

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

**PORT ADELAIDE FOOTBALL CLUB
LIMITED**

ACN

068 839 547

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

31-10-2015

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

Appointment of an auditor

Date of appointment **01-11-2013**

ASIC registered auditor number
438236

Name of Auditor

Address **BDO AUDIT (SA) PTY LTD**
LEVEL 7
420 KING WILLIAM STREET
ADELAIDE SA 5000
Australia

Certification

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

Signature

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

Authentication

This form has been submitted by
Name Stephen James DAWES
Date 29-02-2016

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Web	www.asic.gov.au
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DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the financial statements of the Port Adelaide Football Club Limited consolidated entity for the year ended 31 October 2015.

DIRECTORS

The Directors in office at the date of this report are:

D. Koch	Chairman
K. Osborn	Deputy Chairman
C. Cardone	Director
R. Haslam	Director
G. Fiacchi	Director
J. Restas	Director
R Ryan	Director
T. Thiele	Director
A. Vanstone	Director

Board of Directors

DAVID KOCH - CHAIRMAN

Profession: Co-host, Sunrise (Channel 7)

Executive Chairman, Pinstripe Media
Chairman, Port Adelaide Football Club 2012 – current
Director, Port Adelaide Football Club 2012 - current
Patron, Koch Centre for Youth

COS CARDONE - DIRECTOR

Profession: Chief Executive Officer, McGuire Media

Director, Port Adelaide Football Club 2012 – current
Master of Business Administration, University of South Australia
European School of Advanced Management - Aarhus University, Denmark

GEORGE FIACCHI - DIRECTOR

Profession: Director, Fiacchi Media & Management

Director, Port Adelaide Football Club 2012 – current
Director, Port Adelaide Football Club 2003 – 2004
Partner, E-Bizz Online Training
Chairman, ALADA Group of Companies (Heatworks/Real Flame)
Commercial Advisor, Police Credit Union
Commercial Advisor, St John First Aid
Ambassador, Bully Zero Australia Foundation

ROSS HASLAM - DIRECTOR

Profession: Consultant – Strategic and Risk Management; Company Director

Director, Port Adelaide Football Club 2012 – current
Consultant - Risk Management, South Australian Health & Medical Research Institute (SAHMRI)
Consultant - Risk Management, SA Health
Consultant - Risk Management, Adelaide City Council
Consultant – Moore Stephens
Fellow, Institute of Chartered Accountants Australia and New Zealand
B.E (Hons) University of Adelaide

KEVIN OSBORN - DEPUTY CHAIRMAN

Profession: Company Director

Deputy Chairman, Port Adelaide Football Club 2011 – current
Chairman Beerenberg Farm Advisory Board
Chairman VUCA Pty Ltd
Director, Accounting Professional and Ethical Standards Board
Director, Australian Institute of Company Directors Ltd and SA/NT Chapter President
Advisor to Australian and International Corporations

JAMIE RESTAS - DIRECTOR

Profession: Commercial Lawyer; Partner and National Head of Corporate, HWL Ebsworth Lawyers

Director, Port Adelaide Football Club 2012 – current
Director, Adelaide Film Festival 2014 – current
Director - Adelaide Botanic Gardens and State Herbarium 2015 – current
Member, Australian Institute of Company Directors
Member, Law Society of South Australia

RICHARD RYAN AO - DIRECTOR

Profession: Company Director

Director, Port Adelaide Football Club 2011– current
Director, Menzies School of Health Research (NT)
Chairman, Adelaide Festival Board
Deputy Chancellor, Charles Darwin University (NT)
Companion of the Institute of Engineers
Companion of the Institute of Management (UK)
Chairman of Editure Limited

TREVOR THIELE - DIRECTOR

Profession: Chartered Accountant; Company Director

Director, Port Adelaide Football Club 2011 - current
Director, Port Adelaide Football Club (SANFL) 2007 – 2010
Director, The Port Club 2012 - current
Member, Institute of Chartered Accountants Australia
Director, Nexgen Energy Ltd

AMANDA VANSTONE - DIRECTOR

Director, Port Adelaide Football Club 2012-current

Director, Drinkwise Australia

Chair, Royal Flying Doctor Service Federation Board

Chair, Vision 2020

Chair, Board of Governors Institute for International Trade, University of Adelaide

Chair, ARC Centre of Excellence for Children and Families over the
Life Course

Member, National Commission of Audit Nov 13- March 14

Patron, Hutt Street Centre

Ambassador to Italy 2007-2010

Senator for South Australia 1984-2007

Member, Foundation Board of World Anti-Doping Authority 2000

Unless otherwise indicated, all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

COMPANY SECRETARY

Shane Smith (B Com) held the role of Company Secretary from June 2011 to December 2015. He has over 15 years of experience in the finance profession, having held management roles in a variety of industries in Australia.

Stephen Dawes (B Com, CA) has held the role of Company Secretary since December 2015. He has over 20 years of experience in the finance profession, having held management roles in a variety of industries in both Australia and the United Kingdom. Stephen is a member of the Institute of Chartered Accountants in Australia.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity are to operate the Port Adelaide Football Club and manage its affairs in order to position itself both financially and operationally to successfully field a team in the Australian Football League competition and the South Australian National Football League. During the year, the Port Adelaide Football Club fielded a team for the nineteenth time in the Australian Football League competition and finished 9th and for the 145th year in the South Australian National Football League and finished 4th.

MEMBERS' LIABILITY

Port Adelaide Football Club is a company limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$0.10 towards meeting any outstanding obligations of the company.

The total amount that members of the company are liable to contribute if the company is wound up is \$0.90, based on 9 current ordinary members.

STRATEGIC OBJECTIVES SUMMARY

In fiscal 2015, the Port Adelaide Football Club continued to pursue the strategic objectives contained in its business plan for the 2014 to 2016 period. Our ultimate aim is to win premierships in both the AFL and SANFL competitions.

We will continue to invest in both football and non-football activities, which will drive a more competitive football performance and profitable long term revenue growth to allow us to win premierships in both the AFL and SANFL. Port Adelaide wants continued on field success to reward its members, fans and staff. Our aim is to be the most respected football club in Australia.

Key elements of the business strategy include increased growth in membership, additional corporate sponsorship and services, expanded community activities and further commercialisation of Adelaide Oval.

PERFORMANCE MEASURES

Our ultimate aim is to win premierships in both the AFL and SANFL competitions.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year whilst the Directors were in office and the number of meetings attended by each Director:

	No of meetings held	No of meetings attended
David Koch	11	11
Kevin Osborn	11	10
Cos Cardone	11	11
Ross Haslam	11	11
George Fiacchi	11	9
Jamie Restas	11	11
Richard Ryan	11	8
Trevor Thiele	11	9
Amanda Vanstone	11	10

In addition to their attendance at Board meetings, Board members are actively involved in a number of committees and sub committees that meet regularly through the year to consider matters crucial to the current and future success of the Port Adelaide Football Club. These committees include, but are not limited to, the Finance & Audit Committee, the Governance Committee, the Football Strategic Committee and the Marketing and Brand Committee.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on the following page.

This report has been made in accordance with a resolution of the Board of Directors:



D. KOCH
CHAIRMAN

Dated at Adelaide this 4th Day of December 2015



PORT ADELAIDE FOOTBALL CLUB 2015 FINANCIAL STATEMENTS

ABN 49 068 839 547

A COMPANY LIMITED BY GUARANTEE



STATEMENT OF FINANCIAL POSITION
AT 31 OCTOBER 2015

	Note	Consolidated	
		2015	2014
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	1,199,532	1,481,470
Trade and other receivables	6	633,377	1,501,793
Inventories	7	549,118	376,332
Other	8	1,671,684	1,567,308
TOTAL CURRENT ASSETS		4,053,711	4,926,903
NON-CURRENT ASSETS			
Property, plant & equipment	9	13,749,197	13,631,139
Investment in subsidiary		-	-
TOTAL NON-CURRENT ASSETS		13,749,197	13,631,139
TOTAL ASSETS		17,802,908	18,558,042
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	5,528,850	8,604,187
Interest bearing loans and borrowings	11	340,819	2,757,711
Provisions	12	1,169,000	1,238,000
TOTAL CURRENT LIABILITIES		7,038,669	12,599,898
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	13	6,675,814	2,040,269
Provisions	14	-	40,752
TOTAL NON-CURRENT LIABILITIES		6,675,814	2,081,021
TOTAL LIABILITIES		13,714,483	14,680,919
NET ASSETS		4,088,425	3,877,123
EQUITY			
Contribution on entry to AFL		2,500,000	2,500,000
Retained earnings		1,588,425	1,377,123
TOTAL EQUITY		4,088,425	3,877,123

The above statement of financial position should be read in conjunction with the accompanying notes.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2015

	Note	Consolidated	
		2015	2014
		\$	\$
Continuing Operations			
Revenue from trading operations	3	50,794,644	48,241,996
Cost of sales	4	(14,250,160)	(15,226,656)
Gross profit		36,544,484	33,015,340
Net profit/(loss) on disposal of property, plant & equipment	4	5,136	3,305
Football expenses		(22,355,954)	(20,371,741)
Administration expenses		(5,330,530)	(4,877,020)
Marketing expenses		(1,305,054)	(1,411,907)
Finance costs	4	(382,431)	(272,100)
Licensed Club expenses		(6,964,349)	(7,177,876)
Profit/(loss) from continuing operations		211,302	(1,091,999)
Other comprehensive income		-	-
Total comprehensive income/(loss)		211,302	(1,091,999)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 OCTOBER 2015

	Contribution on entry to AFL	Retained Earnings	Total
	\$	\$	\$
CONSOLIDATED			
At 1 November 2013	2,500,000	2,469,122	4,969,122
Profit/(loss) for the year	-	(1,091,999)	(1,091,999)
Other comprehensive income	-	-	-
At 31 October 2014	2,500,000	1,377,123	3,877,123
At 1 November 2014	2,500,000	1,377,123	3,877,123
Profit/(loss) for the year	-	211,302	211,302
Other comprehensive income	-	-	-
At 31 October 2015	2,500,000	1,588,425	4,088,425

The above statement of changes in equity be read in conjunction with the accompanying notes.



STATEMENT OF CASH FLOWS

AT 31 OCTOBER 2015

	Note	Consolidated	
		2015	2014
		\$	\$
Cash flows from operating activities			
Receipts from football, marketing, licensed venues and operations		57,551,955	50,679,158
Payments to suppliers and employees		(58,278,459)	(48,725,363)
Payments for player transfers		(382,911)	(382,911)
Interest received		3,460	5,866
Interest and other finance costs paid		(382,431)	(272,100)
Net cash flows (used in)/ from operating activities		(1,488,386)	1,304,650
Cash flows from investing activities			
Payments for property, plant and equipment		(1,017,341)	(503,130)
Proceeds from the sale of property, plant and equipment		5,136	3,305
Net cash flows used in investing activities		(1,012,205)	(499,825)
Cash flows from financing activities			
Proceeds from/(Repayment of) short-term borrowings & finance leases (excluding bank overdraft)		(2,493,273)	(293,035)
Proceeds from/(Repayments of) long-term borrowings		4,750,000	254,366
Net cash flows from/ (used in) financing activities		2,256,727	(38,669)
Net increase/(decrease) in cash and cash equivalents		(243,864)	766,156
Cash and cash equivalents at beginning of the financial year		1,443,396	677,240
Cash and cash equivalents at end of the financial year		1,199,532	1,443,396
Cash at bank and in hand	5	1,199,532	1,481,470
Bank overdraft	11	-	(38,074)
Net cash and cash equivalents at end of the financial year		1,199,532	1,443,396

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

1. PORT ADELAIDE FOOTBALL CLUB LIMITED

The financial report of Port Adelaide Football Club Limited for the year ended 31 October 2015 was authorised for issue in accordance with a resolution of the directors on 4 December 2015.

Port Adelaide Football Club is a company limited by guarantee and was incorporated in Australia on 27 March 1995. If the company is wound up, the Constitution states that each Member is required to contribute a maximum of \$0.10 towards meeting any outstanding obligations of the company. The number of members at the date of this report was 9.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 as appropriate for not-for-profit oriented entities and Australian Accounting Standards – Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'). The financial report has also been prepared on a historical cost basis.

The financial report is presented in Australian dollars.

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the company.

The following Accounting Standards and Interpretations are most relevant to the company:

AASB 1053 Application of Tiers of Australian Accounting Standards

The group has applied AASB 1053 from 1 November 2011. This standard establishes a differential financial reporting framework consisting of two Tiers of reporting requirements for preparing general purpose financial statements, being Tier 1 Australian Accounting Standards and Tier 2 Australian Accounting Standards – Reduced Disclosure Requirements. The group being classed as Tier 2 continues to apply the full recognition and measurements requirements of Australian Accounting Standards with substantially reduced disclosure in accordance with AASB 2010-2 and later amending Standards, as relevant.

Going Concern

The consolidated entity has net current liabilities of \$2.98m (2014: \$7.67m) and an operating profit of \$0.21m (2014: operating loss \$1.09m) for the year ended 31 October 2015. The ability of the club to continue as a going concern including the ability to pay their debts as and when they fall due is dependent upon the Club being able to successfully generate funds through membership, sponsorship, fundraising, payments in connection with the use of Adelaide Oval and other sources, including the Australian Football League ("AFL") distributions.

The accounts have been prepared on the basis that the Port Adelaide Football Club Limited is a going concern as the AFL has provided notification outlining its continued support including a guarantee of bank loans.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent entity, Port Adelaide Football Club Limited, and its subsidiaries (the Group) as at 31 October each year.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Where an entity began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred, except where the borrowing costs are directly attributable to the construction of a qualifying asset in which case they are capitalised as part of the cost of that asset.

Income Tax

In accordance with Section 50-45 of the Income Tax Assessment Act 1997, the income of the group is exempt from income tax.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

Investments and other financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease.

Operating leases payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

Property, plant & equipment

Land and buildings and plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	10 - 80 years
Improvements	5- 50 years
Plant and equipment - Including gaming machines	5 years
Plant and equipment - IT	3 years
Plant and equipment under lease	Lease period
Leasehold Improvements	Lease period

The leasehold licence for the Prince of Wales is held at Fair Value. Fair value measurement was performed in 2011 by Egan National Valuers (SA), independent valuers not related to the group. Critical inputs into the calculation of fair value were annual rent, annual turnover, length of lease and EBITDA. The director's assess the fair value annually and consider there are no indicators of impairment at 31 October 2015. The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and

for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term deposits with an original maturity 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 value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

Trade and other receivables

Trade receivables which generally have 30 - 90 day terms, are recognised initially at fair value and subsequently measured at amortised costs, less an allowance for any uncollectible amount. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset may be required, the Group makes an estimate of the asset's recoverable amount. An asset'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 asset's 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.

Intangible Assets

In the year ended 31 October 2014 the Club surrendered its sub-licence with the SANFL to compete in the AFL, and entered into a licence with the AFL.

Sub-licence fees and reimbursements of SANFL licence fees paid by the Club in relation to the previous sub-licence with the SANFL amounting to \$8,296,776 had been expensed in prior years as they were incurred. The new licence with the AFL has not been recorded at fair value on initial recognition because in the opinion of the directors the fair value cannot be measured reliably.

Trade and other payables

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for a least 12 months after the Statement of Financial Position date.



NOTES TO THE FINANCIAL STATEMENTS

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Employee leave benefits

Wages, salaries, annual leave, sick leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Long service leave is provided for after 5 years of service which approximates the present value of future cash outflows and is recognised in provisions.

Revenue Recognition

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

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is recognised on an accruals basis except for membership sales (including seat anchors), raffles, pledges, donations and federal and state government grants which are recognised when received.

Grant Revenue

Revenue for the various Community Programs and grants from the SANFL are brought to account when cash is received and is subject to various grant conditions being complied with.

Assets donated in kind

Where an asset is gifted or contributed to the entity at no cost, or for a nominal cost, the value recognised is its fair value. The difference between the fair value and consideration paid is recognised as revenue.

Contributions

A contribution occurs when there is a non reciprocal transfer. Income arising from the contribution of an asset to the Group is recognised when the Group obtains control or right to receive the contribution, it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Income is measured at fair value.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except: - when 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 which 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.

Contributed equity

The contribution on entry to the AFL of \$2.5m is classified as contributed equity.

Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting estimates and assumptions

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management.

This assessment is based on supportable past collection history and historical write-offs of bad debts. The allowance for impairment loss is outlined in note 6.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as lease terms for leased equipment or leasehold improvements. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life.

Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 4.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.



NOTES TO THE FINANCIAL STATEMENTS

3. REVENUES

Revenue and Expenses from Continuing Operations:

Revenue

Revenue from AFL, Match Day and Merchandise

Revenue from Football Operations

Licensed Venues

Other Revenue

Total revenue from trading operations:

Consolidated	
2015	2014
\$	\$
17,107,345	17,213,742
25,912,551	22,702,434
7,600,918	7,953,947
173,830	371,873
50,794,644	48,241,996

4. EXPENSES

Cost of Sales

Merchandise & Match Day Expenditure

Expenses from Football Operations

Depreciation and amortisation:

Depreciation of:

Buildings

Leasehold improvements

Plant and equipment (inc under lease)

Borrowing costs:

Interest paid or payable to:

Unrelated parties

Finance charges related to leases

Other operating expense items:

Operating lease rentals

(Recovery of)/ Provision for doubtful debts

Net profit/(loss) on disposal of property, plant & equipment

Employee Benefit Expense

Defined Contribution Plan Expense

Total Employee Benefits Expense

3,330,806	4,164,661
10,919,354	11,061,995
14,250,160	15,226,656
336,615	330,762
-	-
562,668	482,456
899,283	813,218
351,966	252,841
30,465	19,260
382,431	272,100
781,304	778,101
(75,692)	41,163
5,136	3,305
25,242,896	22,496,676
1,847,814	1,593,188
27,090,710	24,089,864

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand

1,199,532	1,481,470
1,199,532	1,481,470

6. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables

Receivable from Directors and Director related entities

Allowance for doubtful debts

Other receivables

652,756	1,604,604
7,416	16,072
(64,132)	(139,824)
596,040	1,480,852
37,337	20,941
633,377	1,501,793



NOTES TO THE FINANCIAL STATEMENTS

7. INVENTORIES

Finished Goods, at cost
Provision for Stock Obsolescence

Consolidated	
2015	2014
\$	\$
549,118	376,332
-	-
<u>549,118</u>	<u>376,332</u>

8. OTHER ASSETS (CURRENT)

Prepayments
Accrued income
Other assets

842,439	519,726
716,567	947,816
112,678	99,766
<u>1,671,684</u>	<u>1,567,308</u>

9. PROPERTY, PLANT AND EQUIPMENT

Land and buildings

Cost

Opening balance

Additions

Disposals

Closing balance

15,362,634	15,273,760
175,545	116,674
(33,449)	(27,800)
<u>15,504,730</u>	<u>15,362,634</u>

Accumulated Depreciation

Opening balance

Depreciation for the year

Disposals

Closing balance

4,318,377	4,014,182
336,615	330,762
(32,764)	(26,567)
<u>4,622,228</u>	<u>4,318,377</u>

Net carrying amount - land and buildings Cost

<u>10,882,502</u>	<u>11,044,257</u>
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Land and buildings - Leasehold

Valuation

Opening balance

Closing balance

1,500,000	1,500,000
<u>1,500,000</u>	<u>1,500,000</u>

Net carrying amount - land and buildings

<u>12,382,502</u>	<u>12,544,257</u>
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Leasehold license

Cost

Opening balance

Disposals

Closing balance

-	1,901,306
-	(1,901,306)
<u>-</u>	<u>-</u>

Accumulated Depreciation

Opening balance

Disposals

Closing balance

-	1,901,306
-	(1,901,306)
<u>-</u>	<u>-</u>

Net carrying amount - leasehold license

<u>-</u>	<u>-</u>
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NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Plant and equipment

Cost

	2015	2014
	\$	\$
Opening balance	4,002,628	3,754,294
Additions	530,536	276,836
Transfer from plant & equipment under lease	-	121,591
Disposals	(61,974)	(150,093)
Closing balance	4,471,190	4,002,628

Accumulated Depreciation

Opening balance	3,179,505	2,981,354
Depreciation for the year	413,226	330,082
Transfer from plant & equipment under lease	-	18,162
Disposals	(61,974)	(150,093)
Closing balance	3,530,757	3,179,505

Net carrying amount - plant & equipment

940,433 823,123

Plant and equipment under lease

Cost

Opening balance	517,800	528,538
Additions	311,945	110,853
Transfer to plant & equipment	-	(121,591)
Closing balance	829,745	517,800

Accumulated amortisation

Opening balance	254,041	119,829
Amortisation for the year	149,442	152,374
Transfer to plant & equipment	-	(18,162)
Closing balance	403,483	254,041

Net carrying amount - plant & equipment under lease

426,262 263,759

Net carrying amount

13,749,197 13,631,139

Assets of the Port Adelaide Football Club and Port Adelaide Magpies Football Club (trading as the Prince of Wales Hotel) are pledged as security for current and non-current liabilities as disclosed in Note 11 and Note 13.

10. TRADE AND OTHER PAYABLES (CURRENT)

Trade payables	3,423,305	5,815,682
Income in advance	545,045	178,715
Other creditors and accruals	1,560,500	2,609,790
	5,528,850	8,604,187

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30-day terms.

(b) Fair value

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



NOTES TO THE FINANCIAL STATEMENTS

11. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

Secured:

		Consolidated 2015	2014
		\$	\$
Bank loans	(a)	-	2,410,000
Other Loans	(b)	120,000	120,000
Bank overdraft	(a)	-	38,074
Finance lease liabilities	(c), 15	167,389	136,207
		287,389	2,704,281

Unsecured:

Other loans		53,430	53,430
		340,819	2,757,711

(a) Secured by a security interest and charge over all the assets of the Port Adelaide Football Club Ltd and registered mortgage over freehold land and buildings with a carrying value of:

10,463,042 10,584,875

(b) Secured by a deed of charge over all of the assets relating to the Prince of Wales Hotel, and mortgage over leasehold license with a carrying value of:

1,500,000 1,500,000

(c) Secured against the assets under lease.

(d) During the current year, there were no defaults or breaches on any of the loans.

12. PROVISIONS (CURRENT)

Employee benefits		1,169,000	1,238,000
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13. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)

Secured:

Bank loans	11(a)	4,750,000	-
Other Loans	11(b)	1,156,490	1,279,893
Finance lease liabilities	11(c), 15	128,159	65,781
		6,034,649	1,345,674

Unsecured:

Other loans		641,165	694,595
		6,675,814	2,040,269

14. OTHER PROVISIONS (NON-CURRENT)

Employee benefits		-	40,752
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NOTES TO THE FINANCIAL STATEMENTS

15. FINANCE LEASE LIABILITIES

Finance lease and hire purchase commitments - Group as lessee

The Group has finance leases and hire purchase contracts for servers, Ultrasound, gaming machines and a motor vehicle with carrying amounts of \$426,262 (2014: \$263,759). These lease contracts expire within 1 to 3 years. The leases have purchase options. Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

		Consolidated	
		2015	2014
		\$	\$
Finance lease expenditure contracted for is payable as follows:			
Within 1 year		183,181	145,142
After 1 year but not more than 5 years		133,642	67,785
Total minimum finance lease payments		316,823	212,927
Future finance charges		(21,273)	(10,939)
Net finance lease liability		295,550	201,988
Reconciled to:			
Current liability	11	167,389	136,207
Non-current liability	13	128,159	65,781
		295,548	201,988

16. COMMITMENTS FOR EXPENDITURE

Estimated capital expenditure contracted for at reporting date, but not provided for, payable:

 Within one year

-

Operating lease commitments - Group as a lessee

The Group entered into commercial leases on Alberton Oval and the staff car park. These leases have an average life of between 10 to 20 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. In addition there is a commercial lease at the Prince of Wales for an initial 5 year term with 5 by 5 year renewals available. In 2012 the group committed to a further 5 years.

During the 2014 financial year, Port Adelaide Football Club Ltd ("PAFC") entered into two agreements with the South Australian National Football League Inc ("SANFL") in relation to the use of Adelaide Oval. PAFC use the Adelaide Oval under the terms of the "Sub-licence to use Adelaide Oval". The sub-licence period is 20 years with an option to extend for another three, twenty year periods. The 'Adelaide Oval Financial Model - Core Funding Principles' agreement specifies amounts payable to the SANFL by PAFC for the period of the sub-licence. Minimum payments under this agreement are recognised as an expense on a straight line basis over the initial term of the sub-licence. Contingent amounts are payable in future periods based on the provisions of the Adelaide Oval Financial Model - Core Funding Principles' agreement.

Future minimum rentals payable under non-cancellable operating leases at 31 October 2015 are as follows:

Operating lease expenditure contracted for is payable as follows:

Within 1 year	1,880,904	1,305,736
After 1 year but not more than 5 years	4,959,487	6,464,568
More than 5 years	4,926,564	5,302,388
	11,766,955	13,072,692



NOTES TO THE FINANCIAL STATEMENTS

17. CONTINGENT LIABILITIES

Contingent liabilities at balance date, not otherwise provided for in these financial statements are as follows:

(i) The parent entity has a contingent liability in respect of contracted player payments which will only arise subject to the inclusion of the players on the approved list. Due to contract terms varying considerably amongst players, it is not practical to estimate the future contingency under player contracts.

18. RELATED PARTY DISCLOSURE

(a) Transactions with Other Related Parties

The entity entered into the following transaction with related parties, all of which were undertaken on normal commercial terms and conditions.

Subsidiaries of the Parent Entity:

Port Adelaide Football & Community Club Inc.

Net goods and services supplied to/(received from) PAF&CC	(699)	84,288
Rental income received or receivable from PAF&CC	(260,000)	(260,000)
Rental paid or payable to PAF&CC	80,000	80,000
Accounting, administration and marketing services provided to PAF&CC	(123,000)	(123,000)

(b) Amounts due to and receivable from other related parties

These amounts are set out in the respective notes to the financial statements.

19. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	Consolidated	
	2015	2014
	\$	\$
Short-Term	1,451,147	1,324,185
Total Compensation	1,451,147	1,324,185

None of the Directors of the parent entity were paid, or were due to be paid, income directly or indirectly from the parent entity or any related party.

(b) Other Director Transactions

Directors of the Group and directors of its related parties, or their director related entities, conduct transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances. There were no transactions during the year that are considered likely to be of interest to the users of these financial statements.



NOTES TO THE FINANCIAL STATEMENTS

20 INTERESTS IN SUBSIDIARIES

The group financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 1:

NAME	Principal place of business / Country of Incorporation	Ownership Interest	
		2015	2014
Port Adelaide Football & Community Club Inc ("PAFCC")	Australia	100%	100%
Port Adelaide Magpies Football Club Inc. ("PAMFC")	Australia	100%	100%
Power Future Fund Pty Ltd ("PFF")	Australia	100%	100%
Power Community Ltd ("PCL")	Australia	100%	100%

21. SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the financial year which has materially affected, or may materially affect, the operations of the group, the results of those operations, or the state of affairs of the group in financial years subsequent to that to which this report relates.

22. INFORMATION RELATING TO PORT ADELAIDE FOOTBALL CLUB LIMITED ('THE PARENT ENTITY')

	Consolidated	
	2015	2014
	\$	\$
Current assets	4,426,504	4,553,783
Total assets	15,257,144	15,363,077
Current liabilities	7,490,346	12,231,267
Total liabilities	12,994,027	12,971,454
Contribution on entry to AFL	2,500,000	2,500,000
Retained earnings	(236,883)	(108,377)
	<u>2,263,117</u>	<u>2,391,623</u>
Profit/(loss) of the parent entity	(128,506)	(2,027,794)
Total comprehensive income/(loss) of the parent entity	(128,506)	(2,027,794)

The parent has issued no guarantees in relation to the debts of its subsidiaries.

23. NON-CASH INVESTING ACTIVITIES

Acquisition of plant & equipment by means of finance lease	<u>311,945</u>	<u>110,853</u>
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DIRECTORS' DECLARATION

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 October 2015 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board

D. KOCH
Chairman
Adelaide

4 December, 2015



**WE ARE
PORT ADELAIDE**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT ADELAIDE FOOTBALL CLUB LIMITED

We have audited the accompanying financial report of Port Adelaide Football Club Limited, which comprises the consolidated statement of financial position as at 31 October 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated 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 consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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 - Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is 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. 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 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 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 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.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Port Adelaide Football Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

In our opinion the financial report of Port Adelaide Football Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 October 2015 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*.

A stylized, handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'G K Edwards'.

G K Edwards
Director

Adelaide, 7 December 2015