from this upgrade. It will allow us to redevelop the current football facilities into a community centre that will deepen this club's engagement with the community and build on its established community programs.

We have discussed this vision with the tenant sporting clubs affected by the plans – the Essendon Cricket Club and the Essendon Bowls Club. The planned precinct development will mean both will need to be re-located. Our desire is to remain transparent with these clubs during this process.

This is an elite-level sporting club. We are a national brand but equally we want to remain a vibrant and important part of Melbourne's north-west, as we have been for more than 100 years. For that to happen, this vision must become a reality.

While on the Windy Hill precinct and our affiliated sporting clubs, I am pleased to report we will be making a contribution of \$121,000 to those clubs. Since Essendon Football Club merged its business with the Windy Hill Venue, the club has contributed in excess of \$1.8 million to its affiliated clubs.

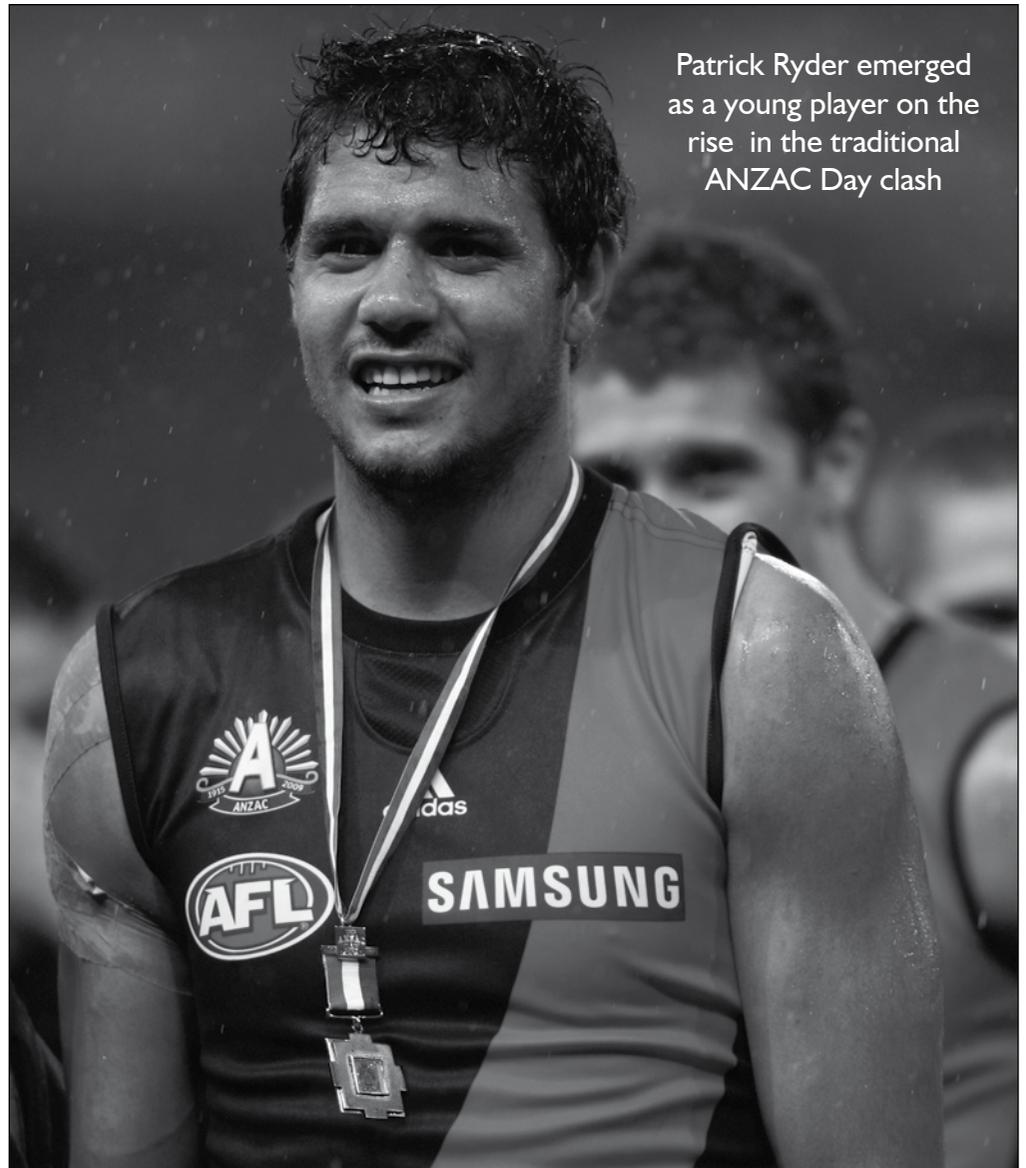
Essendon continues to make an important contribution to the broader community and it is a commitment of which members and supporters can be rightly proud. The club's Community Magazine outlines in more detail the projects undertaken by the club and I encourage you to take the time to read through it to get a full understanding of the depth of this program.

On-field, season 2009 was a pass. The club played finals football for the first time in five years and that was a significant step in the right direction. However, the bottom line is that we still won just 10 games out of 23 for the season and we still have a lot of ground to make up if we are to venture deep into September.

Having said that, the 2010 season shapes as a challenging and exciting one for the club. Our fixture has us playing most of last year's finalists twice and that is something we need to embrace. As this team and its young playing group continue to evolve, we should want to play against the best. We should want to play on the big stage in front of the big crowds and TV audiences. This is the best way to fast-track development.

Of course, in 2010 we will be without the experience of Matthew Lloyd and Scott Lucas but that provides significant opportunities for our younger players – a number of whom were given a taste of senior football in 2009. I look forward to their continued improvement. As well as Samsung, our major partner, I would also like to take this opportunity to thank our other business partners whom provide this club with such enormous support. Thanks to adidas, Yakult, Antler, Musashi, Red Energy, Vodafone, Donsbet.com.au, NAB, Coca-Cola Amatil, Channel 7, Mitchelton and Preece Wines, Metricon, Don KRC, Herald Sun and the DESA. Business partners of this calibre should never be taken for granted and we strive to provide you with the best possible value.

In my previous role, I was well aware of the strength of the Essendon coterie and on behalf of the club I thank them for their outstanding support. I have had the pleasure of meeting a number of the club's coterie group members and you could not help but be impressed by



Patrick Ryder emerged as a young player on the rise in the traditional ANZAC Day clash

their passion and commitment when it comes to all things red and black.

Thank you to the Essendonians and president Rob Harwood and the Diamond Dons and chairman Stephen Day. I have been made well aware of the hard work these gentlemen put in and it is greatly appreciated. Thank you also to the members of the Coleman Club. Our non match-day coterie have again made a significant contribution, not only financially but in the role they play in recognising and celebrating the history of this great club. Thanks to the Dick Reynolds Club and chairman Bruce Heymanson. The Essendon Women's Network continues to play an important role at this club and for the broader football community. Thank you to chairperson Helen Pryor and her committee. Thank you also to the Lawdons and chairperson Tony Howard, the RednBlacks and the Hutchison Club.

Thank you to Essendon chairman Ray Horsburgh and the board of the Essendon Football Club for giving me the opportunity to take on the role of managing director and CEO. They have provided me with wonderful support thus far and I look forward to working with them in the years to come.

I want to thank the management and staff of the club for all the hard work they have done in the past 12 months.

In particular I thank them for the work they have done in bringing me up to speed with current strategic direction and work processes – significant change can be a difficult time in an organisation but this club is well placed to flourish in the coming years.

I must admit, I wish it was February now. I can't wait for this football team and club to get stuck into the challenges of 2010. This is a most exciting period in the evolution of this club and I hope members and supporters are looking forward to the journey as much as I am.

Ian Robson
Managing Director & CEO
Essendon Football Club



Ian Robson
Managing Director & CEO
Essendon Football Club



BOMBERS RECORD A PROFIT DURING TOUGH YEAR

Finance Director Tim Jonas reports that Essendon successfully navigated its way through a tough economic environment

On behalf of the Board I present the Financial Report of the club for the year ended 31 October 2009.

TRADING RESULTS

The club has reported an operating profit of \$760,894 for the year ended 31 October 2009, in line with the 2008 profit of \$755,142.

This result is in line with our expectations which were modest having regard to the economic downturn. Marketing income increased by \$1,092,529 mainly as a result of increased sponsorship income. Other increases in contributions from membership, merchandise and our Fitness Centre were achieved, but contributions from corporate hospitality and both Entertainment Venues were below budget.

On the expenditure side, there was a major increase in football expenses of \$1,207,115 reflecting the increased resources being devoted to football to ensure our team does not lack the best support available.

FINANCIAL POSITION

The club generated trading cash of \$2,849,154 for the year from its operations after movements in working capital and adding back non-cash depreciation and amortisation charges.

Capital expenditure during the year was \$4,754,968 with the main projects being the expansion of the Melton Venue building costing approximately \$2.5 million, a major upgrade to our Information Technology systems \$869,000, and the 'Green Precinct' project \$630,000.

The Melton Country Club contributed cash balances of \$1,704,544 which financed a significant part of the building project at that venue.

Cash balances at the end of the year were \$1,993,031 which ensures the club remains financially healthy.

At year end the club had total assets of \$27,081,535 and net assets of \$21,651,192. This includes further valuation increases of our freehold land of \$185,000.

MERGER WITH MELTON COUNTRY CLUB

On 23 February 2009, the club merged the assets, liabilities and operations of the Melton Country club with the Essendon Football Club. This merger generated a net asset surplus of \$2,095,440 as detailed in the financial report.

This significant event completes the consolidation of previously associated business entities within our club.

LOOKING AHEAD

There are a number of major projects ahead for the club and strong financial performance going forward will be required. In particular we need further investment in the football area, including the development of new world class training facilities. As part of this we are still committed to contributing \$1 million towards

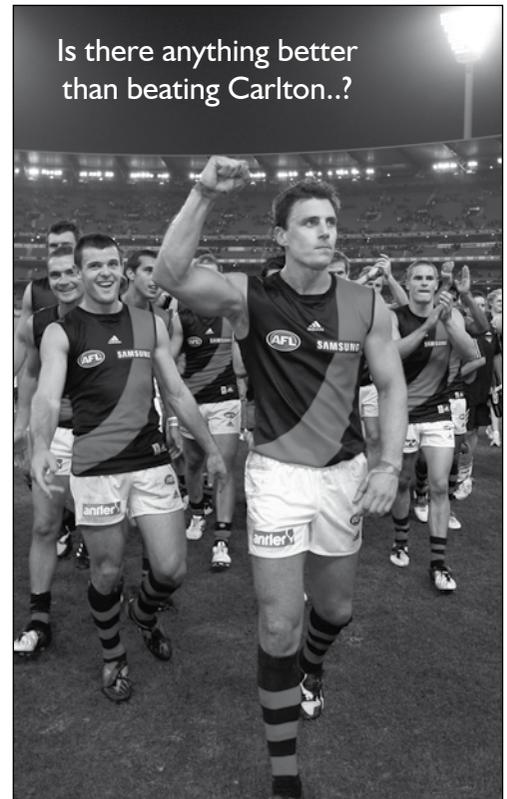
establishing new cricket facilities at an alternative site to Windy Hill.

In addition, as a result of the Victorian government changes to gaming licences arrangements, the club is assessing its level of investment in gaming machines and entitlements post 2012. A decision will be made shortly on the club's pre-auction entitlements which, if accepted will commit the club to a substantial long term capital investment which in turn is expected to generate significant additional cash flows.

The coming year will have some continuing challenges for the club financially, but we expect the overall performance to improve.



Tim Jonas
Finance Director
Essendon Football Club





FINANCIAL REPORT - YEAR END 31 OCT, 2009

ESSENDON FOOTBALL CLUB A.B.N. 22 004 286 373

Your directors submit their report on the company for the financial year ended 31 October 2009.

I. DIRECTORS

Names of the directors in office at any time during or since the end of the year:

J. Albert (appointed 16/12/08)	P. Jackson (resigned 30/9/09)
G. Brown	T. Jonas
K. Egan	B. Knight
A. Epis (resigned 16/12/08)	P. Pryor
D. Evans	I. Robson (appointed 13/11/09)
R. Horsburgh	B. Teal
D. Jackson	

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 2009 the company had an operating profit of \$760,894 (2008: \$755,142) and an overall surplus of \$2,856,334 due to the net asset contribution of \$2,095,440 arising from the merger with Melton Country Club.

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 except for the merger with Melton Country Club.

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 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
J. Albert	12	12	1	1
G. Brown	14	12	-	-
K. Egan	14	14	-	-
A. Epis	2	2	-	-
D. Evans	14	13	2	1
R. Horsburgh	14	13	-	-
D. Jackson	14	13	-	-
P. Jackson	13	13	-	1
T. Jonas	14	12	2	2
B. Knight	14	12	2	1
P. Pryor	14	13	-	-
I. Robson	-	1	-	-
B. Teal	14	13	2	2

11. INFORMATION ON CURRENT DIRECTORS

R. Horsburgh	Board 2003-09	Chairman Board of Directors
J. Albert	Board 2009	Member Audit Committee Member Investment Committee
G. Brown	Life Member Board 2007-09	Senior Player 1963-69
K. Egan	Life Member Board 1996-09	Senior Player 1963-69
D. Evans	Board 2006-09	Member Audit Committee Chairman Investment Committee
D. Jackson	Board 2005-09	Deputy Chairman
T. Jonas	Life Member Board 1997-09	Finance Director Chairman Audit Committee Member Investment Committee
B. Knight	Life Member Board 1994-09	Member Audit Committee
P. Pryor	Board 2008-09	
I. Robson	Board 2009	Managing Director & CEO
B. Teal	Life Member Board 1999-09	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
J. Albert	

The external auditors, the CEO and the Chief Financial Officer are invited to Audit Committee meetings at the discretion of the Committee. The Chairman attends Audit Committee meetings ex officio at his discretion.



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 company 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 company 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 2009:

	\$
Taxation services	7,900
Non statutory attestation services	18,250
	<u>26,150</u>

AUDITOR'S INDEPENDENCE DECLARATION

An independence declaration has been provided by the company's auditor, Grant Thornton. This is set out on page 8 of this financial report.

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

R. Horsburgh
Director

T. Jonas
Director

Signed this 13th day of November, 2009.

DIRECTORS' DECLARATION

The directors of the company declare that:

- (1) the financial statements and notes, as set out on pages 10 to 17, 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 2009 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 13th day of November, 2009.

AUDITOR'S INDEPENDENCE DECLARATION

TO THE DIRECTORS OF THE ESSENDON FOOTBALL CLUB

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of the Essendon Football Club Limited for the year ended 31 October 2009, I declare that, to the best of my knowledge and belief, there have been:

- a. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b. no contraventions of any applicable code of professional conduct in relation to the audit.

GRANT THORNTON
Chartered Accountants

D.A. ASHMORE
Partner

Dated this 13th day of November 2009 Melbourne, Australia



Grant Thornton
ABN 13 871 256 387

Level 2
215 Spring Street
Melbourne
Victoria 3000
GPO Box 4984WW
Melbourne
Victoria 3001

T +61 3 8663 6000
F +61 3 8663 6333
E info@grantthorntonvic.com.au
W www.grantthornton.com.au

**Independent Auditor's Report
To the Members of the Essendon Football Club Limited**

Report on the financial report

We have audited the accompanying financial report of the Essendon Football Club Limited, which comprises the balance sheet as at 31 October 2009, 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 and 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 controls 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, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 circumstance, 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 complied with applicable independence requirements of the Corporations Act 2001.

Electronic presentation of audited financial report

This auditor's report relates to the financial report of the Essendon Football Club Limited for the year ended 31 October 2009 included on the Club's web site. The Company's directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of the Club's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Auditor's opinion

In our opinion:

- a. the financial report of the Essendon Football Club Limited is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the company's financial position as at 31 October 2009 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; and
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

GRANT THORNTON
Chartered Accountants

D. A. Ashmore
Partner

Dated this 13th day of November 2009
Melbourne, Australia



INCOME STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2009

	NOTE	2009	2008
		\$	\$
Revenues from ordinary activities	3(a)	41,335,463	35,687,043
Expenses from ordinary activities	3(b)	(40,574,569)	(34,931,901)
Net profit from ordinary activities		<u>760,894</u>	<u>755,142</u>
Net asset contribution arising from merger with Melton Country Club	13(c)	2,095,440	-
Surplus for the year		<u>2,856,334</u>	<u>755,142</u>

The accompanying notes form part of these financial statements.

BALANCE SHEET AS AT 31 OCTOBER 2009

	NOTE	2009	2008
		\$	\$
CURRENT ASSETS			
Cash and cash equivalents	13	1,993,031	1,959,348
Trade and other receivables	5	3,624,622	2,263,027
Inventories	6	588,325	641,304
Financial assets	8	-	601,393
Other	7	379,084	415,765
TOTAL CURRENT ASSETS		<u>6,585,062</u>	<u>5,880,837</u>

NON-CURRENT ASSETS

Property, plant and equipment	9	20,135,718	16,109,031
Financial assets	8	360,755	-

TOTAL NON-CURRENT ASSETS

		<u>20,496,473</u>	<u>16,109,031</u>
--	--	-------------------	-------------------

TOTAL ASSETS

		<u>27,081,535</u>	<u>21,989,868</u>
--	--	-------------------	-------------------

CURRENT LIABILITIES

Trade and other payables	10	3,059,098	1,067,160
Employee benefits	11	630,583	669,560
Income in advance	12	1,476,583	1,469,357

TOTAL CURRENT LIABILITIES

		<u>5,166,264</u>	<u>3,206,077</u>
--	--	------------------	------------------

NON-CURRENT LIABILITIES

Employee benefits	11	264,079	181,602
-------------------	----	---------	---------

TOTAL NON-CURRENT LIABILITIES

		<u>264,079</u>	<u>181,602</u>
--	--	----------------	----------------

TOTAL LIABILITIES

		<u>5,430,343</u>	<u>3,387,679</u>
--	--	------------------	------------------

NET ASSETS

		<u>21,651,192</u>	<u>18,602,189</u>
--	--	-------------------	-------------------

MEMBERS FUNDS

Accumulated funds		19,686,024	16,829,689
Financial assets reserve		7,668	-
Asset revaluation reserve		1,957,500	1,772,500
TOTAL MEMBERS FUNDS		<u>21,651,192</u>	<u>18,602,189</u>

STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE YEAR ENDED 31 OCTOBER 2009

	Asset Revaluation Reserve	Accumulated Funds	Financial Asset Reserve	Members Funds
	\$	\$	\$	\$
Balance at 1 November 2007	1,347,500	16,074,547	-	17,422,047
Gain on Revaluation	425,000	-	-	425,000
Net surplus recognised directly in members funds	-	755,142	-	755,142
Balance at 31 October 2008	1,772,500	16,829,689	-	18,602,189
Gain on Revaluation	185,000	-	7,668	192,668
Net surplus recognised directly in members funds	-	2,856,335	-	2,856,335
Balance at 31 October 2009	1,957,500	19,686,024	7,668	21,651,192

The accompanying notes form part of these financial statements.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2009

	NOTE	2009	2008
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Members, Sponsors, Supporters and Other Operations		40,021,182	36,494,375
Payments to Suppliers, Employees and Players		(37,280,483)	(35,349,335)
Interest Received		108,455	174,503
NET CASH FLOWS FROM OPERATING ACTIVITIES	13(b)	2,849,154	1,319,543
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		588,040	688,750
Payment for purchase of investments		(353,087)	-
Payment for purchase of property, plant and equipment		(4,754,968)	(3,974,753)
Net proceeds from merger of Melton Country Club	13(c)	1,704,544	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(2,815,471)	(3,286,003)
NET CASH FLOWS USED IN FINANCING ACTIVITIES			
		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		33,683	(1,966,460)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		1,959,348	3,925,808
CASH AT END OF THE FINANCIAL YEAR	13(a)	<u>1,993,031</u>	<u>1,959,348</u>

The accompanying notes form part of these financial statements.



I. 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 13th November 2009.

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) Adoption of new and revised accounting standards

In the current year, the company has reviewed all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

Significant effects on current, prior or future periods arising from the first-time application of the standards in respect of presentation, recognition and measurement of accounts are described in the following note.

Adoption of AASB 8 Operating Segments

The Essendon Football Club has early adopted AASB 8 Operating Segments in this financial report which has resulted in the removal of the segment reporting note.

New accounting standards and interpretations not yet effective

Certain new accounting standards and AASB interpretations have been published that are not mandatory for 31 October 2009 reporting periods and 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 2009 and therefore there has been no early adoption of these standards, with the exception of the above.

(b) 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.

(c) 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. These assets are initially measured at fair value upon acquisition and subsequently measured at fair value by reference to market price at balance date. 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.

Available-for-sale financial assets

A financial assets classified in this category are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets. The company's available-for-sale financial assets include shares held in ASX Listed companies. Gains and losses arising from these financial assets are recognised directly to equity within the Financial Asset Reserve.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the income statement. Losses recognised in the income statement on the financial assets are not reversed through the income statement, but charged to equity.

Dividends from the shares held in the ASX Listed companies are recognised in the income statement when the company's right to receive the payment is established.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

(d) 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 arm's length transaction), based on an annual valuation by external independent valuers. Land is not depreciated.

Plant and Equipment/Leasehold Improvements

Plant and equipment and leasehold improvements 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.

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

Class of Fixed Assets	Depreciation Rate
Leasehold Improvements	4.2% - 10%
Plant & Equipment	10% - 33.3%

(e) 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.

(f) 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.

**(g) Employee Benefits**

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year (benefits arising from wages and salaries and annual leave) have been measured at the amounts expected to be paid when the liability is settled plus related on-costs.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. Those cashflows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Probabilities have been applied in the calculation of Long Service Leave entitlements in order to estimate the likelihood of an employee remaining with the Club until they are entitled to Long Service Leave. These probabilities are based on historical trends and patterns.

Contributions are made by the Club to complying superannuation funds and are charged as expenses when incurred.

(h) Income Received in Advance

Income is brought to account in the period in which it relates. Income received prior to 31 October 2009 which relates to future periods, has been recorded as income received in advance.

(i) 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.

(j) 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.

(k) Revenue

Revenue is measured as the fair value of the consideration received/receivable. All amounts are net of returns, discounts, allowances and rebates.

Revenue is recognised when the amount can be reliably measured and it is probable that the future economic benefits will flow to the company and the following additional criteria have been met:

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.

All revenue is stated net of the amount of goods and services tax (GST).

(l) 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.

(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.

(n) Leases

Leases where a significant portion of the risks and rewards of ownership are not transferred to the company are classified as operating leases.

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

(o) Trade and other payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

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.

3. OPERATING PROFIT FROM ORDINARY ACTIVITIES

	2009	2008
	\$	\$
(a) Revenue from Ordinary Activities		
(i) Operating revenue		
AFL annual distribution	6,373,252	6,110,752
AFL Prizemonies	145,000	25,000
Marketing revenues	11,237,916	10,145,387
Membership revenues	6,446,543	6,194,051
Merchandise - sale of goods	2,320,019	1,968,360
Match receipts	1,121,892	913,274
Windy Hill Fitness Centre	3,812,739	3,199,544
Venues - sale of goods	4,377,522	3,116,815
- other	4,509,518	2,953,584
Total operating revenue	<u>40,344,401</u>	<u>34,626,767</u>
(ii) Non-operating revenue		
AFL distribution - Waverley Park sale	-	250,000
Government grants	505,445	400,000
Interest received	108,455	174,503
Rental income	390,515	505,175
Net (Loss)/Income from investments	(13,353)	(269,402)
Total non-operating revenue	<u>991,062</u>	<u>1,060,276</u>
Total Revenue from Ordinary Activities	<u>41,335,463</u>	<u>35,687,043</u>



	2009	2008
	\$	\$
(b) Expenses from Ordinary Activities		
Administration	2,488,030	1,948,199
Football expenses	13,979,424	12,772,309
IT expenses	479,936	402,286
Marketing expenses	6,844,181	6,899,996
Membership expenses	2,183,736	2,072,377
Merchandise - cost of sales	1,312,879	1,187,014
Rental expenses	195,000	175,000
Site expenses	1,593,202	1,300,146
Windy Hill Fitness Centre	3,069,360	2,572,077
Venues - cost of sales	1,417,806	1,041,255
- other	7,011,015	4,561,242
Total Expenses from Ordinary Activities	40,574,569	34,931,901

(c) Profit from ordinary activities has been determined after :

Charging as Expenses (Revenue):

Depreciation of:

- Plant and Equipment 569,659 447,558

Amortisation of:

- Leasehold Improvements 872,695 712,067

Doubtful Debts provided for or written off 7,740 5,929

Loss on disposal of current investments 22,886 122,866

Write-down of current investments to recoverable amount - 250,929

Dividend/Distribution income received on investments (9,533) (104,393)

4. REMUNERATION OF AUDITORS

Remuneration of the auditor Grant Thornton for:

- auditing the annual financial report	52,500	39,000
- other	26,150	38,100
	<u>78,650</u>	<u>77,100</u>

The auditors received no other benefits.

5. TRADE AND OTHER RECEIVABLES

	2009	2008
	\$	\$
Current		
Trade and Sundry Debtors	3,638,345	2,200,210
Less Provision for Impairments	(13,723)	(5,983)
	<u>3,624,622</u>	<u>2,194,227</u>
Trading amounts receivable from associated entities (Refer Note 15a)	-	68,800
	<u>3,624,622</u>	<u>2,263,027</u>

Trade receivables have been aged according to their original due date in the ageing analysis below. The carrying value of trade receivables is considered a reasonable approximation of fair values due to the short term nature of the balances. The average credit period for trade receivables is 14 days.

The basis for our estimates of the doubtful debt provision required is that a provision for impairment of trade receivables is recognised when there is objective evidence that individual trade receivables are impaired. An impairment loss of \$13,723 has been recognised by the company in the current year.

The company's maximum exposure credit risk at the reporting date is the fair value of each class of receivable in the financial statements. No collateral is held over these impaired receivables.

Refer to note 17 for more information on the company's credit risk management policy.

The ageing of the trade receivables is:

	2009 Gross	2009 Allowance	2008 Gross	2008 Allowance
	\$	\$	\$	\$
Not past due	2,331,217	-	1,997,079	-
Past due 0-30 days	1,157,849	-	124,421	-
Past due 30-60 days	82,096	-	23,805	-
Past due 60 days	67,183	(13,723)	54,905	(5,983)
Total	<u>3,638,345</u>	<u>(13,723)</u>	<u>2,200,210</u>	<u>(5,983)</u>

A reconciliation of the movement in the provision for impairment at trade receivables is shown below.

	2009	2008
	\$	\$
Opening balance	5,983	8,528
Additional provisions	11,733	5,238
Amounts used	(3,993)	(7,783)
Total	<u>13,723</u>	<u>5,983</u>

The creation and release of the provision has been included in administration expenses in the income statement.

Receivables past due but not considered impaired are \$1,293,395 (2008: \$197,148). In determining the recoverability of trade receivables the company considers any change in the credit quality of the trade receivables from the date credit was granted up to the reporting date. Senior management has reviewed each of those outstanding balances and considers them to be recoverable in full based on history of trading.



	2009	2008
	\$	\$
Past due but not impaired		
Not more than 3 months	1,239,945	148,226
More than 3 months but not more than 6 months	53,460	48,922
More than 6 months but not more than 1 year	-	-
Greater than 1 year	-	-
	<u>1,293,405</u>	<u>197,148</u>

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these balances will be received when due.

6. INVENTORIES

	2009	2008
	\$	\$
Merchandise - at cost	489,156	621,137
Less Provision for obsolescence	(34,275)	(60,204)
Food and liquor - at cost	133,444	80,371
	<u>588,325</u>	<u>641,304</u>

7. OTHER ASSETS

	2009	2008
	\$	\$
Prepaid expenses	<u>379,084</u>	<u>415,765</u>

8. FINANCIAL ASSETS

Current

	2009	2008
	\$	\$
Financial asset - held for trading (a)	-	601,393

(a) These financial assets consist of externally managed investment funds. The carrying amount if investments were stated at cost is \$nil (2008 \$430,000)

Non-Current

	2009	2008
	\$	\$
Available-for-sale - financial asset (b)	360,755	-

(b) These financial assets consist of listed equities. The carrying amount if investments were stated at cost is \$353,087 (2008 \$nil)

9. PROPERTY, PLANT AND EQUIPMENT

	2009	2008
	\$	\$
Land - at independent valuation (a)	3,660,000	3,475,000
	<u>3,660,000</u>	<u>3,475,000</u>
Plant and Equipment - at cost	4,803,488	3,415,277
Provision for Depreciation	(2,403,039)	(1,865,193)
	<u>2,400,449</u>	<u>1,550,084</u>
Leasehold Improvements - at cost	18,096,222	14,243,975
Provision for Amortisation	(4,020,953)	(3,160,028)
	<u>14,075,269</u>	<u>11,083,947</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT	<u><u>20,135,718</u></u>	<u><u>16,109,031</u></u>

(a) An independent valuation of freehold land in Napier Street, Essendon, was undertaken on 19th October 2009 by P.W. Stokes FAPI FREI. The valuation was based on the current market value of the land.

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

2009	Land	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Beginning of the year	3,475,000	1,550,084	11,083,947	16,109,031
Additions	-	1,420,024	3,864,017	5,284,041
Disposals	-	-	-	-
Revaluations	185,000	-	-	185,000
Depreciation expense	-	(569,659)	(872,695)	(1,442,354)
End of financial year	<u>3,660,000</u>	<u>2,400,449</u>	<u>14,075,269</u>	<u>20,135,718</u>

2008	Land	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Beginning of the year	3,050,000	1,036,078	8,786,125	12,872,203
Additions	-	964,864	3,009,889	3,974,753
Disposals	-	(3,300)	-	(3,300)
Revaluations	425,000	-	-	425,000
Depreciation expense	-	(447,558)	(712,067)	(1,159,625)
End of financial year	<u>3,475,000</u>	<u>1,550,084</u>	<u>11,083,947</u>	<u>16,109,031</u>

Carrying amount if land was stated at cost:

	2009	2008
	\$	\$
Freehold land at cost	1,277,500	1,277,500

10. TRADE AND OTHER PAYABLES

	2009	2008
	\$	\$
Trade Creditors	907,242	333,235
Trade Creditors - Building Contracts	528,552	-
Accruals	1,623,304	733,925
	<u>3,059,098</u>	<u>1,067,160</u>

Due to the short term nature of these payable, their carrying amount is assumed to approximate their fair value

11. EMPLOYEE BENEFITS

	2009	2008
	\$	\$
Current		
Annual Leave	606,406	541,239
Long Service Leave	24,177	128,321
	<u>630,583</u>	<u>669,560</u>
Non Current		
Long Service Leave	<u>264,079</u>	<u>181,602</u>



12. INCOME RECEIVED IN ADVANCE

	2009	2008
	\$	\$
Trading income received in advance	483,738	494,457
Government grant received in advance	992,845	974,900
	<u>1,476,583</u>	<u>1,469,357</u>

13. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of Cash

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:

	2009	2008
	\$	\$
Cash on hand	282,645	171,380
Cash at bank	698,364	189,158
Short term deposits	1,012,022	1,598,810
	<u>1,993,031</u>	<u>1,959,348</u>

The effective interest rate on short term bank deposits was 4.4% (2008 6.9%). These deposits are on call.

b) Reconciliation of net cash from operating activities to net surplus:

	2009	2008
	\$	\$
Surplus for the year	2,856,334	755,142

Adjustments for:

Loss from disposal of fixed assets	-	3,300
Loss from disposal of investments	22,886	122,866
Depreciation and amortisation	1,442,354	1,159,625
Decrease in value of investments	-	250,929
Dividends reinvested	(9,533)	(104,393)
Net asset contribution arising from merger with Melton Country Club	(2,095,440)	-

Changes in assets and liabilities:

Increase in receivables and other assets	(1,197,464)	(220,304)
Increase/(decrease) in provision for doubtful debts	7,740	(2,545)
Increase/(decrease) in inventory	94,482	(51,060)
Increase/(decrease) in provision for obsolete stock	(365)	60,204
Increase/(decrease) in payables and income in advance	1,776,492	(403,621)
Decrease in provision for employee entitlements	(48,332)	(250,600)
	<u>2,849,154</u>	<u>1,319,543</u>

c) Merger of Melton Country Club

During the year the Melton Country Club Inc. merged with the operations of the club. The details of the transaction are as follows:

Total cash inflow	1,704,544
Assets and liabilities received as at date of merger	
Receivables	135,191
Inventories	41,138
Property Plant & Equipment	572,000
Payables	(215,527)
Employee entitlements	(91,833)
Merger costs	(50,073)
	<u>2,095,440</u>

14. CAPITAL AND LEASING COMMITMENTS

	2009	2008
	\$	\$

(a) Operating Lease Commitments

Non-cancellable Operating leases contracted for but not capitalised in the accounts.

Payable:

- not later than one year	228,167	188,883
- later than one year but not later than 5 years	1,004,000	70,000
- greater than 5 years	1,088,160	-
	<u>2,320,327</u>	<u>258,883</u>

Operating lease commitments relate to the lease of Windy Hill precinct and Melton land

(b) Capital Expenditure Commitments

Capital expenditure contracted for at reporting date but not recognised as a liability in the accounts.

	2009	2008
	\$	\$
Payable:		
- not later than one year	-	38,000

(c) Other Commitments

The club has committed in principle to incurring \$1,000,000 net of government grants of \$1,500,000 to develop facilities to enable the Essendon Cricket Club to relocate from Windy Hill. This will provide year round football training facilities at Windy Hill.

**15. RELATED PARTIES**

	2009	2008
	\$	\$
(a) Related Party Trading Balances		
Trading amounts receivable from associated entities:		
Current		
Melton Country Club Inc.	-	68,800

(b) Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

(i) Associated Entities

Rental income received or receivable from:

Melton Country Club Inc.	103,333	492,198
--------------------------	---------	---------

Management fees received or receivable from:

Melton Country Club Inc.	42,420	127,286
--------------------------	--------	---------

(c) Directors & Director related entities

Consulting fees for tax and valuation services paid or payable to Pitcher Partners of which Mr Tim Jonas was a former partner.	1,110	15,300
--	-------	--------

16. KEY MANAGEMENT PERSONNEL**Transactions with key management personnel**

The key management personnel compensation included in employee expenses' are as follows:

	2009	2008
	\$	\$
Short term employee benefits	1,221,593	1,200,265
Post employment benefits	132,972	109,662
	<u>1,354,565</u>	<u>1,309,927</u>

17. FINANCIAL INSTRUMENTS

The company is exposed to variety of financial risks through its use of financial instruments. This note discloses the company's objectives, policies and processes for managing and measuring these risks.

The company's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The company does not actively engage in the trading of financial assets for speculative purposes. The most significant financial risks to which the company is exposed to are described below.

Specific Financial Risks

These Comprise:

- Market Risk;
- Credit risk; and
- Liquidity risk.

Categories of financial assets and liabilities

The principle categories of financial assets and liabilities at the company are:

- Cash at bank, short term deposits;
- Trade receivables;
- Equity investments; and
- Trade payables

Objectives, Policies and Processes

The risk management policies of the company to mitigate the above risks and reduce volatility on the financial performance of the company is carried out by management with oversight from the Audit Committee.

Capital Risk Management

The company manages its capital to ensure that the company will be able to continue as a going concern while maximising returns through the optimisation of equity balances.

There are no externally imposed capital requirements. Management with oversight from the Audit Committee manages the company's capital by assessing debt levels. Management actively monitor cash and where necessary, debt levels, daily to ensure appropriate cash flow is maintained.

Market Risk**Interest Rate Risk**

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The following outlines the Clubs exposure to interest rate risk.

	2009	2008
	\$	\$
Financial Assets		
Cash at bank	698,364	189,150
Short term deposits	1,012,022	1,598,810
Listed equities	360,755	-
Managed funds	-	601,393
Total	<u>2,071,141</u>	<u>2,389,353</u>

The following table demonstrates the impact on net profit if the average interest rate had either increased by 1% or decreased by 1% over the whole year ending 31 October 2009.

Interest Rate Sensitivity

	2009 Interest Revenue	2009 Net Profit	2008 Interest Revenue	2008 Net Profit
	\$	\$	\$	\$
If interest rates were 1% higher with all other variables held constant.	24,101	24,101	26,994	26,994
If interest rates were 1% lower with all other variables held constant	(24,101)	(24,101)	(26,994)	(26,994)



Other Price Risk

Other price risk relates to the company's exposure to fluctuations in the price of the company's investment in listed equities at \$360,755 (2008 managed funds \$601,393)

The following table demonstrates the impact on net profit if the listed equities (2008 – managed funds) were to increase by 10% or decrease by 10% over the whole year ending 31 October 2009.

	2009 Net Profit	2008 Net Profit
	\$	\$
If market value were 10% higher with all other variables held constant.	36,075	60,139
If market value were 10% lower with all other variables held constant.	(36,075)	(60,139)

Credit Risk

The company trades only with recognised, creditworthy third parties. Receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

The carrying amount of financial assets recorded in the financial statements, net of any provisions for impairment, represents the group maximum exposure to credit risk as disclosed in note 5.

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

Liquidity Risk

Liquidity risk arises from the company's management of working capital. It is the risk that the company will encounter difficulty in meeting its financial obligations as they fall due.

The company manages its liquidity risk through frequent and periodic cash flow forecasting, reporting and analysis. The investment mix of short term deposits and managed funds is managed so as to provide adequate liquidity at all times.

The table below represents a maturity analysis of financial assets and liabilities based on management's expectations.

	Interest Rate	1-5 Years	Non Interest Bearing	Total
	%	\$	\$	\$
Financial Assets				
Cash at bank		-	698,364	698,364
Short term deposits	4.41	1,012,022	-	1,012,022
Listed equities		-	360,755	360,755
Trade receivables		-	3,698,345	3,698,345
Total Financial assets		<u>1,012,022</u>	<u>4,757,464</u>	<u>5,769,486</u>
Financial Liabilities				
Trade payables		-	1,157,347	1,157,347
Total Financial Liabilities		<u>-</u>	<u>1,157,347</u>	<u>1,157,347</u>
Net Maturity		<u>1,012,022</u>	<u>3,600,117</u>	<u>4,612,139</u>

18. CONTINGENCIES

The company has been advised that it will receive a \$400,000 payment from the Australian Football League in respect of games played at the Melbourne Cricket Ground during the 2009 season. This payment is conditional upon legislation being passed through the Victorian Parliament relating to the transfer of management of Yarra Park to the Melbourne Cricket Club. This amount has not been recorded in the financial report due to it being contingent to the legislation being passed through parliament.

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

19. 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.

20. RESERVES

Asset Revaluation Reserve

The Asset revaluation reserve is used to record increase in the fair value of buildings and decreases to the extent such decreases relate to an increase on the same asset previously recognised in equity.

Financial Asset Reserve

The Financial assets reserve records the revaluation of available for sale financial assets.

21. COMPANY DETAILS

The registered office and principal place of business of the company is Napier Street, Essendon Vic 3040.



**THIS IS OUR BATTLE ARMOUR.
THIS IS WORN BY A LEGION OF FANS.
THIS IS THE BLOOD IN OUR VEINS.
THIS IS 16 FLAGS AND COUNTING.**

**THIS IS
ESSENDON.**

2010 MEMBERSHIP



**FOR ALL MEMBERSHIP ENQUIRIES:
1300 GO BOMBERS (1300 46 26 62) • essendonfc.com.au**





Essendon Football Club
Napier St. (PO Box 17)
Essendon, 3040
(03) 9230 0300
essendonfc.com.au