

**Form 388**

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

# Copy of financial statements and reports

## Company details

Company name

**FREMANTLE FOOTBALL CLUB LIMITED**

ACN

**066 055 249**

## Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial  
year ends

Financial year end date

**31-10-2016**

## Auditor's report

Were the financial statements audited?

**Yes**

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

**No**

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

**No**

## Details of current auditor or auditors

Current auditor

Date of appointment **12-09-1994**

Name of auditor

**ERNST & YOUNG**

Address

**11 MOUNTS BAY ROAD  
PERTH WA 6000**

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## Certification

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I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

**Yes**

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## Signature

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Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

**Yes**

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## Authentication

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This form has been submitted by

Name

Graeme David PARKER

Date

30-01-2017

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**FREMANTLE FOOTBALL CLUB LIMITED**

**ABN 83 066 055 249**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2016**

**FREMANTLE FOOTBALL CLUB LIMITED**

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**YEAR ENDED 31 OCTOBER 2016**

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## **FREMANTLE FOOTBALL CLUB LIMITED DIRECTORS' REPORT**

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Fremantle Football Club Limited.  
Fremantle Oval  
Parry Street  
FREMANTLE WA 6160

Your directors submit their report for the year ended 31 October 2016.

### **DIRECTORS**

The names of the directors in office during the financial year and until the date of this report are as follows. All directors are non-executive and were in office for this entire period unless otherwise stated:

D Alcock (non-executive chairman)  
S Harris (retired 31 October 2016)  
G Donaldson (retired 31 October 2016)  
B O'Donnell (retired 21 February 2016)  
S O'Reilly  
P Mann  
C Carter  
P Bell  
A Hall (appointed 15 March 2016)  
T Grist (appointed 1 November 2016)  
S Murphy (appointed 1 November 2016)

### **PRINCIPAL ACTIVITIES**

The principal activity of the Company during the year was to participate in the Australian Football League.

### **RESULTS**

The result of the Company for the year ended 31 October 2016 was a profit of \$525,643 (2015: \$1,821,412).

### **DIVIDENDS**

No dividend has been paid or recommended by the directors since the commencement of the financial year.

### **REVIEW OF OPERATIONS**

The Company has continued to field a team in the Australian Football League competition. From season 2017, the Company will also field a team in the Australian Women's Football League competition.

### **CORPORATE STRUCTURE**

The Fremantle Football Club Limited is a Company limited by shares that is incorporated and domiciled in Australia. Its ultimate parent Company is the Western Australian Football Commission Incorporated.

### **EMPLOYEES**

Fremantle Football Club Limited employed 138 employees as at 31 October 2016 (2015: 137 employees).

## **FREMANTLE FOOTBALL CLUB LIMITED**

### **DIRECTORS' REPORT (cont'd)**

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#### **CHANGES IN THE STATE OF AFFAIRS**

There have been no significant changes in the state of the Company's affairs during the financial year.

#### **EVENTS SUBSEQUENT TO BALANCE DATE**

There were no events which occurred subsequent to year end that would have a material impact on the financial statements.

#### **FUTURE DEVELOPMENTS AND RESULTS**

At the time of this report, the Directors are aware of the following items that may have a significant effect in future periods on the Company's operations:

- **New Perth Stadium:** On 15 April 2014 the State Government of Western Australia announced the awarding of the development contract to Brookfield Multiplex for the construction of the new Perth Stadium. The club is yet to agree and execute an agreement with the State Government to use this new facility in preference to Domain Stadium. A new financial and operational agreement could have a significant impact on the Company's operations in future years.
- **New Elite Training and Administration Facility:** In December 2012 the club Board announced the execution of a Heads of Agreement with the City of Cockburn for the development of a new Elite Training and Administration Facility at Cockburn Central West. This capital project represents a significant commitment for the club. The project construction commenced on 21 July 2015, with the building on track for completion in March 2017.

The Directors are not aware of any other developments likely to have a significant effect upon the Company's operations.

#### **AUDITORS INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, Ernst & Young, to provide the directors of Fremantle Football Club Limited with an Independence Declaration in relation to the audit of the financial report for the year ended 31 October 2016. This Independence Declaration can be found on page 4.

#### **DIRECTORS' BENEFITS**

During or since the financial year no director of the Company has received or become entitled to receive any benefit, other than a benefit included in the aggregate amounts of emoluments received or due and receivable by the directors shown in the financial statements, by reason of a contract entered into by the Company or body corporate that was related to the Company when the contract was made or when the director received, or became entitled to receive, the benefit with:

- a director; or
- a firm of which a director is a member; or
- an entity in which a director has a substantial financial interest.

#### **DIRECTORS' INDEMNIFICATION**

The directors have received an undertaking from the ultimate holding Company, West Australian Football Commission Inc. (WAFC), to indemnify the directors of the Fremantle Football Club Limited (FFC) provided the following conditions are satisfied:

1. Compliance by FFC and directors with its obligations under the FFC Limited Constitution, including but not restricted to Article 46 – Financial and Operational Governance.
2. FFC complying with a predetermined list of Management Protocols as set by the WAFC. The undertaking by the WAFC will remain in place providing the FFC complies with the above conditions.



**FREMANTLE FOOTBALL CLUB LIMITED**  
**DIRECTORS' REPORT (cont'd)**

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**INDEMNIFICATION OF AUDITORS**

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

**DIRECTORS' MEETINGS**

The number of meetings of directors held during the year and the number of meeting attended by each director were as follows:

|                                    | <u>Board Meetings</u> |
|------------------------------------|-----------------------|
| Number of board meetings held:     | 11                    |
| Number of board meetings attended: |                       |
| Steve Harris                       | 10                    |
| Peter Bell                         | 11                    |
| Grant Donaldson                    | 11                    |
| Dale Alcock                        | 11                    |
| Brian O'Donnell                    | 3                     |
| Stephen O'Reilly                   | 10                    |
| Andrea Hall                        | 8                     |
| Peter Mann                         | 8                     |
| Craig Carter                       | 10                    |

All directors were eligible to attend all meetings held since their date of appointment, during the current period.

Signed in accordance with a resolution of directors.



D Alcock  
Director  
Fremantle, Western Australia, 27<sup>th</sup> January 2017.

## Auditor's Independence Declaration to the Directors of Fremantle Football Club Limited

As lead auditor for the audit of Fremantle Football Club Limited for the financial year ended 31 October 2016, I declare 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.

This declaration is in respect of Fremantle Football Club Limited during the financial year.



Ernst & Young



G H Meyerowitz  
Partner  
27 January 2017



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

### Report on the financial report

We have audited the accompanying financial report of Fremantle Football Club Limited, which comprises the statement of financial position as at 31 October 2016, the statement of comprehensive income, statement of changes in equity 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.

### 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 in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Opinion

In our opinion:

- a. the financial report of Fremantle 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 2016 and of its performance for the year ended on that date
  - ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*
- b. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.



Ernst & Young



G H Meyerowitz  
Partner  
Perth  
27 January 2017

**FREMANTLE FOOTBALL CLUB LIMITED**  
**DIRECTORS' DECLARATION**

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In accordance with a resolution of the directors of Fremantle Football Club Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of the Company are 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 2016 and its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards and Corporation Regulations 2001; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board.



D Alcock  
Director

Fremantle, Western Australia, 27<sup>th</sup> January 2017

**FREMANTLE FOOTBALL CLUB LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 OCTOBER 2016**

|  | Notes | 2016<br>\$   | 2015<br>\$   |
|--|-------|--------------|--------------|
| <b>REVENUE</b>   | 2     | 50,152,735   | 52,246,137   |
| Cost of goods sold   | 3(a)  | (10,794,108) | (11,546,667) |
| <b>GROSS PROFIT</b>  |       | 39,358,627   | 40,699,470   |
| Football expenses  |       | 23,670,746   | 23,814,111   |
| Administration expenses  |       | 7,098,527    | 7,896,276    |
| Rental / Royalty expense   | 3(a)  | 5,165,795    | 5,367,007    |
| Marketing expenses   |       | 893,829      | 786,184      |
| Corporate expenses   |       | 671,232      | 658,384      |
| Supporter development expenses   |       | 502,855      | 470,131      |
| Communication and corporate affairs                                      |       | 974,754      | 943,602      |
| <b>PROFIT FROM NORMAL OPERATIONS</b>                                     |       | 380,889      | 763,775      |
| <b>OTHER REVENUE OUTSIDE NORMAL OPERATIONS</b>                           |       |              |              |
| Net Development Funding  | 2(a)  | 144,754      | 1,057,637    |
| <b>PROFIT ATTRIBUTABLE TO MEMBERS OF FREMANTLE FOOTBALL CLUB LIMITED</b> | 13    | 525,643      | 1,821,412    |
| Other comprehensive income   |       | -            | -            |
| <b>TOTAL COMPREHENSIVE INCOME</b>  |       | 525,643      | 1,821,412    |

The Statement of Comprehensive Income should be read in conjunction with the accompanying notes.



**FREMANTLE FOOTBALL CLUB LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 OCTOBER 2016**

|                                      | Notes | 2016<br>\$        | 2015<br>\$        |
|--------------------------------------|-------|-------------------|-------------------|
| <b>CURRENT ASSETS</b>                |       |                   |                   |
| Cash assets                          | 19(b) | 4,831,728         | 10,764,678        |
| Receivables                          | 4     | 4,231,139         | 1,286,284         |
| Inventories                          | 5     | 459,080           | 416,044           |
| Other financial assets               | 6     | 1,093,709         | 2,113,339         |
| <b>TOTAL CURRENT ASSETS</b>          |       | <u>10,615,656</u> | <u>14,580,345</u> |
| <b>NON-CURRENT ASSETS</b>            |       |                   |                   |
| Receivables                          | 4     | 11,040,649        | 2,117,522         |
| Property, plant and equipment        | 7     | 3,114,490         | 3,390,607         |
| Intangible assets                    | 8     | 4,000,000         | 4,000,000         |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <u>18,155,139</u> | <u>9,508,129</u>  |
| <b>TOTAL ASSETS</b>                  |       | <u>28,770,795</u> | <u>24,088,474</u> |
| <b>CURRENT LIABILITIES</b>           |       |                   |                   |
| Payables                             | 9     | 14,317,584        | 10,235,962        |
| Provisions                           | 10    | 1,275,222         | 1,281,726         |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <u>15,592,806</u> | <u>11,517,688</u> |
| <b>NON-CURRENT LIABILITIES</b>       |       |                   |                   |
| Provisions                           | 10    | 692,265           | 610,705           |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <u>692,265</u>    | <u>610,705</u>    |
| <b>TOTAL LIABILITIES</b>             |       | <u>16,285,071</u> | <u>12,128,393</u> |
| <b>NET ASSETS</b>                    |       | <u>12,485,724</u> | <u>11,960,081</u> |
| <b>EQUITY</b>                        |       |                   |                   |
| Contributed equity                   | 11    | 1                 | 1                 |
| Reserves                             | 12    | 1,882,707         | 1,882,707         |
| Retained earnings                    | 13    | 10,603,016        | 10,077,373        |
| <b>TOTAL EQUITY</b>                  |       | <u>12,485,724</u> | <u>11,960,081</u> |

The Statement of Financial Position should be read in conjunction with the accompanying notes.

**FREMANTLE FOOTBALL CLUB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**AS AT 31 OCTOBER 2016**

| <b>STATEMENT OF CHANGES IN<br/>EQUITY</b>       | <b>Contributed<br/>Equity<br/>\$</b> | <b>Reserves<br/>\$</b> | <b>Retained<br/>Earnings<br/>\$</b> | <b>Total<br/>\$</b> |
|---|--------------------------------------|------------------------|-------------------------------------|---------------------|
| Opening balance as at 1 November 2015           | 1                                    | 1,882,707              | 10,077,373                          | 11,960,081          |
| Net profit for the period ended 31 October 2016 | -                                    | -                      | 525,643                             | 525,643             |
| Closing balance as at 31 October 2016           | 1                                    | 1,882,707              | 10,603,016                          | 12,485,724          |
| Opening balance as at 1 November 2014           | 1                                    | 1,882,707              | 8,255,961                           | 10,138,669          |
| Net profit for the period ended 31 October 2015 | -                                    | -                      | 1,821,412                           | 1,821,412           |
| Closing balance as at 31 October 2015           | 1                                    | 1,882,707              | 10,077,373                          | 11,960,081          |

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.



**FREMANTLE FOOTBALL CLUB LIMITED**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED 31 OCTOBER 2016**

|   | Notes  | 2016<br>\$       | 2015<br>\$        |
|---|--------|------------------|-------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b> |        |                  |                   |
| Receipts from customers                     |        | 51,297,189       | 54,529,698        |
| Payments to suppliers and employees         |        | (49,724,128)     | (51,336,325)      |
| Development funding and grants received     |        | 144,754          | 1,057,637         |
| Interest received                           |        | 377,399          | 467,058           |
| <hr/>                                       |        |                  |                   |
| NET CASH FLOW FROM OPERATING ACTIVITIES     | 19 (a) | 2,095,214        | 4,718,068         |
| <hr/>                                       |        |                  |                   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b> |        |                  |                   |
| Redemption of term deposits                 |        | 1,019,630        | 510,997           |
| Purchase of property, plant and equipment   |        | (124,667)        | (205,739)         |
| <hr/>                                       |        |                  |                   |
| NET CASH FLOW FROM INVESTING ACTIVITIES     |        | 894,963          | 305,258           |
| <hr/>                                       |        |                  |                   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b> |        |                  |                   |
| Payments in relation to ETAF                |        | (8,923,127)      | (1,091,652)       |
| <hr/>                                       |        |                  |                   |
| NET CASH FLOW USED IN FINANCING ACTIVITIES  |        | (8,923,127)      | (1,091,652)       |
| <hr/>                                       |        |                  |                   |
| NET (DECREASE)/ INCREASE IN CASH            |        | (5,932,950)      | 3,931,674         |
| <hr/>                                       |        |                  |                   |
| Add opening cash brought forward            |        | 10,764,678       | 6,833,004         |
| <hr/>                                       |        |                  |                   |
| <b>CLOSING CASH CARRIED FORWARD</b>         | 19 (b) | <u>4,831,728</u> | <u>10,764,678</u> |

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial report of Fremantle Football Club Limited for the year ended 31 October 2016 was authorised for issue in accordance with a resolution of the directors on 27<sup>th</sup> January 2017. The principal activity of the Company during the year was to participate in the Australian Football League. The Fremantle Football Club Limited is a not for profit Company limited by shares that is incorporated and domiciled in Australia. Its ultimate parent Company is the Western Australian Football Commission Incorporated.

**(a) Basis of accounting**

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis..

The financial report is presented in Australian dollars and all values are rounded to the nearest whole dollar unless otherwise stated.

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Group has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board ("the AASB") that are relevant to its operations and effective for annual reporting periods beginning on 1 November 2015. The adoption of these standards had no impact on the financial position or performance of the Company.

**(b) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and short term deposits with original maturities of 3 months or less.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

**(c) Trade and other receivables**

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectible debts. An estimate of doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

**(d) Inventories**

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

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Property, plant and equipment**

All classes of property, plant and equipment are measured at cost.

All assets except for freehold land are depreciated on a straight line basis at rates based upon their expected useful economic lives. Major depreciation rates are:

|                          | <b>2016</b> | <b>2015</b> |
|--------------------------|-------------|-------------|
| • Office Equipment       | 14%-20%     | 14%-20%     |
| • Computer Equipment     | 27%         | 27%         |
| • Motor Vehicles         | 17%         | 17%         |
| • Fremantle Headquarters | 2.5%        | 2.5%        |
| • Gym Equipment          | 17%         | 17%         |

**(f) Recoverable amount**

Non-current assets are not carried at an amount above their recoverable amount and where carrying values exceed this recoverable amount assets are written down. The recoverable amount of property, plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

**(g) Leases**

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. The company has not entered into any finance leases in the current or prior year period.

*Operating leases*

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

**(h) Payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accruals basis.

**(i) Interest-bearing liabilities**

All loans are measured at the principal amount less directly attributable transaction costs. After initial recognition, interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition or construction of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur.



**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(j) Contributed equity**

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

**(k) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

*Sponsorship and membership*

Revenue is recognised in the year to which it relates.

*Interest*

Control of the right to receive the interest payment.

*Grant income*

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

**(l) Taxes**

*Income taxes*

The Company has gained a tax exempt status under section 50-45 of the Income Tax Assessment Act (1997) and accordingly is not subject to income tax. As such there is no provision in the financial statements for income tax payable.

*Goods and Services Tax*

Revenues, expenses and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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 are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(m) New player costs**

The Company has taken the view that all new player costs will be expensed in the year incurred given the uncertain nature of players' future with the AFL draft system.

**(n) AFL sub-licence**

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The AFL sub-licence has been assessed as having an indefinite useful life. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October, as appropriate, and when circumstances indicate that the carrying value may be impaired. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the assets value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount.



**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(o) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on the remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimate future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to commercial bond securities which have terms to maturity approximating the terms of the related liability are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave, and other leave benefits; and
- other types of employee benefits

are recognised against profits on a net basis in their respective categories.

**(p) Comparative amounts**

Prior year comparatives have been reclassified, where necessary, to achieve consistency in disclosure and conform with presentation in the current financial period.

**(q) New accounting standards, and UIG interpretations**

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting period ended 31 October 2016. The directors' have assessed the impact of these new or amended standards (to the extent relevant to the Company) and believe that their implementation will not have a material effect on the balances reported in the financial statements.

**(r) Treatment of Elite Training and Administration Facility Expenditure**

During the current and prior year, the Club incurred costs relating to the new Elite Training and Administration Facility ("ETAF") at Cockburn Central West. Management has recorded these costs as an asset at the period end. An asset is recognised in the statement of financial position when it is probable that the future economic benefits will flow to the entity and the asset has a cost or value that can be measured reliably. These costs primarily relate to consultant fees and capital works and are based on third party invoices on charged by the City of Cockburn and other third party providers, as well as some internal labour charges that have been incurred. Management is confident that development is probable based on current development agreements entered into by the club and the City of Cockburn, as well as the current state of construction, with completion expected in March 2017.



**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

| <b>2. REVENUE</b>                      | <b>Notes</b> | <b>2016<br/>\$</b> | <b>2015<br/>\$</b> |
|--|--------------|--------------------|--------------------|
| <b>Revenue</b>                         |              |                    |                    |
| AFL Distributions                      |              | 9,713,488          | 9,795,840          |
| Membership                             |              | 16,465,873         | 15,835,972         |
| Match Revenue                          |              | 1,688,706          | 1,867,133          |
| Signage Revenue                        |              | 2,861,006          | 2,795,732          |
| Corporate Revenue                      |              | 6,692,306          | 8,184,760          |
| Dining Room Revenue                    |              | 1,948,033          | 2,154,561          |
| Functions and Events Revenue           |              | 1,942,629          | 2,025,625          |
| Sponsorship Revenue and Finals Bonuses |              | 5,885,937          | 5,342,755          |
| Merchandise Revenue                    |              | 1,898,542          | 2,897,696          |
| Interest Received                      |              | 377,399            | 467,058            |
| Other Revenue                          |              | 678,816            | 879,005            |
|  |              | <u>50,152,735</u>  | <u>52,246,137</u>  |

**(a) Other Revenue**

|                         |                |                  |
|-------------------------|----------------|------------------|
| Net Development Funding | 144,754        | 1,057,637        |
|                         | <u>144,754</u> | <u>1,057,637</u> |

Other revenue represents the net development funding received to date for the club's new Elite Training and Administration Facility at Cockburn Central West.

**3. EXPENSES AND LOSSES**

**(a) Expenses**

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| Cost of goods sold              |                   |                   |
| - Match expenses                | 3,160,569         | 3,307,399         |
| - Membership expenses           | 2,353,293         | 2,539,503         |
| - Sponsorship expenses          | 228,483           | 242,158           |
| - Arena advertising expenses    | 12,295            | 17,214            |
| - Corporate expenses            | 552,659           | 388,124           |
| - Dining room expenses          | 1,075,716         | 1,233,144         |
| - Merchandise expenses          | 1,765,961         | 2,192,143         |
| - Functions and special events  | 1,645,132         | 1,626,982         |
| <b>Total cost of goods sold</b> | <u>10,794,108</u> | <u>11,546,667</u> |

|  |                |                |
|--|----------------|----------------|
| Depreciation of non-current assets                 |                |                |
| - Depreciation of plant and equipment              | 288,826        | 432,099        |
| - Amortisation of buildings on leasehold land      | 111,958        | 111,660        |
| Total depreciation of non-current assets           | <u>400,784</u> | <u>543,759</u> |
| <b>Total depreciation and amortisation expense</b> | <u>400,784</u> | <u>543,759</u> |

|   |           |           |
|---|-----------|-----------|
| Royalty / Subiaco Facilities Licence fee paid to WAFC | 5,165,795 | 5,367,007 |
|---|-----------|-----------|

|                               |                 |                |
|-------------------------------|-----------------|----------------|
| Bad and doubtful debts        |                 |                |
| - Doubtful debts / (Reversal) | <u>(17,182)</u> | <u>230,773</u> |

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

|                                    | Notes | 2016<br>\$       | 2015<br>\$       |
|------------------------------------|-------|------------------|------------------|
| <b>4. RECEIVABLES</b>              |       |                  |                  |
| <b>Current</b>                     |       |                  |                  |
| Trade debtors                      |       | 4,160,961        | 1,104,040        |
| Less: provision for doubtful debts |       | (264,597)        | (281,779)        |
|                                    |       | <u>3,896,364</u> | <u>822,260</u>   |
| Other debtors and prepayments      |       | 250              | 250              |
| Accrued interest                   |       | 40,854           | 48,445           |
| Related party                      |       |                  |                  |
| - Fremantle Football Foundation    |       | 9,274            | 9,274            |
| - WAFC                             |       | 284,397          | 406,055          |
|                                    |       | <u>4,231,139</u> | <u>1,286,284</u> |

(a) Terms and conditions for all trade debtors and receivables are payable within 30 days unless otherwise specified. Details of the terms and conditions of related party receivables are set out in note 16.

At 31 October, the ageing analysis of trade receivables is as follows:

|      | Total     | Not Due   | 0-6 months | 6-12 months | +12 months |
|------|-----------|-----------|------------|-------------|------------|
| 2016 | 4,454,632 | 3,525,128 | 749,362    | 170,767     | 9,375      |
| 2015 | 1,519,369 | 438,009   | 908,852    | 159,632     | 12,875     |

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

**Non-current**

|                               |                   |                  |
|-------------------------------|-------------------|------------------|
| Other debtors and prepayments | 11,040,649        | 2,117,522        |
|                               | <u>11,040,649</u> | <u>2,117,522</u> |

Other debtors and prepayments represent the project costs of the club's new Elite Training and Administration Facility at Cockburn Central West incurred to date.

**5. INVENTORIES**

**Current**

|                                |                |                |
|--------------------------------|----------------|----------------|
| Finished goods at cost         | 486,777        | 439,533        |
| Provision for stock write down | (27,697)       | (23,489)       |
|                                | <u>459,080</u> | <u>416,044</u> |

**6. OTHER FINANCIAL ASSETS**

|                     |                  |                  |
|---------------------|------------------|------------------|
| Short term deposits | <u>1,093,709</u> | <u>2,113,339</u> |
|---------------------|------------------|------------------|

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

|   | Notes | 2016<br>\$              | 2015<br>\$              |
|---|-------|-------------------------|-------------------------|
| <b>7. PROPERTY, PLANT AND EQUIPMENT</b> |       |                         |                         |
| <b>Non-Current</b>                      |       |                         |                         |
| Plant and equipment – at cost           |       | 5,003,045               | 4,878,378               |
| Less: Accumulated depreciation          |       | (4,631,628)             | (4,342,802)             |
|   |       | <u>371,417</u>          | <u>535,576</u>          |
| Buildings on leasehold land – at cost   |       | 4,877,185               | 4,877,185               |
| Less: Accumulated amortisation          |       | (2,134,112)             | (2,022,154)             |
|   |       | <u>2,743,073</u>        | <u>2,855,031</u>        |
| Total property, plant and equipment     |       | <u><u>3,114,490</u></u> | <u><u>3,390,607</u></u> |

**Reconciliations**

Reconciliations of the carrying amounts of buildings and plant and equipment at the beginning and end of the current and previous financial year:

**Plant and Equipment**

|                 |                |                |
|-----------------|----------------|----------------|
| Opening balance | 535,576        | 787,647        |
| Additions       | 124,667        | 180,028        |
| Depreciation    | (288,826)      | (432,099)      |
| Closing balance | <u>371,417</u> | <u>535,576</u> |

**Buildings**

|                 |                  |                  |
|-----------------|------------------|------------------|
| Opening balance | 2,855,031        | 2,940,980        |
| Additions       | -                | 25,711           |
| Amortisation    | (111,958)        | (111,660)        |
| Closing balance | <u>2,743,073</u> | <u>2,855,031</u> |

**8. INTANGIBLES**

|                           |                  |                  |
|---------------------------|------------------|------------------|
| AFL sub-licence - at cost | 4,000,000        | 4,000,000        |
|                           | <u>4,000,000</u> | <u>4,000,000</u> |

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

|                              | Notes | 2016<br>\$        | 2015<br>\$        |
|------------------------------|-------|-------------------|-------------------|
| <b>9. PAYABLES</b>           |       |                   |                   |
| <b>Current:</b>              |       |                   |                   |
| Trade creditors and accruals |       | 6,244,957         | 4,518,400         |
| Related party                |       |                   |                   |
| - WAFC                       |       | 1,377,336         | 1,834,216         |
| Unearned income              |       | 6,695,291         | 3,883,346         |
|                              | (a)   | <u>14,317,584</u> | <u>10,236,962</u> |

At 31 October, the ageing analysis of trade payables is as follows:

|      | Total     | Not Due | 0-6 months | 6-12 months | +12 months |
|------|-----------|---------|------------|-------------|------------|
| 2016 | 7,622,293 | 356,931 | 7,265,362  | -           | -          |
| 2015 | 6,352,616 | 708,973 | 5,643,643  | -           | -          |

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

Refer to Note 15 (c) for further disclosure of the commitment the Club has in relation to the new Elite Training and Administration Facility at Cockburn Central West.

- (a) Unless specified, all trade creditors and payables are paid within 30 days of the invoice. Details of the terms and conditions of related party payables are set out in note 16.



**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

|   | Notes | 2016<br>\$ | 2015<br>\$ |
|---|-------|------------|------------|
| <b>10. PROVISIONS</b>   |       |            |            |
| <b>Current</b>  |       |            |            |
| Employee benefits   | 20    | 1,275,222  | 1,281,726  |
| <b>Non-current</b>  |       |            |            |
| Employee benefits   | 20    | 692,265    | 610,705    |
| <b>11. CONTRIBUTED EQUITY</b>   |       |            |            |
| Issued and paid up capital  |       |            |            |
| 1 ordinary share  |       | 1          | 1          |
| <b>12. RESERVES</b>   |       |            |            |
| Capital reserve   |       | 1,882,707  | 1,882,707  |
| <b>Nature and purpose of reserve</b>  |       |            |            |
| The capital reserve relates to initial contributions from foundation members during the year ended 31 October 1994. |       |            |            |
| <b>13. RETAINED EARNINGS</b>  |       |            |            |
| Retained earnings at the beginning of the financial year  |       | 10,077,373 | 8,255,961  |
| Net profit attributable to members of the Fremantle Football Club Limited   |       | 525,643    | 1,821,412  |
| Retained earnings at the end of the financial year  |       | 10,603,016 | 10,077,373 |

**14. SEGMENT INFORMATION**

The Company operates solely within the sporting industry in Australia.

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

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**15. EXPENDITURE COMMITMENTS**

- (a) The Company is required, under the terms of agreements with the WAFC, to pay an amount to the WAFC as an annual fee for use of the AFL licence and football assets. The amount paid or payable in relation to Season 2016 is \$5,165,795 (2015: \$5,367,007). These agreements were revised during Season 2008 to cover both the use of Subiaco Oval and the use of the AFL licence. The amount due is calculated as a percentage of stadium revenue.
- (b) The Company acknowledges the contractual obligations of player contracts and the commitment to player expenditure. Due to contract terms varying considerably amongst players, it is not practical to estimate the future contingency under player contracts. The Company's minimum commitment is to pay 95% of the AFL imposed salary cap (2016: \$11,390,980). The AFL imposed salary cap for 2017 is likely to be in the vicinity of \$12,427,878 subject to finalisation of the Collective Bargaining Agreement between the AFL and AFLPA.
- (c) The Company acknowledges the contractual obligations under its agreements for the development of a new Elite Training and Administration Facility and Oval at Cockburn Central West. This contractual commitments total \$13.75M, of which \$10.45M has been contributed as at 31 October 2016.

**16. RELATED PARTY DISCLOSURES**

- (a) The directors of Fremantle Football Club Limited ("FFCL") during the financial year were:

D Alcock (non-executive chairman)  
S Harris (retired 31 October 2016)  
G Donaldson (retired 31 October 2016)  
B O'Donnell (retired 21 February 2016)  
S O'Reilly  
P Mann  
C Carter  
P Bell  
A Hall (appointed 15 March 2016)



**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

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**16. RELATED PARTY DISCLOSURES (CONT'D)**

- (b) The following related party transactions occurred during the financial year.

*Transactions with other related party transactions*

- (i) The WAFC is the ultimate controlling entity of the Company.
- (ii) Included in current trade debtors is an amount of \$284,397 (2015: \$406,055) owing from the WAFC. This amount is interest free.
- (iii) Included in trade creditors is an amount of \$1,377,336 (2015: \$1,834,216) owing to the WAFC. This amount is interest free.
- (iv) The Company is required, under the terms of agreements with the WAFC, to pay an amount to the WAFC as an annual fee for use of the AFL licence and football assets, as well as the use of Subiaco Oval. The total amount in relation to Season 2016 is \$5,165,795 (2015: \$5,367,007).

*Transactions with other related parties*

- (i) Included in accounts receivable is an amount of \$9,274 (2015: \$9,274) owing from the Fremantle Football Foundation ("The Foundation"). No interest is charged for the advance. The Football Foundation is a trust established to facilitate the raising of funds through donations from the public and also to channel grants from the Australian Sports Foundation for the building of the approved project, being the Fremantle Football Club Headquarters. Due to limited assets remaining in the Foundation, this amount has been provided in full.

**17. REMUNERATION OF DIRECTORS**

No income was paid or payable, or otherwise made available, in respect of the financial year, or the previous financial year, to any director of the Company, directly or indirectly, from the Company or any related party.

**18. AUDITORS' REMUNERATION**

Amounts receivable or due and receivable by the auditors:

|   | 2016<br>\$ | 2015<br>\$ |
|---|------------|------------|
| - Auditing financial report of the entity       | 52,430     | 52,430     |
| - Player Payments Audit                         | 7,810      | 7,810      |
| - Football Department Non-Player Soft Cap audit | 9,000      | 10,000     |
|   | 69,240     | 70,240     |

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

| <b>19. STATEMENT OF CASH FLOWS</b>   | <b>2016</b>      | <b>2015</b>       |
|--|------------------|-------------------|
|  | <b>\$</b>        | <b>\$</b>         |
| (a) Reconciliation of the net profit to the net cash flows from operations |                  |                   |
| Net profit   | 525,643          | 1,821,412         |
| <b>Non-cash items:</b>   |                  |                   |
| Depreciation and amortisation  |                  |                   |
| - Property, plant and equipment  | 400,784          | 543,759           |
| Contra movement  | 31,665           | 85,849            |
| <b>Changes in assets and liabilities:</b>                                  |                  |                   |
| Movement in trade debtors  | (2,984,111)      | 97,259            |
| Movement in other debtors and prepayments                                  | -                | 450               |
| Movement in accrued interest   | 7,591            | 455               |
| Movement in inventory  | (43,036)         | (31,997)          |
| Movement in employee benefits  | 75,056           | 234,456           |
| Movement in trade creditors and accruals                                   | 1,269,678        | 1,473,245         |
| Movement in unearned income  | 2,811,945        | 493,180           |
| Net cash flow (used in)/from operating activities                          | <u>2,095,214</u> | <u>4,718,068</u>  |
| (b) Reconciliation of cash   |                  |                   |
| Cash balance comprises:  |                  |                   |
| - Cash at bank   | 4,829,078        | 10,762,628        |
| - Cash on hand   | 2,650            | 2,050             |
|  | <u>4,831,728</u> | <u>10,764,678</u> |

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

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**19. STATEMENT OF CASH FLOWS (CONT'D)**

(c) Non-cash financing and operating activities

(i) The company received total income of \$2,153,348 (2015: \$1,961,378) through contra arrangements with sponsors of the company. The total contra expenses incurred during the financial year were \$2,185,013 (2015: \$2,047,227)

**20. EMPLOYEE BENEFITS**

|  | <b>2016</b> | <b>2015</b> |
|--|-------------|-------------|
|  | <b>\$</b>   | <b>\$</b>   |
| The aggregate employee benefits liability is comprised of: |             |             |
| - Provisions (current)                                     | 1,275,222   | 1,281,726   |
| - Provisions (non-current)                                 | 692,265     | 610,705     |
|  | <hr/>       | <hr/>       |
|  | 1,967,487   | 1,892,431   |
|  | <hr/>       | <hr/>       |

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (Cont)**

**21. FINANCIAL INSTRUMENTS**

**21(a) Terms, conditions and accounting policies**

The Company's accounting policies, including terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the balance date, are as follows:

| Recognised Financial Instruments  | Statement of Financial Position Notes | Accounting Policies  | Terms and Conditions  |
|-----------------------------------|---------------------------------------|--|---|
| <b>(i) Financial assets</b>       |                                       |  |   |
| Trade debtors                     | 4                                     | Trade debtors are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.                               | Debtors are normally settled on 30 day terms.   |
| Receivables – related parties     | 4                                     | Amounts (other than trade debts) receivable from related parties are carried at nominal amounts due. Interest (when charged) is taken up as income on an accrual basis.  | Details of the terms and conditions are set out in note 16.                           |
| Other                             | 6                                     | Other financial assets are carried at fair value since inception. The fair value of term deposits with credit institutions is their carrying value. The carrying value represents the cost of the term deposit and accrued interest. | Other financial assets have a maturity date greater than 3 months of their inception. |
| <b>(ii) Financial Liabilities</b> |                                       |  |   |
| Trade creditors and accruals      | 9                                     | Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Company.   | Trade liabilities are normally settled on 30 day terms.                               |
| Accounts payable related parties  | 9                                     | Loans from related parties are carried at the principal amount. Interest (when charged by the lender) is taken up when due.  | Details are set out in notes 9 and 16.  |
| <b>(iii) Equity</b>               |                                       |  |   |
| Ordinary shares                   | 11                                    | Ordinary share capital is recognised at the value of the amount paid up.   | Details of shares issued are set out in Note 11.                                      |



**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (cont'd)**

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**21. FINANCIAL INSTRUMENTS (cont)**

**(b) Interest rate risk**

The Company's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits, both recognised and unrecognised at the balance date, are as follows:

|                           | Notes | 2016<br>\$       | 2015<br>\$        |
|---------------------------|-------|------------------|-------------------|
| Cash and cash equivalents | 19(b) | 4,831,728        | 10,764,678        |
| Short term deposits       | 6     | 1,093,709        | 2,113,339         |
|                           |       | <u>5,925,437</u> | <u>12,878,017</u> |

*Interest rate sensitivity*

The following table demonstrates the sensitivity of the Company's statement of comprehensive income to a reasonably possible change in interest rates, with all other variables constant.

| Judgements of reasonably possible movements | Effect on Profit (\$)<br>Increase / (decrease) |           |
|---|--|-----------|
|   | 2016   | 2015      |
| Increase 100 basis points                   | 59,254   | 128,780   |
| Decrease 100 basis points                   | (59,254)                                       | (128,780) |

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term interest rates. The change in basis points is derived from a review of historical movements and management's judgment of future trends. The analysis was performed on the same basis in 2015.

**(c) Credit Risk Exposures**

The Company's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying value of those assets as indicated in the Statement of Financial Position.

**Concentrations of Credit Risk**

The Company minimises concentrations of credit risk in relation to trade accounts receivable by undertaking transactions with a number of low risk customers through sponsorship, members' fees and government grants. Credit risk from balances with banks and financial institutions is managed by management in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties.

**FREMANTLE FOOTBALL CLUB LIMITED**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2016 (cont'd)**

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**22. EVENTS SUBSEQUENT TO BALANCE DATE**

There were no events which occurred subsequent to year end that would have a material impact on the financial statements.

**23. SOUTH FREMANTLE FOOTBALL CLUB LEASE COMMITMENT**

The Company has signed the head lease for Fremantle Oval with the City of Fremantle. The Company has formally sub leased the part use of Fremantle Oval to South Fremantle Football Club Inc ("SFFC"). Under the terms of the sub lease agreement the Company is committed to pay SFFC a net amount of \$95,265 per annum adjusted for CPI as compensation for potential loss of income. This amount will be reviewed annually whilst the sub lease agreement remains in existence. The sub lease agreement ceases in 2054.

**24. CONTINGENT LIABILITY**

The Company also provided a bank guarantee in favour of the Department of Racing, Gaming and Liquor of \$55,000 (2015: \$55,000) in accordance with statutory obligations to enable it to undertake fundraising via its member's and corporate raffle.

On 27 February 2006 the Company provided a bank guarantee of \$10,000 (2015: \$10,000) in favour of Ticketmaster Pty Ltd in accordance with obligations associated with operating a Ticketmaster agency within the Company's premises.

**25. COMPENSATION OF KEY MANAGEMENT PERSONNEL**

|                                 | 2016             | 2015             |
|---------------------------------|------------------|------------------|
|                                 | \$               | \$               |
| Short-term employee benefits    | 2,696,587        | 2,618,879        |
| Post-employment benefits        | 179,263          | 183,461          |
| Other long-term benefits        | -                | -                |
| Termination benefits            | -                | -                |
| Total compensation              | <u>2,875,850</u> | <u>2,802,340</u> |
|                                 |                  |                  |
| Number Key Management Personnel | <u>17</u>        | <u>17</u>        |

The number of key management personnel includes any director (whether executive or otherwise).