



ESSENDON FOOTBALL CLUB
ANNUAL REPORT 2011

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CHAIRMAN'S REPORT

I personally cannot wait for the football session to start again. This time of year fuels the expectations and dreams that all supporters should embrace. We understand how competitive the competition has become and what it will take to win. A lot of hard work! The club aims to be professional across all facets so it can set new benchmarks for this great game.

There is no doubt 2011 was an exciting year for the Essendon Football Club on and off the field.

The performance of the team and overall improvement has provided the club with a great platform to launch our attack on the 2012 season.

Every year the competition is becoming more and more competitive and as the AFL landscape enters its most challenging period, we must not fall behind.

This year, we demonstrated increased growth in membership, crowd attendances, sponsorship, merchandise and corporate hospitality.

But as a football club it is incumbent on us all to remain steadfast in our goals and not become complacent.

On-field success is an important measure of any football club, but we are committed to building a lasting legacy of success off the playing field as well.

To the members, you are the heart and soul of our football club and I would like to extend my gratitude to the more than 50,000 members who have helped the club surpass this exciting and important milestone for the first time.

I am extremely proud of the way the Essendon family has united during this critical time in the club's history.

We will continue to recognise our most loyal supporters and ensure improved service quality and satisfaction across our membership base.

Importantly, this is just the beginning of the journey to make our club great once again and now the challenge is to surge ahead towards 60,000 members and beyond.

I want to acknowledge chief executive Ian Robson and his outstanding team at the Essendon Football Club. You are a wonderful group of professionals who consistently demonstrate a great passion for this club.

To the Essendon Board, as volunteers, your time, passion and commitment to the club is not taken for granted. Thank you for your support of the changes we have brought to the club.

I'd like to pay tribute to longstanding directors Tim Jonas and Ray Horsburgh and thank them for their outstanding service to the club over many years.

As finance director, Tim has overseen a period of financial stability and financial governance that will leave a lasting legacy.

As a former chairman, Ray has been a tireless worker for the stability, profitability and on-field success of the Essendon Football Club.

I would also like to welcome Paul Brasher and Chris Heffernan to the Board.

Paul joins the Board as finance director filling the casual vacancy following Tim Jonas' retirement. Paul brings great spirit,

a love for the club and a shared vision for creating long term success.

A premiership player at Essendon, Chris Heffernan will fill the vacancy left by Ray Horsburgh. His football knowledge and business acumen makes him an outstanding addition to the club's Board.

In 2011, we sadly lost former player Alan Noonan and Coleman Club founder Jim Amalfi. Both these men were valued members of the Essendon community and our thoughts are with their families.

I'd also like to pay tribute to Jill Lindsay, who passed away this year after a long battle with cancer. Jill had a profound effect on the game of AFL football across so many levels and she will be deeply missed.

I'd like to thank our co major partners in season 2011 – Samsung and True Value Solar. I'd also like to officially welcome Kia Motors Australia as the club's new co-major sponsor in season 2012. Kia is one of the most progressive and fastest growing companies in the world and we look forward to an exciting journey together.

Finally, to all our members and supporters, we look forward to your continuing support as we strive towards our next premiership.

We all have an important role to play to ensure the long-term success of the Essendon Football Club.

David Evans
Chairman
Essendon Football Club



MANAGING DIRECTOR AND CEO'S REPORT

The 2011 season has provided a great platform for the Essendon Football Club to build on for the future. The challenge now is to ensure the club continues that momentum and raises the bar even higher in season 2012.

If we want to be a significant force in the AFL competition, we must continue to improve in every aspect of our business, otherwise we will quickly get left behind.

Yes, the foundations have been laid for a period of growth and sustained success but there is still a lot of hard work ahead of us all.

I am pleased to be able to announce a positive financial performance in 2011 with the club reporting an operating profit of \$1,609,379.

A number of factors have contributed to this significant turnaround from 2010 including increased membership, strengthening of commercial partnerships and improved return on investments from Windy Hill Fitness Centre and Windy Hill Venue.

Prior to the deduction of all non-cash items such as depreciation, the club generated a trading cash surplus of \$3.4 million

As well as recording a healthy profit, the club's trading cash has increased to over \$5.2 million and, with total assets of \$28.7 million our net asset position is very strong at \$22.7 million.

I would like to thank Samsung and their CEO SR Yoon for their fantastic support over the past four years. The club looks forward to developing a continuing relationship with Samsung at a revised level in future years.

I would also like to extend a warm welcome to Kia Motors Australia and their CEO MK Kim. Kia Motors Australia becomes a co-major partner in 2012. Kia will join with our existing co-major partner True Value Solar and we are grateful for their support in what was their first year with the club in season 2011.

I would like to add my thanks to our continuing partners adidas, Bendigo Bank, HOSTPLUS, Yakult, Antler, Red Energy, Mitchelton Wines, Bombersbet.com.au, Body Science, Coca-Cola, Telstra, Bensons Property Group, Caltex and the Herald Sun.

Importantly, after a tough year in 2010, the club remains in a strong position from a financial perspective.

This is predominantly due to the club reaching its highest ever membership tally in 2011 breaking the 50,000 milestone for the first time and finishing with a total of 50,271 members for the year.

As a result, the extra revenue generated from membership has allowed the club to invest further in resources for the football department and important development programs.

In 2012, we have set a new benchmark

of 60,000 members. As you may have seen, the club has launched its 2012 membership campaign with the slogan; Stand as One. One team. One dream.

The theme for next year is that anyone can be a fan and support the club, but if you are a member, you become part of the team.

As a club, we are determined to ensure our members and supporters enjoy first class experiences in everything they do. From match day, to attending club events and corporate hospitality, or purchasing merchandise – we are committed to providing the highest quality services across the entire organisation.

Further to this and in conjunction with the club's long-term digital strategy, the Essendon website will officially join the AFL Telstra Network in 2012.

The transition into the network will have significant commercial benefits for the club and provide a platform for even greater fan access, more exclusive content, full match replays online and a complete revamp from a functionality perspective.

The club continues to showcase its commitment to fan engagement and digital innovation through a number of initiatives this year including an augmented reality digital projection and the FanCam 360-degree high resolution photo that allowed fans to zoom-in and find themselves and friends in the crowd at

the MCG on ANZAC Day.

Essendon leads the way in the AFL's digital arms race and we will continue to strive towards engaging our members and providing the most compelling, innovative and entertaining online experience of any sporting club in Australia.

As a part of the club's digital marketing strategy, Essendon now has 144,184 'likes' (fans) on Facebook and 87,340 Twitter followers across club and player accounts.

Whether it's the players, the coaches, the Board or the members, everyone has a significant role to play to make the Essendon Football Club successful.

We have a talented and emerging list of players and with James Hird in his second year we are confident we have the best coaches to ensure we fast track development and give the club the best possible opportunity to be successful.

We have also made a commitment to give our players the best facilities and the Flight Plan to Melbourne Airport is on track to deliver this outcome with works on the new state of the art training base underway shortly.

The club is also conscious of its community responsibility and again we placed a great deal of emphasis and effort in assisting a number of important programs.

Our partnership with the Cancer Council Victoria continues to increase awareness and raise much-needed funds through activities such as Call to Arms and Relay for Life. In 2011 the partnership anticipates raising in excess of \$750,000 for this valuable and important cause.

I would like to take this opportunity to thank all of our community partners including Bendigo Bank Strathmore Community Branch, Melbourne Airport, Yakult, Scanlon Foundation, Sidney Myer Fund, Victorian Government, Sport and Recreation Victoria AFL, Australian Federal Police, Victoria Police, Rio Tinto, Cricket Victoria and Reconciliation Australia.

The club is also building important partnerships with Victorian Indigenous communities including Rumbalara FNC

and the Indigenous Education Centre at Kangan TAFE.

The club continues its strong and proud relationship with the Tiwi Bombers and wishes to congratulate the Wadeye Magic on its trial season in the Northern Territory Football League. I know the importance of sport in helping to bring together the community in Wadeye and this is an important step towards a better future for that community.

The strength of The Long Walk partnership and growth of the Dreamtime at the 'G' game against Richmond is a testament to both initiatives. The Walk to the 'G', Long Walk Women's Lunch, cultural exchange and new national 'Walk the Talk' education program are more examples of meaningful Indigenous programs supported by the club.

We also embarked on many rewarding programs to support multi-cultural communities including Andrew Welsh's Auskick, our GLoBALL program, the Unity Cup and through our support of the feature film 'Falling for Sahara' which premiered at the 2011 Melbourne International Film Festival.

Our reach and expansion has taken a greater focus on the north-west corridor of Melbourne and includes a new EDFL and RDFL junior league sponsorship with club training at Windy Hill, U/14 Talent Camp, Coaching Master Class and group ticketing. The club will work closely with four north-west local government areas on programs for the proposed Community Sport and Learning Academy at both the new Melbourne Airport Facility and Windy Hill from 2013.

The new facility at Melbourne Airport will provide recreational outcomes for the local community, as well as spaces allocated for the expansion of the club's Indigenous, multi-cultural, schools and grass roots community programs. Windy Hill will be 'opened up' to become a significant community hub for the Essendon family and local community to enjoy.

The new facility will also be the cornerstone to a groundbreaking and unique partnership between the club and the Australian Paralympic Committee.

To our coteries – the Essendonians, Coleman Club, Diamond Dons, Coaches Club, Hutchison Club, Essendon Women's Network, Dick Reynolds Club, Lawdons, Red and Blacks and the Collins Street Dons – thank you for your invaluable support.

Thank you also to Bendigo Bombers chairman David Joss and general manager Peter Lodewijks. Your continued support of our VFL alignment is extremely important to the development of our young players.

I wish to thank the directors of the club, and chairman David Evans in particular, for their tireless support. We should never lose sight of the fact that the directors are all volunteers and generously give of their time, wisdom and counsel which is greatly appreciated by myself and the executive team at the club.

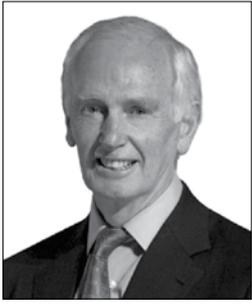
Finally, can I take this opportunity to thank everybody who enjoys the privilege, as do I, of working on a full time basis for our great club for their energy and commitment across the last 12 months. In particular can I thank the executive team, and my assistant Colomba Catalano, for their enduring support.

I, like you, am now looking forward to the 2012 season with great anticipation and excitement, and I'm confident with the ongoing support of our members and supporters, the club is well placed for the many challenges that lie ahead.

Go Bombers and see you at the footy in 2012.



Ian Robson
Essendon Football Club
Managing Director & CEO



FINANCE DIRECTOR'S REPORT

On behalf of the Board I have pleasure in presenting the financial report of the club for the year ended 31 October 2011.

TRADING RESULTS

The club has reported an operating profit of \$1,609,379 for the year ended 31 October 2011, which is an excellent turnaround from the previous year's loss. After adjusting for non cash depreciation and amortisation charges of \$1,804,066, the club's cash earnings were positive to the extent of approximately \$3.4 million.

Some of the key factors contributing to our strong revenue and profit growth included:

- The large growth in paid up member numbers from 42,700 to 50,271, delivering a net contribution of \$6.1 million. This highlights the importance of our members joining and staying on board.
- Improved returns from our Windy Hill Fitness Centre and Windy Hill Venue and Melton Country Club investments. In total, these provided a net contribution of over \$1.5 million, compared with \$1.1 million last year.
- Initial fundraising efforts for our new elite training facility at Melbourne Airport have delivered \$585,293 to this year's results.

- Despite the difficult economic environment, our marketing and merchandise teams both improved their revenue and profit contributions over the previous year.

Consistent with our strategy, the spend on football for the year increased by over \$2 million, reflecting a major increase in resources being devoted to the football department.

FINANCIAL POSITION

The club generated cash of \$5,213,645 for the year from its operations, after movements in working capital and adding back non-cash depreciation and amortisation charges. Cash was predominantly used for capital purchases of plant and equipment totalling \$1,254,777. Included in these numbers were donations of \$585,293, of which \$381,540 had been spent during the year on preliminary works in respect of the Melbourne Airport development.

The end result of all our activities was an increase in cash available of \$3,948,868 to a cash balance at the end of the financial year of \$6,118,392, including trust funds of \$865,740.

Also on the positive side was the independent valuation of our freehold properties that resulted in a further valuation increase of \$450,000.

At year end, the net assets of the club were recorded as \$22,714,221.

LOOKING AHEAD

The financial position of the club at balance date was sound. However, the challenges facing us in the next year are very significant, as we commence the construction and development of the new training and administration facility, while continuing the commitment to resourcing our football department.

It is no exaggeration to say that this next 12 months will be one of the most important in the history of our club. We are committed to continuing to improve our performance both on and off the field and are aiming for another healthy financial performance in 2012. However, the reality is that this will provide only a very small percentage of the funds required for our development project. We need our members, supporters and stakeholders to rally around the Flight Plan fundraising campaign to allow us to build a base for on-field success for many years to come.

Paul Brasher
Finance Director

DIRECTORS' REPORT

Your directors submit their report on the company for the financial year ended 31 October 2011.

1. DIRECTORS

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

J. Albert
P. Brasher (appointed 7/10/2011)
G. Brown
K. Egan
D. Evans
C. Heffernan (appointed 7/10/2011)
R. Horsburgh (resigned 7/10/2011)
D. Jackson
T. Jonas (resigned 7/10/2011)
B. Knight (resigned 16/12/2010)
P. Little (appointed 16/12/2010)
P. Pryor
I. Robson

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. OBJECTIVES AND STRATEGIES OF THE COMPANY

The company's short term (2012) objectives are to:

- continue to invest in a high quality, success-focussed football program;
- focus on the recruitment, improvement and development of our playing list driven through knowledge, learning and innovation;
- begin construction of a best practice administration and training facility in readiness for the 2013 season;
- deliver a healthy surplus to ensure the continuing financial strength of the club;
- take our membership base to 60,000 and beyond;
- drive sustainable outcomes to maintain the club's position as a leader in the community;
- grow the level of football driven commercial returns with our sponsors and corporate/venue partners; and
- value and engage with our members, supporters, coterie groups and all other key stakeholders.

The company's long term (2013-2016) objectives are to:

- maintain and enhance levels of investment in the football program to deliver premiership success;
- deliver ongoing and enhanced profitability to further strengthen the club's financial position;
- grow our membership base to 80,000 and beyond;
- maximise the returns from investments whilst seeking other new complementary revenue opportunities;
- increase the number of collaborative partnerships delivering sustainable outcomes in the community;
- deliver a best practice administration and training facility that is adaptable to change for future generations; and
- remain an industry leader.

In pursuing the achievement of these objectives the company will always apply these underlying principles:

- Innovate and invest in talented people and high quality operational facilities;
- Preserve and grow the Essendon culture;
- Employ and retain the best people;
- Never put the club at financial risk;

4. OPERATING RESULT

For the year ended 31 October 2011 the company had an operating profit of \$1,609,379 (2010 loss: \$1,528,682)

5. 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	15	14	2	2
P. Brasher	2	2	-	-
G. Brown	15	14	-	-
K. Egan	15	15	-	-
D. Evans	15	15	2	1
C. Heffernan	2	2	-	-
R. Horsburgh	13	11	-	-
D. Jackson	15	12	-	-
T. Jonas	13	11	2	2
B. Knight	3	3	-	-
P. Little	12	10	-	-
P. Pryor	15	11	2	2
I. Robson	15	14	-	2

6. INFORMATION ON CURRENT DIRECTORS

DAVID EVANS - CHAIRMAN

Bachelor of Economics

Elected to the Board in October 2006, David was appointed chairman in December 2009. He is executive chairman of Evans and Partners, an investment advisory firm he established in June 2007. Prior to this David was a director with Goldman Sachs JBWere, where he spent 18 years occupying senior roles such as CEO of both the firm's Retail Business and Equity Business. David is a director of Export Finance and Insurance Corporation (EFIC), and Chairman of Open Family Foundation and Director of Melbourne Stars T20 Cricket Team. David is also deputy chairman of Monash University Campaigns Committee.

DARYL JACKSON – DEPUTY CHAIRMAN

Diploma of Architecture

Daryl joined the Board in 2004 and was elected Deputy Chairman in 2006. He is a distinguished architect and a Gold Medallist of RAI, best known in sporting areas for his work at the MCG, Telstra Dome, Subiaco and the Gabba. Daryl was captain of the Essendon Under 19s, an Essendon reserves player and a Coleman Club member for some 15 years. His former public roles include vice-president of Melbourne Cricket Club, National Gallery of Victoria and chairman of Wesley College Council, the Australian Film Institute and Melbourne Major Events Corporation.

PAUL BRASHER – FINANCE DIRECTOR

Bachelor of Economics (Hons), FCA

Paul was appointed to the Board in October 2011 and is finance director and chairman of the Audit Committee. Paul was a partner in the accounting and professional services firm of PricewaterhouseCoopers from 1982 to 2009. He chaired the Australian firm and was chairman of the global Board of PVC from 2005 to 2009. Paul is a director of Perpetual Limited and Incitec Pivot Limited and is a board member of the Victorian Arts Centre Trust. He was previously chairman of the Reach Foundation and a number of other philanthropic organisations.

IAN ROBSON - CEO AND MANAGING DIRECTOR

Bachelor of Economics

Ian became chief executive and managing director of the Essendon Football Club in October 2009. From 2004 - 2009 he was chief executive of the Hawthorn Football Club. Previous roles include chief executive of the government's sports agency Sport in Scotland (the Scottish equivalent of the Australian Sports Commission), chief executive of the SuperLeague rugby league competition in Leeds, general manager of marketing of the Superleague competition in Sydney and inaugural chief executive of the Auckland Warriors.

JO-ANNE ALBERT

Bachelor of Business; MAICD

Jo-Anne was appointed to the Board in December 2008. She is currently chair of the corporate governance and nominations committee and a member of the audit, innovation and investment committees. Jo-Anne is managing director of an independent financial and business advisory practice that she founded in 1989. She is also a director of MicroHeat Technologies Pty. Ltd., an Australian start up technology company. Jo-Anne is active in club affairs as a founding member of the Essendon Women's Network and a member of the Dick Reynolds Club.

GREG BROWN

Greg was elected to the Board in December 2006. He was a premiership player in 1965, played 83 games and is a life member of the club. Greg was the club's first marketing manager in 1978 and chairman of the Dick Reynolds Club until 2005. He is past president of Rotary Club of Frankston, current chairman of the Lord's Taverners Australia and President of the Wranglers Charity Club Frankston. Greg is the owner of Gregory J Brown Pty Ltd Financial Planning Business since 1973, a life member of the AMP Advisers Association, Trustee of the EFC Past Players Foundation and Chairman of Pretlock Ltd.

KEVIN EGAN

Kevin was elected to Board in December 1995. He was a 1965 premiership player and is a life member of the club. Kevin played 65 games before transferring to play with Port Adelaide in the S.A.N.F.L. He coached successfully in the Diamond Valley Football League before returning to the Essendon Football Club in 1976 as a full time administrator; spending the next 16 years as football manager. Kevin is a former chairman of selectors.

CHRIS HEFFERNAN

Bachelor of Business (Admin), Master of Applied Finance

Chris joined the Board in October 2011. He played 170 AFL games and was a member of the 2000 premiership team. Since his retirement in 2007, Heffernan worked at Deutsche Bank in New York for three years in the asset and funds management business. He returned to Melbourne in 2011 and joined Ernst and Young as a member of the mergers and acquisitions team that advises large private and ASX listed companies achieve their strategic objectives.

PAUL LITTLE AO

FAICD, FCIT

Paul joined the Board in 2011 and is Chairman of the fundraising working group for the new elite training and administration facility at Melbourne Airport. Paul was managing director of Toll Holdings from 1986 to 2011 and is currently a director of that company. He won the inaugural Trans-Tasman Business Leader Award in 2005, the CA/Zurich Business Leader Award in 2002 and in 2010 was awarded an Officer of the Order of Australia for service to the transport and logistics industries and to the community. In 2008 he was awarded the Doctor of Business Honoris causa by RMIT University.

PHIL PRYOR

Bachelor of Economics; FAICD

Phil was elected to the Board in 2008 and is a member of the audit committee. He played in the under 19s and Reserves. He has been a senior company manager and director for over 30 years. He has worked for prominent Australian and International companies with extensive experience in Asia. Phil is currently managing director of IMP Aust Pty Ltd and a director of Ezybonds UK PLC.

7. 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 does 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 2011:

	\$
Taxation services	10,651
Non statutory attestation services	1,500
	<u>12,151</u>

Auditor's Independence Declaration

An independence declaration has been provided by the company's auditor, Grant Thornton. This is set out on page 9 of this financial report.

8. MEMBERS' GUARANTEE

The company is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company. At 31 October 2011 the number of members was 50,271 (2010: 42,700).

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



D. Evans
Director



P. Brasher
Director

Signed this 11th day of November, 2011.

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, including:
 - (i) giving a true and fair view of the financial position of the company as at 31 October 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards Reduced Disclosure Regime (including the Australian Accounting Interpretations) and Corporations Regulations 2001.
- (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.



D. Evans
Director



P. Brasher
Director

Signed this 11th day of November, 2011.

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF ESSENDON FOOTBALL CLUB

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Essendon Football Club for the year ended 31 October 2011, 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 AUDIT PTY LTD
 Chartered Accountants



 D.A. ASHMORE
 Director - Audit and Assurance

 Dated this 11th day of November 2011
 Melbourne, Australia.

INDEPENDENT AUDITOR'S REPORT

To the Members of Essendon Football Club.

We have audited the accompanying financial report of Essendon Football Club (the "Company"), which comprises the statement of financial position as at 31 October 2011, the statement of comprehensive income, statement of changes in member's funds and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the company.

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL REPORT

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Act 2001. This responsibility includes such internal controls as the directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error.

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 whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the company'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 company'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.

ELECTRONIC PRESENTATION OF AUDITED FINANCIAL REPORT

This auditor's report relates to the financial report of Essendon Football Club and controlled entities for the year ended 31 October 2011 included on Essendon Football Club's web site. The company's directors are responsible for the integrity of Essendon Football Club's web site. We have not been engaged to report on the integrity of Essendon Football 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.

INDEPENDENCE

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

AUDITOR'S OPINION

In our opinion the financial report of Essendon Football Club is in accordance with the Corporations Act 2001, including:

- a giving a true and fair view of the company's financial position as at 31 October 2011 and of its performance for the year ended on that date; and
- b complying with Australian Accounting Standards - Reduced Disclosure Requirements and the Corporations Regulations 2001.



 GRANT THORNTON AUDIT PTY LTD
 Chartered Accountants



 D.A. ASHMORE
 Director - Audit and Assurance

Dated this 11th day of November 2011 Melbourne, Australia.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2011

	Note	2011 \$	2010 \$
Revenues from ordinary activities	3(a)	51,416,731	44,871,229
Expenses from ordinary activities	3(b)	(49,807,352)	(46,399,911)
Net profit from ordinary activities		<u>1,609,379</u>	<u>(1,528,682)</u>
Other comprehensive income			
Gains/(losses) on revaluation of available-for-sale financial assets		-	(7,668)
Gains on property revaluation	7	450,000	540,000
Other comprehensive income for year		<u>450,000</u>	<u>532,332</u>
Total comprehensive income for the year		<u>2,059,379</u>	<u>(996,350)</u>

STATEMENT OF FINANCIAL POSITION AS AT 31 OCTOBER 2011

	Note	2011 \$	2010 \$
CURRENT ASSETS			
Cash and cash equivalents	12(a)	6,118,392	2,169,524
Trade and other receivables	4	2,106,943	2,362,909
Inventories	5	640,781	817,528
Other	6	267,705	296,347
TOTAL CURRENT ASSETS		<u>9,133,821</u>	<u>5,646,308</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	19,336,029	19,441,718
Intangibles	8	229,721	219,721
TOTAL NON-CURRENT ASSETS		<u>19,565,750</u>	<u>19,661,439</u>
TOTAL ASSETS		<u>28,699,571</u>	<u>25,307,747</u>
CURRENT LIABILITIES			
Trade and other payables	9	3,794,518	2,356,102
Employee benefits	10	1,035,121	854,103
Income in advance	11	1,113,337	1,377,208
TOTAL CURRENT LIABILITIES		<u>5,942,976</u>	<u>4,587,413</u>
NON-CURRENT LIABILITIES			
Employee benefits	10	42,374	65,492
TOTAL NON-CURRENT LIABILITIES		<u>42,374</u>	<u>65,492</u>
TOTAL LIABILITIES		<u>5,985,350</u>	<u>4,652,905</u>
NET ASSETS		<u>22,714,221</u>	<u>20,654,842</u>
MEMBERS' FUNDS			
Accumulated funds		19,766,721	18,157,342
Asset revaluation reserve		2,947,500	2,497,500
TOTAL MEMBERS' FUNDS		<u>22,714,221</u>	<u>20,654,842</u>

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN MEMBERS' FUNDS FOR THE YEAR ENDED 31 OCTOBER 2011

	Asset Revaluation Reserve \$	Accumulated Funds \$	Financial Asset Reserve \$	Members' Funds \$
Balance at 31 October 2009	<u>1,957,500</u>	<u>19,686,024</u>	<u>7,668</u>	<u>21,651,192</u>
Total comprehensive income for the year	540,000	(1,528,682)	(7,668)	(996,350)
Balance at 31 October 2010	<u>2,497,500</u>	<u>18,157,342</u>	<u>-</u>	<u>20,654,842</u>
Total comprehensive income for the year	450,000	1,609,379	-	2,059,379
Balance at 31 October 2011	<u>2,947,500</u>	<u>19,766,721</u>	<u>-</u>	<u>22,714,221</u>

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 OCTOBER 2011

	Note	2011 \$	2010 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from members, sponsors, supporters and other operations		51,232,746	45,986,635
Payments to suppliers, employees and players		(46,201,582)	(44,842,435)
Interest received		182,481	106,488
NET CASH FLOWS FROM OPERATING ACTIVITIES	12(b)	<u>5,213,645</u>	<u>1,250,688</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investments		-	300,653
Dividends received		-	21,127
Payment for purchase of property, plant and equipment		(1,254,777)	(1,176,254)
Payment for purchase of intangibles		(10,000)	(219,721)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		<u>(1,264,777)</u>	<u>(1,074,195)</u>
NET CASH FLOWS USED IN FINANCING ACTIVITIES		-	-
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>3,948,868</u>	<u>176,493</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		<u>2,169,524</u>	<u>1,993,031</u>
CASH AT END OF THE FINANCIAL YEAR	12(a)	<u>6,188,392</u>	<u>2,169,524</u>

The accompanying notes form part of these financial statements.

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 – Reduced Disclosure Requirements (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Essendon Football Club (the "Company") is an unlisted public company limited by guarantee and incorporated and domiciled in Australia. The Financial Report of the Company was authorised for issue by the directors on 11th November 2011.

The financial report has been prepared on an accruals basis and is based on historical costs 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

i) Changes in accounting policy and disclosures

The Company has adopted the following new and revised Standards and Interpretations issued by the Australian Accounting Standards Board ("the AASB") that are effective for the current reporting period.

- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139];
- AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, AASB 7, AASB 121, AASB 128, AASB 131, AASB 132 & AASB 139]; and

With those exceptions, the accounting policies adopted are consistent with those of the previous financial year.

The adoption of these new and revised Standards or Interpretations is not deemed to have had an impact on the financial statements or performance of the Company.

ii) Accounting Standards or Interpretations issued but not yet effective

At the date of authorisation of the financial report there were no Standards or Interpretations that were on issue but not yet effective that would affect any of the amounts recognised in the financial report.

(b) Inventories

Inventories are measured at the lower of cost and net realisable value. Annually 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 Instruments

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the Company becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Financial Assets at fair value through the Statement of Comprehensive Income

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 Statement of Comprehensive Income in the period in which they arise.

Available-for-sale financial assets

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. In the prior period the available-for-sale financial assets included shares held in ASX Listed companies which were disposed. Gains and losses arising from these financial assets were recognised directly in 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 Statement of Comprehensive Income. Losses recognised in the Statement of Comprehensive Income on the financial assets are not reversed through the Statement of Comprehensive Income, but charged to equity.

Dividends from the shares held in ASX Listed companies are recognised in the Statement of Comprehensive Income 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. Trade and other receivables of the company fall into this category.

Financial liabilities

Non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Trade and other payables of the company fall into this category.

Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are debited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

(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.

Asset Revaluation Reserve

The Asset revaluation reserve is used to record increases 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.

Plant and Equipment/Leasehold Improvements

Plant and equipment and leasehold improvements are measured at cost less depreciation and impairment losses.

The depreciable amounts of all fixed assets including leasehold improvements, but excluding freehold land, are 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%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and 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 Statement of Comprehensive Income.

(g) Employee Benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to reporting 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 Company until they are entitled to long service leave. These probabilities are based on historical trends and patterns. Employees with long service leave entitlements in excess of 7 years have been included as a current liability as the Company does not have an unconditional right of deferral at balance date.

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

(h) Income Received in Advance

Income is brought to account in the period to which it relates. Income received prior to 31 October 2011 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) Football expenses

Football expenses include football department related costs including total player payments, coaching and support staff remuneration, recruiting costs and costs in respect of our affiliation with VFL club, Bendigo Bombers.

(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 club 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.
- Fundraising donations which have been directly received by the club are recognised on receipt. Grant income from the Australian Sports Foundation is recognised when the approved grant has been received by the Club.

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 the item of expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are included in the Statement of Cash flows 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, is 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 Statement of Comprehensive Income and the net amount owing by the manager in the Statement of Financial Position.

(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 Statement of Comprehensive Income on a straight line basis over the term of the lease.

(o) Intangible Assets

Gaming Entitlements

Gaming Entitlements acquired are recorded at cost less accumulated amortisation and impairment. Amortisation is charged on a straight line basis over the estimated useful economic lives of the assets. The useful lives of intangible assets can be either finite or indefinite.

Gaming Entitlements currently consist of a deposit for an intangible asset with a finite useful life of 10 years commencing 1 July 2012. The gaming entitlements will be amortised over that 10 year period.

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 \$20.

3. NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31 OCTOBER 2011

	2011	2010
	\$	\$
(a) Revenue from Ordinary Activities		
(i) Operating revenue		
AFL annual distribution	7,382,004	6,629,500
AFL Prizemonies	185,000	-
Marketing revenues	15,532,108	14,162,806
Membership revenues	9,400,589	6,944,097
Merchandise - sale of goods	2,563,026	2,057,929
Match receipts	963,101	884,650
Windy Hill Fitness Centre	4,646,370	3,919,667
Venues revenue - sales of food and liquor	5,143,887	5,296,146
Venues revenue - other	4,774,092	4,775,735
Total operating revenue	50,590,177	44,670,530
(ii) Non-operating revenue		
Australian Sports Foundation grants	335,000	-
Donations received	250,293	-
Government grants	44,091	112,005
Interest received	182,481	106,488
Rental income	14,689	13,513
Net gain/(loss) from investments	-	(31,307)
Total non-operating revenue	826,554	200,699
Total Revenue from Ordinary Activities	51,416,731	44,871,229
(b) Expenses from Ordinary Activities		
Administration	2,201,958	2,310,307
Football expenses	18,510,078	16,494,878
IT expenses	407,714	993,850
Marketing expenses	9,029,204	7,841,219
Membership expenses	3,294,996	2,612,463
Merchandise - cost of sales	1,420,361	1,154,872
Rental expenses	251,337	231,833
Site expenses	1,693,837	1,824,461
Loss on disposable assets	1,896	28,986
Windy Hill Fitness Centre	3,646,613	3,171,591
Venues	9,349,358	9,735,451
Total Expenses from Ordinary Activities	49,807,352	46,399,911
Profit from Ordinary Activities	1,609,379	(1,528,682)

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

Charging as Expenses (Revenue):

Depreciation of:		
- Plant and Equipment	687,099	1,275,322
Amortisation of:		
- Leasehold Improvements	1,116,967	1,106,683
Doubtful Debts provided for or written off	62,302	13,690
Loss on disposal of Plant and Equipment	6,400	28,986
Loss on disposable of non current investments	-	52,433
Dividend/Distribution income received on investments	-	(21,127)
Venue cost of sales - Food and Liquor (i)	1,644,155	1,718,583

(i) Does not include any wage costs or venue overhead allocations

4. TRADE AND OTHER RECEIVABLES

Current

Trade and Sundry Debtors	2,174,140	2,390,322
Less provision for impairments	(67,197)	(27,413)
	<u>2,106,943</u>	<u>2,362,909</u>

The carrying value of trade receivables is considered a reasonable approximation of fair values due to the short term nature of the balances.

Provision for impairment of receivables

A provision for impairment is recognised when there is objective evidence that an individual trade or term receivable is impaired. These amounts have been included in administration expenses. A reconciliation of the movement in the provision for impairment of trade receivables is shown below.

	2011	2010
	\$	\$
Opening balance	27,413	13,723
Additional provisions	62,302	13,690
Amounts used	(22,518)	-
Total	67,197	27,413

5. INVENTORIES

Merchandise - at cost	519,838	741,235
Less Provision for obsolescence	(51,674)	(49,096)
Food and Liquor - at cost	172,617	125,389
	<u>640,781</u>	<u>817,528</u>

6. OTHER ASSETS

Prepaid expenses	<u>267,705</u>	<u>296,347</u>
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7. PROPERTY, PLANT AND EQUIPMENT

Land - at independent valuation	(a)	4,650,000	4,200,000
Plant and Equipment - at cost		5,482,897	4,863,194
Provision for Depreciation		(3,736,912)	(3,051,627)
		<u>1,745,985</u>	<u>1,811,567</u>
Leasehold Improvements - at cost		19,128,853	18,519,514
Provision for Amortisation		(6,188,809)	(5,089,363)
		<u>12,940,044</u>	<u>13,430,151</u>
TOTAL PROPERTY, PLANT AND EQUIPMENT		19,336,029	19,441,718

(a) An independent valuation of freehold land in Napier Street, Essendon, was undertaken on 24th October 2011 by P.W. Stokes CEA 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:

2011	Land	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Beginning of the year	4,200,000	1,811,567	13,430,151	19,441,718
Additions	-	621,951	632,826	1,254,777
Disposals	-	(434)	(5,966)	(6,400)
Revaluations	450,000	-	-	450,000
Depreciation expense	-	(687,099)	(1,116,967)	(1,804,066)
End of financial year	<u>4,650,000</u>	<u>1,745,985</u>	<u>12,940,044</u>	<u>19,336,029</u>

2010	Land	Plant & Equipment	Leasehold Improvements	Total
	\$	\$	\$	\$
Beginning of the year	3,660,000	2,400,449	14,075,269	20,135,718
Additions	-	706,916	469,338	1,176,254
Disposals	-	(20,476)	(7,773)	(28,249)
Revaluations	540,000	-	-	540,000
Depreciation expense	-	(1,275,322)	(1,106,683)	(2,382,005)
End of financial year	<u>4,200,000</u>	<u>1,811,567</u>	<u>13,430,151</u>	<u>19,441,718</u>

Included in Leasehold improvements is the amount of \$381,540 in respect of preliminary works on the development of the new Elite Training and Administration Facility at Melbourne Airport.

8. INTANGIBLES

	2011	2010
	\$	\$
Gaming licences deposit	229,721	219,721
Accumulated amortisation	-	-
	<u>229,721</u>	<u>219,721</u>

2011	Gaming licences	Total
	\$	\$
Beginning of the year	219,721	219,721
Additions	10,000	10,000
End of the year	<u>229,721</u>	<u>229,721</u>

2010	Gaming licences	Total
	\$	\$
Beginning of the year	-	-
Additions	219,721	219,721
End of the year	<u>219,721</u>	<u>219,721</u>

Future commitments as a result of the acquisition of these gaming licences are disclosed in note 13 (b).

9. TRADE AND OTHER PAYABLES

	2011	2010
	\$	\$
Trade Creditors	1,619,354	646,943
Accruals	2,175,164	1,709,159
	<u>3,794,518</u>	<u>2,356,102</u>

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

10. EMPLOYEE BENEFITS

	2011	2010
	\$	\$
Current		
Annual Leave	643,120	600,042
Long Service Leave	392,001	254,061
	<u>1,035,121</u>	<u>854,103</u>
Non Current		
Long Service Leave	<u>42,374</u>	<u>65,492</u>

11. INCOME RECEIVED IN ADVANCE

	2011	2010
	\$	\$
Trading income received in advance	247,597	511,468
Government grant received in advance	865,740	865,740
	<u>1,113,337</u>	<u>1,377,208</u>

12. NOTES TO THE STATEMENT OF CASH FLOWS

a) Reconciliation of Cash

For the purposes of the Statement of Cash Flows, 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 Statement of Cash Flows is reconciled to the Statement of Financial Position as follows:

	2011	2010
	\$	\$
Cash on hand	309,935	267,506
Cash at bank	1,832,439	156,647
Short term deposits	3,110,278	879,631
Trading cash	<u>5,252,652</u>	<u>1,303,784</u>
Short term deposits - trust account	865,740	865,740
Total cash	<u>6,118,392</u>	<u>2,169,524</u>

The effective interest rate on short term bank deposits was 5.5% (2010 4.1%). These deposits are at call.

b) Reconciliation of net cash from operating activities to net profit/(loss):

	2011	2010
	\$	\$
Profit/(loss) for the year	1,609,379	(1,528,682)
<i>Adjustments for:</i>		
Loss from disposal of fixed assets	6,400	28,249
Loss from disposal of non-current investments	-	52,433
Depreciation and amortisation	1,804,066	2,382,005
Dividends received	-	(21,127)

Changes in assets and liabilities:

	2011	2010
	\$	\$
Decrease in receivables and other assets	244,825	1,330,759
Increase in provision for doubtful debts	39,784	13,691
(Increase)/decrease in inventory	174,169	(244,024)
Increase in provision for obsolete stock	2,578	14,821
(Decrease)/increase in payables and income in advance	1,174,544	(802,370)
Increase in provision for employee entitlements	157,900	24,933
	<u>5,213,645</u>	<u>1,250,688</u>

13. CAPITAL AND LEASING COMMITMENTS

	2011	2010
	\$	\$

(a) Operating Lease Commitments

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

Payable:

- not later than one year	251,000	251,000
- later than one year but not later than 5 years	870,000	1,004,000
- later than 5 years	720,833	837,160
	<u>1,841,833</u>	<u>2,092,160</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.

	2011	2010
	\$	\$

Payable:

- not later than one year	1,157,768	-
- later than one year but not later than 5 years	3,507,971	2,850,226
- later than 5 years	438,496	1,315,489
	<u>5,104,235</u>	<u>4,165,715</u>

Capital expenditure commitments relate to the acquisition of gaming entitlements and machines for Windy Hill Venue and Melton Country Club which will vest with the Club in August 2012. A bank guarantee for \$938,520 has been provided by Bendigo Bank to secure the acquisition of gaming machines.

14. KEY MANAGEMENT PERSONNEL

Transactions with key management personnel

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

	2011	2010
	\$	\$
Short term employee benefits	1,659,582	1,588,952
Post employment benefits	95,894	98,254
	<u>1,755,476</u>	<u>1,687,206</u>

15. 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.

16. COMPANY DETAILS

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





Essendon Football Club
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