



WESTERN BULLDOGS
2006 FINANCIAL REPORT



through and through



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DIRECTORS' REPORT

Your Directors submit the financial report of the Footscray Football Club Ltd. trading as Western Bulldogs for the year ended 31st October 2006.

DIRECTORS

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

David Smorgon OAM
John Hale
George Pappas
Ian Veal
Henry Jolson QC
Gaye Hamilton (appt. 19/12/05)
Jose Romero
Susan Alberti AM HonLLD
Barry Hall

The names of the Directors during or since the end of the financial year not in office at the date of this report are:

Trevor Flett (Resigned 19/12/05)

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.

| Director | Held | Attended | Leave of Absence |
|-------------------------|------|----------|------------------|
| David Smorgon OAM | 12 | 11 | - |
| Trevor Flett | 3 | 3 | - |
| George Pappas | 12 | 12 | - |
| John Hale | 12 | 10 | - |
| Ian Veal | 12 | 11 | - |
| Gaye Hamilton | 10 | 10 | - |
| Henry Jolson QC | 12 | 7 | 5 |
| Jose Romero | 12 | 12 | - |
| Susan Alberti AM HonLLD | 12 | 10 | 2 |
| Barry Hall | 12 | 10 | - |

In addition to their attendance at Board meetings, Board members are actively involved in a number of committees and sub-committees that meet periodically through the year to consider matters crucial to the current and future success of the Western Bulldogs.

PRINCIPAL ACTIVITIES

The Footscray Football Club Ltd trading as Western Bulldogs is a member of the Australian Football League. The principal activity of the Company is the encouragement of sport and the playing of Australian Rules Football by competing in the Australian Football League competition and preserving and fostering the ideals, and community spirit of the Club.

OPERATING RESULTS

The operating result of the Company for the year ended 31st October 2006 was a loss of \$205,931 compared to an operating loss of \$647,594 for 2005.

The net profit of the Company was \$4,274,388 (2005: net loss \$472,594) after non operating items, in the current financial year. The Club received Grants in relation to the Whitten Oval Redevelopment of \$5,502,222 (2005: \$175,000). The Club has also amended its depreciation policy, in relation to the existing Whitten Oval Leasehold Improvements, resulting in an additional depreciation charge of \$1,021,903 in the current financial year.

| | 2006 \$ | 2005 \$ |
|-------------------------------|------------------|------------------|
| Operating Result | (205,931) | (647,594) |
| Plus: Whitten Oval Receipts | 5,502,222 | 175,000 |
| Less: Additional Depreciation | (1,021,903) | - |
| Net Profit/(Loss) | 4,274,388 | (472,594) |

In the current financial year, the Club received distributions from the AFL Annual Special Distribution fund of \$1,700,000 (2005: \$1,500,000) and an AFL distribution of \$300,000 (2005: \$300,000) from the sale of Waverley Park.

No provision for taxation has been made, as the Company is an exempt sporting organisation in accordance with section 50-45 of the Income Tax Assessment Act 1997 and has no associated entities.

REVIEW OF OPERATIONS

Season 2006 has seen the Western Bulldogs continue to improve both on and off the field. On-field the team entered their first finals campaign in 6 years, finishing 6th overall. Off-field the Club has continued to consolidate its revenue base and control costs. There were a number of key highlights for the year including:

- The Club set a new record for membership of 26,042. This is up 18.5% on last year's record breaking effort. With strong membership the key to success for any football club we are delighted to welcome new members supporting the Club. We look forward to more people getting on board in 2007 with the Club offering even more flexible packages to suit every member's needs.
- The Club has enjoyed the ongoing and strengthening support of all the Club partners. Partners such as our Major Sponsor LeasePlan; Premier Partner WorkSafe Victoria (renewed for 3 years in 2006); and SpiritWest Services CornerStone Partner, Port of Melbourne Corporation continue to work with the Club for mutual benefit. The Club was pleased to add a second Premier Partner Ezybonds for 3 years in 2006 and we look forward to growing the relationship in the future.
- The Club has appointed Salta Constructions as the builder for the new children's hub based at Whitten Oval. This is the beginning of the construction phase of the redevelopment of the Whitten Oval which will commence in late 2006 with the completion of the project expected by late 2007. The \$20.0M development will be a significant benefit to the western region with the creation of an elite training facility, improved office facilities, a new retail store, multi purpose community sports hall and an indoor/outdoor café.
- The Western Bulldogs continue to expand their brand nationally and have committed to playing "home" games in Darwin for the next two years (2007 – 2008). The Club also took the opportunity to move into a new market, Canberra, signing a 3 year agreement (2007 – 2009) to play 1 home game per year in the Nation's capital.
- The Club signed a new agreement for improved fixed match returns from Telstra Dome for seasons 2006 - 2008.
- SpiritWest Services continue to deliver a range of community services including education to young (at-risk) people who have disengaged from formal schooling; and Work for the Dole projects to benefit both the participants and the community. It has also expanded its school programs and implemented a multicultural schools program to introduce football to new markets in the west. It has harnessed the support of volunteers and resources from sponsors to support an increasingly wide range of community programs including Responsible Gambling. It has maintained and strengthened relationships with community organisations and established new relationships with organisations such as Yellow Ribbon and the Footscray Community Arts Centre. It will continue to build on its achievements in this area.



DIRECTORS' REPORT *CONTINUED*

7. The Club continues to explore opportunities to expand its hospitality division across the west, with a number of options currently under review. The Club currently operates Whitten Oval, Club Leeds and the Victoria Inn whilst it also manages the Bacchus Marsh Golf Club and the Spotswood/Kingsville RSL Club. This not only increases the brand across the West but offers our community a choice of locations to enjoy a safe, friendly environment, to socialise.
8. The Western Bulldogs and Victoria University continue to strengthen their relationship and offered all university staff and students a 3 game membership in recognition of the growing partnership. There were 3,981 Victoria University members in 2006 which are not included in the official membership total

The profit in 2006 of \$4,274,388 compares to the loss of \$472,594 in 2005. Year on year revenues increased by \$7.5M whilst expenditure increased by \$2.8M.

The year on year improvement of \$4,746,982 comprised of the following:

| | \$M |
|--|--------------|
| Improved Corporate Marketing | 0.458 |
| Improved Membership | 0.226 |
| Improved Events | 0.275 |
| Improved Match Returns | 0.265 |
| Improved AFL Distributions | 0.395 |
| – Offset By – | |
| Reduction in Consumer Products | 0.066 |
| Reduction in Hospitality Division | 0.195 |
| Reduction in SpiritWest Services | 0.161 |
| Reduction in Fundraising | 0.039 |
| Increased Communications Expenditure | 0.138 |
| Increased Administration Expenditure | 0.170 |
| Increased Football Department Costs | 0.408 |
| Improvement in Operating Results: | 0.442 |
| Non-Operating Activities | |
| Add: Whitten Oval Funding | 5.327 |
| Less: Depreciation | 1.022 |
| Net Change | 4.747 |

CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Company that occurred during the year under review other than the agreement with the Federal and State Governments and others to fund the redevelopment of the Whitten Oval as disclosed elsewhere in this report. The increase in Members Funds is primarily due to the profit result from the 2006 year. Consistent with 2005, the Company has received notification from the AFL outlining its continued support.

SUBSEQUENT EVENTS

Subsequent to the financial year ended 31st October 2006, the AFL has agreed to provide the Club with a further payment from the Annual Special Distribution fund of \$1,700,000 during 2007 subject to specific conditions which the board expects to meet.

LIKELY DEVELOPMENTS

The Company will continue to pursue the objectives set out in its 2004 – 2006 business plan and will continue to develop its playing group to achieve

the ultimate success in Australian Rules Football, a premiership for its members, staff and supporters.

ENVIRONMENTAL REGULATIONS

The Directors have determined that the Company is not subject to any particular and significant environmental regulations either under the Commonwealth or State Legislation.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit, other than:

- A benefit included in the aggregate amount of emoluments received or due and receivable by Directors shown in the financial statements; or
- The fixed salary of a full-time employee of the Company at a relevant time by reason of a contract made by the Company or with a firm of which the Director is a member or with an entity in which the Director has a substantial financial interest.

INFORMATION ON DIRECTORS

Information pertaining to the Directors in office at the date of this report is as follows:

| Director | Experience and Qualifications | Responsibility |
|--|---|--------------------------------------|
| David Smorgon OAM Age 59 | Appointed 27 November, 1996 Executive Chairman InMatrix Pty Ltd Generation Investments Pty Ltd Governor Sony Foundation of Australia | President Chairman |
| David spent 25 years as a senior executive and Director of Smorgon Consolidated Industries. In 1995 David established his own investment company, Generation Investments Pty Ltd. Today David's main business interest is as Executive Chairman of InMatrix which has developed a range of financial diagnostic tools that have been sold to banks, accounting firms and businesses throughout the world. David was awarded the Medal of the Order of Australia in June 2000 for services to the Western Bulldogs and to the community through health, education and social welfare organisations. | | |
| Ian Veal Bachelor of Business (RMIT) Post Graduate Business (Swinburne) Advance Management Program (Harvard University) Master of Social Science (Australian Catholic University) Age 55 | Appointed 21 February, 2001 Fellow Australian Society of Practising Accountants Associate Institute of Corporate Managers, Secretaries and Administrators Member Australian Institute of Company Directors Director Frigrite Limited Director Wandene Investments Pty Ltd Director National Board of The Salvation Army Employment Plus | Vice President & Finance Director |



DIRECTORS' REPORT *CONTINUED*

| Director | Experience and Qualifications | Responsibility |
|--|---|----------------------------|
| George Pappas Bachelor of Economics (Monash University) MBA (Harvard Business School) Age 60 | Appointed 1 December 2000 Senior Advisor The Boston Consulting Group Chairman, Committee for Melbourne Chairman, Monash Medical Research Advisory Board | Planning |
| John Hale Diploma Mechanical Engineering Age 60 | Appointed 21 February 2001 National General Manager Employee Services & Procurement Spotless Group Limited Member National Executive AIG Emeritus Councillor | Hospitality |
| Henry Jolson QC Bachelor of Law (Monash University) Bachelor of Economics (Monash University) Age 59 | Appointed 27 February, 2002 Queens Counsel Director Lazar Mayer Pty Ltd Director J. Kornhauser Investments Pty Ltd Director 271 Collins Pty Ltd Chairman Victorian Bar Sports Law Committee Member of the International Court of Arbitration for Sport Director L.M. Superfund Pty Ltd. | Legal Council |
| Jose Romero Age 35 | Appointed 22 November, 2003 Director Mayko Pty Ltd | Football Director |
| Susan Alberti AM HonLLD Age 59 | Appointed 16 December 2005 Managing Director Dansu Group Director Wooling Hill Memorial Gardens President Juvenile Diabetes Research Foundation Director Western Bulldogs Forever Foundation Limited Director GoldAge Pty Ltd Chairman St Vincents Institute Foundation Director St Vincents Institute Board Member of the Australian Centre for Health Research Member of the Advisory Group for the Australian Community Centre for Diabetes in alliance with Victoria University, Western Health and the International Diabetes Institute | Forever Foundation |
| Barry Hall Age 59 | Appointed 14 February 2005 Managing Director Hall Group trading as Australian Meat Traders Pty Ltd Allover Meats Pty Ltd W.J Drever Pty Ltd Barden Nominees Pty Ltd Consolidated Provincial Meat Group Australian Speciality Meals Pty Ltd Graywood Park Pty Ltd | Whitten Oval Redevelopment |
| Gaye Hamilton Age 56 Bachelor of Science Education (Melbourne) | Appointed 19 December 2005 Chair, Maribyrnong/Moonee Valley Local Learning & Employment Network Chair Old Treasury Building Reserve Committee of Management Director Queen Victoria Women's Trust Director Seaworks Foundation | SpiritWest Services |



DIRECTORS' REPORT *CONTINUED*

INDEMNIFICATION OF OFFICERS & AUDITORS

The Company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the Company or a related body corporate indemnified or made any relevant agreement for indemnifying against a liability incurred as an officer, including costs and expenses in successfully defending legal proceedings.

The Company did however pay a premium in respect of a contract insuring against a liability incurred as a Director, Secretary or Officer to the extent permitted by the Corporations Act (2001). It is the policy of the Company that the nature of any liability and the amount of any premium not be disclosed.

AUDITORS' INDEPENDENCE DECLARATION

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act (2001) is set out below.

Signed in accordance with a resolution of Directors made pursuant to s. 298(2) of the Corporations Act (2001).
On behalf of the Directors.

David Smorgon OAM
President

Ian Veal
Finance Director

Dated this 14th day of November 2006.

William Buck
Business Advisors
Chartered Accountants

Auditor's Independence Declaration
Under Section 307C of The Corporations Act 2001

To the directors of Footscray Football Club Ltd
trading as Western Bulldogs
A.B.N. 68 005 226 595

I declare that, to the best of my knowledge and belief, in relation to our audit of Footscray Football Club Ltd for the year ended 31 October 2006 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001; and
- (ii) no contraventions of any applicable code of professional conduct.

William Buck
Chartered Accountants

Kerri Glynn
Lead Audit Partner

Dated this 15th day of November 2006.
Melbourne, Australia

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INDEPENDENT AUDIT REPORT



Independent audit report to members of

FOOTSCRAY FOOTBALL CLUB LTD
TRADING AS WESTERN BULLDOGS
A.B.N. 68 005 226 695

Scope

The financial report and directors' responsibility

The financial report comprises Income Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity, accompanying notes to the Financial Statements and the Directors' Declaration for Footscray Football Club Ltd (the company), for the year ended 31 October 2006.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit Approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing and Assurance Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's financial position and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

(1 of 2)

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Independence

In conducting our audit, we followed applicable independence requirements of Australian accounting ethical pronouncements and the Corporations Act 2001.

Audit Opinion

In our opinion, the financial report of Footscray Football Club Ltd is in accordance with:

- the Corporations Act 2001, including:
 - giving a true and fair view of the Footscray Football Club Ltd's financial position as at 31 October 2006 and of their performance for the year ended on that date; and
 - complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- other mandatory financial reporting requirements in Australia.

Inherent Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion expressed above, attention is drawn to note 2(d) to the financial statements, which states that the financial report has been prepared on the basis of the company continuing as a going concern.


William Buck
Chartered Accountants


Ken Glynn
Partner

Dated this 15th day of November 2006.
Melbourne, Australia.

(2 of 2)

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

- (a) The attached financial statements and notes thereto comply with Accounting Standards and the Corporations Act (2001);
- (b) The attached financial statements and notes thereto give a true and fair view of the financial position as at 31st October 2006 and performance for the year ended on that date of the Company;
- (c) In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

On behalf of the Directors.

David Smorgon OAM
President

Ian Veal
Finance Director

Dated this 14th day of November 2006.
Melbourne, Victoria.

INCOME STATEMENT

FOR THE YEAR ENDED 31ST OCTOBER 2006

| | Note | 2006 \$ | 2005 \$ |
|--|------|------------------|------------------|
| Revenue from Operating Activities | 3 | 22,902,760 | 20,895,087 |
| Revenue from Non Operating Activities | 3(b) | 7,502,222 | 1,975,000 |
| Corporate Marketing Expense | | (1,858,888) | (2,369,319) |
| Membership Expense | | (1,740,136) | (1,305,857) |
| Hospitality Expense | | (4,004,914) | (3,756,608) |
| Events Expense | | (1,171,642) | (976,682) |
| Consumer Products Expense | | (722,933) | (401,618) |
| Football Department Expense | | (11,005,855) | (10,575,718) |
| SpiritWest Expense | | (1,144,427) | (870,187) |
| Communications Expense | | (609,056) | (333,207) |
| Administration Expense | | (3,475,211) | (2,307,702) |
| Borrowing Costs Expense | | (397,532) | (445,783) |
| Profit (loss) before income tax | | 4,274,388 | (472,594) |
| Income tax expense | 2(e) | - | - |
| Profit (loss) after income tax | | 4,274,388 | (472,594) |

The accompanying notes form part of these financial statements

BALANCE SHEET

AS AT 31ST OCTOBER 2006

| | Note | 2006 \$ | 2005 \$ |
|--------------------------------------|------|-------------------|--------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash Assets | 6 | 4,983,968 | 766,092 |
| Trade and Other Receivables | 7 | 1,836,210 | 1,062,363 |
| Inventories | 8 | 213,091 | 213,470 |
| Other Assets | 9 | 339,601 | 538,055 |
| Total Current Assets | | 7,372,870 | 2,579,980 |
| Non-Current Assets | | | |
| Redevelopment Costs | 10 | 1,653,626 | 188,366 |
| Property, Plant and Equipment | 11 | 1,740,674 | 2,925,879 |
| Goodwill | 12 | 123,223 | 123,223 |
| Total Non-Current Assets | | 3,517,523 | 3,237,468 |
| TOTAL ASSETS | | 10,890,393 | 5,817,448 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Trade and Other Payables | 13 | 5,339,119 | 3,848,824 |
| Interest Bearing Liabilities | 14 | 4,920,020 | 5,636,432 |
| Non-Interest Bearing Liabilities | 15 | 65,000 | 65,000 |
| Employee Benefits | 16 | 343,791 | 204,245 |
| Income Received in Advance | 17 | 34,713 | 111,985 |
| Total Current Liabilities | | 10,702,643 | 9,866,486 |
| Non-Current Liabilities | | | |
| Interest Bearing Liabilities | 14 | 35,702 | 46,622 |
| Non-Interest Bearing Liabilities | 15 | 21,915 | 81,832 |
| Employee Benefits | 16 | 71,610 | 38,373 |
| Total Non-Current Liabilities | | 129,227 | 166,827 |
| TOTAL LIABILITIES | | 10,831,870 | 10,033,313 |
| NET ASSETS | | 58,523 | (4,215,865) |
| MEMBER'S FUNDS | | | |
| Retained Losses | 18 | (953,946) | (5,228,334) |
| Reserves | 19 | 1,012,469 | 1,012,469 |
| TOTAL EQUITY | | 58,523 | (4,215,865) |

The accompanying notes form part of these financial statements



CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST OCTOBER 2006

| | Note | 2006 \$ | 2005 \$ |
|---|--------------|--------------------|------------------|
| Cash flows from operating activities: | | | |
| Receipts from Customers & the Australian Football League | | 24,125,573 | 22,517,937 |
| Whitten Oval Redevelopment Grants | | 5,502,222 | 175,000 |
| Payments to suppliers and employees | | (22,706,576) | (22,155,452) |
| Interest Paid | | (397,532) | (449,602) |
| Interest Received | | 77,761 | 16,146 |
| Total cash from operating activities | 25(b) | 6,601,448 | 104,029 |
| Cash flows from investing activities: | | | |
| Payments for Property, Plant & Equipment | | (141,985) | (657,722) |
| Proceeds from disposal of Property, Plant & Equipment | | - | 97,355 |
| Payments for Intangible Assets | | - | (90,622) |
| Payment for Redevelopment Costs | | (1,465,258) | (188,366) |
| Net cash used by investing activities | | (1,607,243) | (839,355) |
| Cash flows from financing activities: | | | |
| (Repayment) / Proceeds from Liabilities relating to Financed Assets | | 18,638 | 7,750 |
| (Repayment) / Proceeds from Other Borrowings | | 163,130 | 174,560 |
| Net cash used by financing activities | | 181,768 | 182,310 |
| Net cash increase (decreases) in cash and cash equivalents | | 4,810,437 | 553,016 |
| Cash and cash equivalents at beginning of year | | 173,531 | 726,547 |
| Cash and cash equivalents at end of year | 25(a) | 4,983,968 | 173,531 |

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31ST OCTOBER 2006

| | Accumulated Losses \$ | Reserves \$ | Total Member Funds \$ |
|-----------------------------------|--------------------------|------------------|--------------------------|
| Balance at 1 November 2004 | (4,755,740) | 1,012,469 | (3,743,271) |
| Loss for the period | (472,594) | - | (472,594) |
| Balance at 31 October 2005 | (5,228,334) | 1,012,469 | (4,215,865) |
| Profit for the period | 4,274,388 | - | 4,274,388 |
| Balance at 31 October 2006 | (953,946) | 1,012,469 | 58,523 |

The accompanying notes form part of these financial statements



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

NOTE 1

FOOTSCRAY FOOTBALL CLUB LTD. ("The Company")

The Footscray Football Club Ltd trading as Western Bulldogs is a Company limited by Guarantee where the statutory members guarantee the liabilities of the Company to the extent of \$2 each.

The financial report of Footscray Football Club Ltd was authorised for issue by the Directors on 14th November 2006.

NOTE 2

STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been adopted in the preparation and presentation of the financial report are:

(a) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Urgent Issues Group Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act (2001). The financial report has been prepared in a historical cost basis, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(b) Statement of Compliance

The financial report complies with all Australian Accounting Standards, which include Australian equivalent to International Financial Reporting Standards ("AIFRS") in their entirety. Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards. This is the first financial report prepared based on AIFRS and comparatives for the year ended 31 October 2005 have been restated accordingly, except for the adoption of AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement. The Company has adopted the exemption under AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards from having to apply AASB 132 and AASB 139 to the comparative period. Reconciliations of AIFRS equity and profit for 31 October 2005 to the balances reported in the 31 October 2005 financial report and at transition to AIFRS are detailed in note 30.

(c) Critical accounting estimates and judgements

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make estimates, judgements and assumptions based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. Actual results may differ from these estimates. The accounting policies detailed in note 2 provides details of these estimates, judgements and assumptions.

(d) Going Concern

The financial report has been prepared on the basis of the Company continuing as a going concern. The Company currently has a net asset deficiency in tangible assets. Despite this fact, the Company's Directors consider the going concern assumption to be an appropriate basis as the Australian Football League (AFL) has committed to continued support. This support is in the form of Annual Special Distribution fund payments and the use of future AFL distributions as a guarantee for further finance from a financial institution. Refer to notes 14(c) and 28. The financial report does not include any of the adjustments necessary should the Company be unable to continue as a going concern.

(e) Income Tax

Income tax has not been provided for in the financial statements of the Company, as it is an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act 1997 and the company has no associated entities.

(f) Property, Plant & Equipment

Each class of property, plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are measured at cost less accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis less depreciation and impairment losses. The cost of fixed assets constructed within the economic entity includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the

asset's carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. The depreciation rates used for each class of depreciable assets are:

| Class of Asset | Depreciation Rates |
|------------------------|--------------------|
| Leasehold Improvements | 4 % |
| Plant and Equipment | 5% - 40 % |

The assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. (Refer to note 29)

(g) Impairment of Assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. Where the asset does not generate cash flows that are independent from other assets, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, intangible assets with indefinite lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(h) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in values, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet.

(i) Financial Instruments Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist.

Subsequent to initial recognition these instruments are measured as set out below.

Loans and Receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(j) Employee Benefits

Wages, Salaries and Annual Leave Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that the Company expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Long-term Service Benefits

The Company's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated

using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Governments bonds at the balance sheet date which have maturity dates approximating the to terms of the Company's obligations.

Superannuation

The amount charged to the Income Statement in respect of superannuation represents the contributions made by the Company to superannuation funds.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling expenses.

(l) 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.

Finance leases, which transfer to the company 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 the profit or loss. Capitalised lease 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 term. Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term. Lease incentives are recognised in the income statement as an integral part of the total lease expense.

(m) Revenue

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

AFL sourced income; Gate Receipts/ Match Returns and AFL prize money are recognised on an accrual basis. Sponsorship, membership and coteries/supporters revenue is recognised in the relevant football year. Revenue from donations is recognised on an accruals basis.

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Gaming commission and function revenue are recognised on an accruals basis.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST. Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Goodwill

Goodwill acquired in a business combination in respect of gaining venue operations is initially measured at cost being the excess of the cost of the business combination over the Company's interest in the net fair value of the acquirer's identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

(p) Trade and Other Receivables

Trade receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *continued*

(q) 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.

(r) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services.

(s) Income Received in Advance

Income is brought to account in the period in which it relates. Income received prior to 31 October 2006, which relates to future periods, has been recorded as income received in advance, and will be brought to account in the forthcoming period.

(t) Comparative Figures

When required comparative figures have been adjusted to conform to changes in presentation for the current year.

(u) AFL Distribution from Sale of Waverley Park

Following the sale of Waverley Park to Mirvac Pty Ltd, the AFL advised the Company that it would distribute \$2 million from the sale proceeds during October in the years 2002 to 2008. The Club has been advised that these payments are conditional upon and subject to certain conditions. Due to the uncertainty of receipt of the sale proceeds in future years, the Company recognises the income distributions on a cash received basis. During October 2006 the Company received \$300,000 being the fifth instalment of its entitlement. These monies have been treated as revenue in the 2006 year (Refer to Note 3(b)).

The balance of the proceeds being \$500,000 has not been brought to account in the current financial year (Refer note 20 (a))

(v) Annual Special Distribution

(Formerly "Competitive Balance Fund")
The AFL has committed to supporting the company with an Annual Special Distribution payment of \$1,700,000 (2005: \$1,500,000) in the year ending 31 October 2006. (Refer to note 3(b)).

(w) Redevelopment of Whitten Oval

The Company has agreements with the Commonwealth of Australia, State of Victoria, and other bodies in relation to the granting of funding for the redevelopment of the Whitten Oval. This funding is expected to total approximately \$20 million of which, the majority will be received in the next financial year with the remainder received over the next 5 financial years.

The Company has been advised that these payments will be conditional and subject to certain conditions. Instalments of \$5,677,222 (excluding GST) have been received (\$5,502,222 in the current financial year). As these funds were under the Company's control, and were fully committed by year end, they have been treated as revenue in the 2006 and 2005 years (refer to note 3(b)). Costs associated with the Redevelopment such as Feasibility Studies, Planning Permits and Demolition costs have been capitalised as Redevelopment Costs in the 2005 and 2006 financial years (Refer to note 10). The depreciation policy in relation to the existing Whitten Oval Leasehold Improvements has been revised throughout the current financial year (Refer to note 29).

| | 2006 \$ | 2005 \$ |
|--|-------------------|-------------------|
| NOTE 3 REVENUE | | |
| (a) Revenue from Operating Activities | | |
| AFL Sourced Income | 4,485,085 | 4,486,694 |
| AFL Prize Money | 95,000 | 50,000 |
| Gate Receipts/Match Returns | 970,388 | 749,914 |
| Corporate Marketing | 5,002,011 | 4,659,094 |
| Membership | 3,593,764 | 2,933,800 |
| Hospitality Division | 4,639,959 | 4,586,686 |
| Events and Fundraising | 1,674,710 | 1,304,429 |
| Consumer Products | 963,290 | 707,775 |
| SpiritWest Services | 1,357,789 | 1,244,324 |
| Grants & Donations Received | 43,003 | 58,870 |
| | 22,824,999 | 20,781,586 |
| Revenue from Other Activities | | |
| Interest – Other Persons | 77,761 | 16,146 |
| Proceeds on Disposal of Non-Current Assets | - | 97,355 |
| | 77,761 | 113,501 |
| Total Revenue from Ordinary Activities | 22,902,760 | 20,895,087 |
| (b) Revenue from Non Operating Activities | | |
| AFL - Waverley Park Proceeds (note 2(u)) | 300,000 | 300,000 |
| AFL – Annual Special Distribution (note 2(v)) | 1,700,000 | 1,500,000 |
| Whitten Oval Redevelopment Grants (note 2(w)) | 5,502,222 | 175,000 |
| | 7,502,222 | 1,975,000 |
| Total Revenue | 30,404,982 | 22,870,087 |

The accompanying notes form part of these financial statements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

| | 2006 \$ | 2005 \$ |
|---|------------------|------------------|
| NOTE 4 PROFIT FROM ORDINARY ACTIVITIES | | |
| (a) Expenses | | |
| Borrowing Costs: | | |
| - Interest Paid - Other Persons | 397,186 | 449,307 |
| - Finance Lease Charges | 346 | 295 |
| | 397,532 | 449,602 |
| Provisions for: | | |
| - Doubtful Debts | - | (4,000) |
| - Employee Entitlements | 203,928 | 56,504 |
| Bad Debts Expense | 36,455 | - |
| Rental expense on operating leases | 538,237 | 484,622 |
| (Profit)/Loss on Sale of Non-Current Assets | - | (28,763) |
| Depreciation of: | | |
| - Outerground Leasehold Improvements (Refer note 29) | 193,417 | 12,075 |
| - Leasehold Improvements (Refer note 29) | 921,757 | 108,934 |
| - Plant & Equipment | 201,418 | 132,402 |
| - Leased Assets | 10,597 | 1,950 |
| | 1,327,190 | 255,361 |
| NOTE 5 AUDITORS' REMUNERATION | | |
| Amounts received or due and receivable by Auditors for: | | |
| - Auditing the accounts | 24,000 | 24,000 |
| - Preparation of the financial report | 8,500 | 7,500 |
| - Other audit services | 19,000 | 23,650 |
| The auditors received no other benefits. | | |
| NOTE 6 CASH ASSETS | | |
| Cash on hand | 313,290 | 201,930 |
| Cash at bank | 507,439 | 529,502 |
| Cash at bank held for Whitten Oval Redevelopment | 4,163,239 | 35,660 |
| | 4,983,968 | 766,092 |
| NOTE 7 RECEIVABLES | | |
| Trade and Other Debtors | 1,877,210 | 1,103,363 |
| Less Provision for impairment of receivables | (41,000) | (41,000) |
| | 1,836,210 | 1,062,363 |
| NOTE 8 INVENTORIES | | |
| Food & Liquor Stores - at cost | 41,397 | 53,227 |
| Playing Equipment & Medical Stores - at cost | - | 38,095 |
| Bulldogs Shop Merchandise – at realisable value | 171,694 | 122,148 |
| | 213,091 | 213,470 |
| NOTE 9 OTHER ASSETS | | |
| Prepayments | 275,050 | 321,811 |
| Unexpired Contra Services | 64,551 | 216,244 |
| | 339,601 | 538,055 |
| NOTE 10 REDEVELOPMENT COSTS | | |
| Whitten Oval Redevelopment Costs – Refer note 2(w) | 1,653,626 | 188,366 |
| NOTE 11 PROPERTY PLANT & EQUIPMENT | | |
| Leasehold Improvements - at cost | 3,501,639 | 3,501,643 |
| Less Accumulated Depreciation | (2,686,808) | (1,571,638) |
| | 814,831 | 1,930,005 |
| Plant & Equipment - at cost | 3,186,039 | 3,044,052 |
| Less Accumulated Depreciation | (2,300,778) | (2,099,357) |
| | 885,261 | 944,695 |
| Plant & Equipment under Finance Lease – at capitalised cost | 53,129 | 53,129 |
| Less Accumulated Depreciation | (12,547) | (1,950) |
| | 40,582 | 51,179 |
| Total Property, Plant & Equipment | 1,740,674 | 2,925,879 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

NOTE 11 PROPERTY PLANT & EQUIPMENT *continued*

Reconciliation of carrying amounts

Reconciliation of the carrying amount of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

| | Leasehold Improvements | Plant & Equipment | Leased Assets | Total |
|--|---------------------------|----------------------|------------------|------------------|
| Carrying amount at 1 November 2005 | 1,930,005 | 944,695 | 51,179 | 2,925,879 |
| Additions | - | 141,985 | - | 141,985 |
| Disposals | - | - | - | - |
| Depreciation Expense – (Refer note 29) | (1,115,174) | (201,419) | (10,597) | (1,327,190) |
| Carrying amount at 31 October 2006 | 814,831 | 885,261 | 40,582 | 1,740,674 |

| | 2006 \$ | 2005 \$ |
|--|------------|------------|
|--|------------|------------|

NOTE 12 GOODWILL

| | | |
|----------|----------------|----------------|
| Goodwill | 123,223 | 123,223 |
|----------|----------------|----------------|

NOTE 13 TRADE & OTHER PAYABLES

| | | |
|------------------------------|------------------|------------------|
| Trade Creditors | 3,215,110 | 2,384,527 |
| Other Creditors and Accruals | 2,124,009 | 1,464,297 |
| | 5,339,119 | 3,848,824 |

NOTE 14 INTEREST BEARING LIABILITIES

(a) Current

| | | |
|--|------------------|------------------|
| Westpac Banking Corporation Facility 14(c) | 4,900,000 | 5,032,729 |
| Finance Lease Liability * - Refer note 23(c) | 20,020 | 10,142 |
| Bank Overdraft – Refer note 14(c) | - | 593,561 |
| | 4,920,020 | 5,636,432 |

(b) Non-Current

| | | |
|--|---------------|---------------|
| Finance Lease Liability * - Refer note 23(c) | 35,702 | 46,622 |
|--|---------------|---------------|

* - Effectively secured by the respective assets

(c) Security

Flexible Fully Drawn Advance Facility/Commercial Bill/Bank Overdraft - secured by (1) a second ranking registered company charge (with a deed of priority to rank first) over the assets of Footscray Football Club Ltd to the amount of \$4,900,000 and (2) a standard guarantee and indemnity limited to \$4,400,000 by Australian Football League ("AFL") in favour of the Westpac Banking Corporation which is fully utilised and \$500,000 is secured by a guarantee granted under the AFL Waverley Park sale in favour of the Westpac Banking Corporation (Refer to note 2(u)).

NOTE 15 NON-INTEREST BEARING LIABILITIES

(a) Current

| | | |
|--------------------------------|---------------|---------------|
| Loan – unsecured (Other Party) | 65,000 | 65,000 |
|--------------------------------|---------------|---------------|

(b) Non-Current

| | | |
|--------------------------------|---------------|---------------|
| Loan – unsecured (Other Party) | 21,915 | 81,832 |
|--------------------------------|---------------|---------------|

NOTE 16 EMPLOYEE BENEFITS

(a) Current

| | | |
|----------------------------|----------------|----------------|
| Provision for Annual Leave | 343,791 | 204,245 |
|----------------------------|----------------|----------------|

(b) Non-Current

| | | |
|----------------------------------|---------------|---------------|
| Provision for Long Service Leave | 71,610 | 38,373 |
|----------------------------------|---------------|---------------|

(c) Aggregate Employee Benefits

| | | |
|--|---------|---------|
| | 415,401 | 242,618 |
|--|---------|---------|

NOTE 17 INCOME RECEIVED IN ADVANCE

| | | |
|-------------------|---------------|----------------|
| Income in Advance | 34,713 | 111,985 |
|-------------------|---------------|----------------|



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

| | 2006 \$ | 2005 \$ |
|--|------------------|--------------------|
| NOTE 18 RETAINED (LOSSES) | | |
| Retained (Losses) at the beginning of the financial year | (5,228,334) | (4,755,740) |
| Net Profits / (Losses) attributable to members | 4,274,388 | (472,594) |
| Retained (Losses) at the end of the financial year | (953,946) | (5,228,334) |
| NOTE 19 RESERVES | | |
| Capital Profits | 76,504 | 76,504 |
| Asset Revaluation | 935,965 | 935,965 |
| | 1,012,469 | 1,012,469 |

NOTE 20 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent Assets

- (a) Following the sale of Waverley Park, the AFL has advised all football clubs that it will distribute \$2 million from the sale proceeds over a period of 30 October 2002 to October 2008. The clubs have been advised that these payments are subject to certain conditions. As at 31 October 2006, \$500,000 of these monies was still to be received. This has not been recognised in the financial report at 31 October 2006. (Refer note 2(u)).

Contingent Liabilities

- (b) In December 2002, the AFL clubs and the players entered in to a Federally Certified Long Service Leave Agreement. This agreement removed the State Long Service Leave entitlements of the players. Instead, the players receive additional annual leave after a set number of years service and consequently Clubs will not be required to accrue for long service leave liabilities for players. This agreement does not cover players who left a club prior to the agreement being signed. Therefore, the Club may be liable for long service leave claims of players who have left the Club prior to December 2002. No provision has been recognised in this financial report at 31 October 2006, for this potential liability. The Club does not know of any players with such claims.

- (c) Following negotiations between the Company and the City of Maribyrnong, in 1996, an agreement was entered into whereby the Company's indebtedness to the council was reduced from approx. \$1,900,000 to \$750,000. Although the council has a mortgage debenture charge over the assets of the Company, the \$750,000 debt will only become due and payable if one of a number of specified events occurs.

These events include: -

1. The Company ceases to carry on business or becomes insolvent.
2. The Company ceases to field a senior team in the AFL.
3. The Company merges with or is acquired by another entity.
4. The Company no longer represents the western region of Melbourne.

As the Directors did not believe that any of the above events would occur, there was no certainty that the loan will be repaid. Accordingly, in accordance with provisions of Statements of Accounting Concepts 4, the entire balance of the loan was written off as an abnormal item in the 1996 financial statements. Should any of the contingencies specified within the agreement occur, the Company may become liable for the repayment of the \$750,000 principal and any interest accrued.

- (d) The Club has contractual remuneration commitments extending beyond this financial year in respect of its players. Within the next 12 months these liabilities amount to \$6,328,145 (2005: \$5,866,730). After the next 12 months they amount to \$4,012,850 (2005: \$4,538,220).



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

| | 2006 \$ | 2005 \$ |
|--|------------|------------|
|--|------------|------------|

NOTE 21 RELATED PARTY TRANSACTIONS

(a) Identification of related parties

The Company has a related party relationship with its key management personnel and their associated entities
The Company has a related party relationship with the Western Bulldogs Forever Foundation, an entity for which Ms Susan Alberti AM HonLLD is a director.

NOTE 22 KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Transactions with key management personnel

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

| | | |
|------------------------------|------------------|------------------|
| Short-term employee benefits | 1,817,960 | 1,581,515 |
| Other long term benefits | - | - |
| Post-employment benefits | 178,266 | 172,439 |
| Termination benefits | - | - |
| | 1,996,226 | 1,753,954 |

(b) Loans and other transactions with key management personnel

A number of key management persons of the Company, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with directors and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on arms length basis.

The aggregate amounts recognised during the year relating to key management personnel and their related parties were as follows:

| | | |
|---|-----------|---------|
| (i) Receipts from corporate sponsorship / hospitality services received from the following companies in which key management personnel have a beneficial interest on commercial terms and conditions - Goldage Pty Ltd (Susan Alberti AM HonLLD) | 110,000 | 110,000 |
| (ii) Receipts from donations in relation to the Whitten Oval Redevelopment received from the Western Bulldogs Forever Foundation, an entity in which Susan Alberti AM Hon LLD is a director. | 1,874,222 | 58,870 |
| (iii) Payments for services to the Football Department made to the following companies in which Key management personnel have a beneficial interest on commercial terms and conditions: - Mayko Pty Ltd (Jose Romero) | 25,000 | 30,000 |
| (iv) Each Director is a fully paid up member of the Club and from time to time may purchase tickets to Club events and functions at normal member rates. | | |

NOTE 23 CAPITAL AND LEASING COMMITMENTS

(a) Non-cancellable operating leases contracted for but not capitalised in the accounts

| | | |
|---|------------------|------------------|
| Amount Payable: | | |
| Not later than one year | 392,417 | 386,848 |
| Later than one year but not later than five years | 386,424 | 663,390 |
| Later than five years | 626,497 | 1,580,834 |
| | 1,405,338 | 2,631,072 |

Operating lease commitments include the lease of the property located at Whitten Oval, 417 Barkly Street Footscray West. The lease with the City of Maribyrnong has a 25 year term that ends on 30th September 2021. Lease payments are payable monthly in arrears. At the commencement of the 2001/2002 year, lease payments were indexed by the greater of 5% or CPI.

The remaining operating leases relate to three other properties, computer equipment and motor vehicles used in the operations of the Club. These leases generally have a term of 3-5 years, do not contain bargain purchase options and contain normal commercial terms and conditions.

(b) Maintenance agreement with the City of Maribyrnong

| | | |
|---|------------------|------------------|
| Amount Payable: | | |
| Not later than one year | 117,081 | 108,484 |
| Later than one year but not later than five years | 529,865 | 490,958 |
| Later than five years | 1,879,491 | 1,967,016 |
| | 2,526,437 | 2,566,458 |

The nature and timing of the maintenance agreement with the City of Maribyrnong coincides with the lease of Whitten Oval including indexation of maintenance payments from the commencement of the 2001/2002 year. Neither the property leases nor the maintenance agreement contain options to extend.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

| | 2006 \$ | 2005 \$ |
|---|---------------|---------------|
| NOTE 23 CAPITAL AND LEASING COMMITMENTS <i>continued</i> | | |
| (c) Finance Lease Commitments | | |
| Amount Payable: Not later than one year | 23,379 | 13,937 |
| Later than one year but not later than five years | 39,487 | 53,424 |
| Minimum finance lease payments | 62,866 | 67,361 |
| Less future finance charges | (7,144) | (10,597) |
| Finance Lease Liability | 55,722 | 56,764 |
| Represented by: Current Liability - Refer note 14(a) | 20,020 | 10,142 |
| Non-Current Liability – Refer note 14(b) | 35,702 | 46,622 |
| | 55,722 | 56,764 |

Finance lease commitments include the lease of computer equipment which has a 5 year term ending in July 2010.

(d) Capital Commitments

The Company is committed to the redevelopment of the Whitten Oval, at a cost of approximately \$20 million (of which \$1.7 million has been spent, to date (refer note 2 (w)), pursuant to contracts between the Company, the Federal Government and other funding bodies. The Company has entered into contracts with a number of parties to carry out the redevelopment works.

NOTE 24 SEGMENT REPORTING

The Company operates in the Sporting Industry solely within Australia by fielding an Australian Rules Football team in the AFL.

NOTE 25 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, and investments in money market instruments on a short term basis net of bank overdrafts.

Cash at the end of the year is shown in the Balance Sheet as:

| | | |
|--|------------------|----------------|
| Cash on hand | 313,290 | 201,930 |
| Cash at bank | 507,439 | 529,502 |
| Cash held at bank for Whitten Oval Redevelopment | 4,163,239 | 35,660 |
| Bank overdraft | - | (593,561) |
| | 4,983,968 | 173,531 |

(b) Reconciliation of the operating profit/(loss) after income tax to net cash flows from operating activities

| | | |
|---|------------------|------------------|
| Operating Profit/(Loss) after Income Tax | 4,274,388 | (472,594) |
| Depreciation | 1,327,190 | 255,361 |
| (Profit) / Loss on Sale of Non-current Assets | - | (28,763) |
| | 5,601,578 | (245,996) |

Changes in net assets and liabilities

| | | |
|---|------------------|----------------|
| (Increase)/Decrease in Trade Debtors, Accrued Revenue and Other Debtors | (773,847) | (28,886) |
| (Increase)/Decrease in Prepayments | 46,761 | (85,668) |
| (Increase)/Decrease in Other Current Assets | 151,693 | 160,599 |
| (Increase)/Decrease in Inventories | 379 | (116,728) |
| Increase/(Decrease) in Trade Creditors and Accruals | 1,479,373 | 764,818 |
| Increase/(Decrease) in Employee Provisions | 172,783 | 29,945 |
| Increase/(Decrease) in Income in Advance | (77,272) | (374,055) |
| Net Cash Flows from Operating Activities | 6,601,448 | 104,029 |

NOTE 26 FINANCE FACILITIES

At balance date, the Company had the following arrangements with the Westpac Banking Corporation.

| | | |
|--|-------------|-------------|
| (a) Bank Overdraft | | |
| Limit | - | 500,000 |
| Amount utilised at the end of the financial year | - | (593,561) |
| Amount unutilised at the end of the financial year | - | (93,561) |
| (b) Flexible Fully Drawn Advance | | |
| Limit | - | 5,032,729 |
| Amount utilised at the end of the financial year | - | (5,032,729) |
| Amount unutilised at the end of the financial year | - | - |
| (c) Commercial Bills | | |
| Limit | 4,900,000 | - |
| Amount utilised at the end of the financial year | (4,900,000) | - |
| Amount unutilised at the end of the financial year | - | - |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

NOTE 27 FINANCIAL INSTRUMENTS

The Company's principal financial instruments, comprise bank loans, finance leases and hire purchase contracts, cash and short-term deposits.

The main purpose of these financial instruments is to finance for the Company's operations.

The Company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

The main risks arising from the Company's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The policies for managing each of these risks are summarised below.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosure in note 2 to the financial statements.

Interest Rate Risk

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's long term debt obligations.

The Company's policy is to manage its interest cost using a mix of fixed and variable rate debt.

Credit Risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

The Company trades only with recognised, creditworthy third parties.

It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Company's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Company at the balance sheet date.

Liquidity Risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and finance leases.

Fair value

The Directors consider that the carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their fair values.

The fair values and net fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standards terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

Transaction costs are included in the determination of net fair value.

Interest Rate Risk

The following summarises interest rate risk for the consolidated entity, together with effective interest rates as at balance date.

Fixed Interest Rate Maturity

| | Average Interest Rate % | Variable Interest Rate \$ | Less than 1 year \$ | 1 to 5 years \$ | More than 5 years \$ | Non-Interest Bearing \$ | Total \$ |
|-------------------------------|-------------------------|---------------------------|---------------------|-----------------|----------------------|-------------------------|-------------------|
| 2006 | | | | | | | |
| Financial Assets | | | | | | | |
| Cash on Hand | - | - | - | - | - | 313,290 | 313,290 |
| Cash at Bank | 2.54% | 4,670,678 | - | - | - | - | 4,670,678 |
| Receivables | - | - | - | - | - | 1,836,210 | 1,836,210 |
| | | 4,670,678 | - | - | - | 2,149,500 | 6,820,178 |
| Financial Liabilities | | | | | | | |
| Commercial Bills | 6.85% | 4,900,000 | - | - | - | - | 4,900,000 |
| Lease Liability | 7.45% | - | 20,020 | 35,702 | - | - | 55,722 |
| Unsecured Loans | - | - | - | - | - | 86,915 | 86,915 |
| Trade Creditors and Accruals | - | - | - | - | - | 5,339,119 | 5,339,119 |
| | | 4,900,000 | 20,020 | 35,702 | - | 5,426,034 | 10,381,756 |
| 2005 | | | | | | | |
| Financial Assets | | | | | | | |
| Cash on Hand | - | - | - | - | - | 201,930 | 201,930 |
| Cash at Bank | 3.78% | 565,162 | - | - | - | - | 565,162 |
| Receivables | - | - | - | - | - | 1,062,363 | 1,062,363 |
| | | 565,162 | - | - | - | 1,264,293 | 1,829,455 |
| Financial Liabilities | | | | | | | |
| Bank Overdraft | 7.95% | 593,561 | - | - | - | - | 593,561 |
| Flexible Fully Drawn Advanced | 7.82% | 5,032,729 | - | - | - | - | 5,032,729 |
| Lease Liability | 7.41% | - | 10,142 | 46,622 | - | - | 56,764 |
| Unsecured Loans | - | - | - | - | - | 146,832 | 146,832 |
| Trade Creditors and Accruals | - | - | - | - | - | 3,848,824 | 3,848,824 |
| | | 5,626,290 | 10,142 | 46,622 | - | 3,995,656 | 9,678,710 |



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST OCTOBER 2006

NOTE 28 SUBSEQUENT EVENTS

Since the end of the 2006 financial year, the Western Bulldogs have received confirmation that the 2007 payment for the Annual Special Distribution from the AFL, of \$1,700,000, is to be paid in the 2007 financial year, subject to certain conditions which the board expect will be met.

NOTE 29 CHANGE IN ACCOUNTING ESTIMATES

Effective 1 November 2005, the Company amended its method of estimating depreciation of its Leasehold Improvements.

Due to the current redevelopment of the Whitten Oval (Refer note 1(w)) the remaining useful lives of certain items of the Company's Leasehold Improvements have been re-assessed.

The useful life for all Leasehold Improvement items which had been demolished in November 2005 was assessed to be NIL. These items were written off in the current financial year.

The useful life for all Leasehold Improvement items, at 1 November 2005, which will be either upgraded or superseded, as part of the redevelopment, was assessed to be 2 years. The depreciation rate for these items was accelerated, so that they will be fully depreciated by 31 October 2007.

The effect of the change for the current period is as follows;

| | |
|--|--------------------|
| | \$ |
| Depreciation Expense, calculated under prior methodology | 305,287 |
| Adjusted Depreciation Expense, calculated under current methodology | 1,327,190 |
| Net effect of change of estimate on current financial year Profit/(Loss) | <u>(1,021,903)</u> |

NOTE 30 FIRST TIME ADOPTION OF AUSTRALIAN EQUIVALENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

(a) Reconciliation of total equity as presented under previous AGAAP to AIFRS as at 1 November 2004

| | |
|--|--------------------|
| | \$ |
| Total equity under previous AGAAP at 1 November 2004 | (3,743,271) |
| Adjustment to Retained Losses | - |
| Total equity under AIFRS at 1 November 2004 | <u>(3,743,271)</u> |

(b) Reconciliation of total equity as presented under previous AGAAP to AIFRS as at 31 October 2005

| | |
|--|--------------------|
| | \$ |
| Total equity under previous AGAAP at 31 October 2005 | (4,223,700) |
| Adjustment to retained losses | 7,835 |
| Total equity under AIFRS at 31 October 2005 | <u>(4,215,865)</u> |

(c) Reconciliation at profit under previous AGAAP to AIFRS for the period ended 31 October 2005

| | |
|--|------------------|
| | \$ |
| Loss for the year ended 31 October 2005 as previously reported | (480,429) |
| Adjustment to loss | 7,835 |
| Loss for the year ended 31 October 2005 under AIFRS | <u>(472,594)</u> |

NOTICE OF ANNUAL GENERAL MEETING

FOOTSCRAY FOOTBALL CLUB LIMITED
(TRADING AS WESTERN BULLDOGS)
ACN 005 226 595

NOTICE OF ANNUAL GENERAL MEETING

The Annual General Meeting of Members of the Club will be held in the Presidents Room, Whitten Oval, 417 Barkly Street, West Footscray on Monday 18th December, 2006 commencing at 7.00 p.m.

The business to be transacted is:

1. Reception and Consideration of the 2006 Financial Report, Directors Report & Independent Audit Report
2. Announcement of Officer Bearers and Directors
3. Presentation of Life Memberships and Certificates
4. Any other business of which 28 days notice has been given to the Chief Executive by any 20 financial members in accordance with the requirements of the Company's Constitution.

Please note:

Only Ordinary, Life or Social Club Members whose name appears on the Official Register of Members as of the 1st of June 2006, who are over the age of 18 years and who shall not be owing any money to the Club shall be eligible to vote at the Annual General Meeting. Honorary Members, Junior Members, Junior Social Club Members, Temporary Members, Gaming Members, Ordinary Members who are under the age of 18 years shall not be eligible to vote at any meeting or at any election of the Club nor shall they count for the purpose of the quorum.

By Order of the Board

CAMPBELL A. ROSE
Chief Executive

DATED this 14th day of November 2006



WESTERN BULLDOGS
2006 FINANCIAL REPORT