

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

AUSTRALIAN FOOTBALL LEAGUE

ACN

004 155 211

Reason for lodgement of statement and reports

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

Dates on which financial
year ends

Financial year end date

31-10-2016

Auditor's report

Were the financial statements audited?

Yes

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

No

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

No

Details of current auditor or auditors

Change address

Name

KPMG

Address

**'TOWER TWO COLLINS SQUARE'
727 COLLINS STREET
MELBOURNE VIC 3000
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	Raymond Mark GUNSTON
Date	17-02-2017

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**AUSTRALIAN FOOTBALL LEAGUE
AND ITS CONTROLLED ENTITIES**

ANNUAL FINANCIAL REPORT

31 OCTOBER 2016

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Australian Football League ("the Company") and Consolidated Entity, being the Company and its controlled entities, for the year ended 31 October 2016 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr M C Fitzpatrick Chairman – Appointed Commissioner 2003, Chairman from March 2007
Chairman of Remuneration Committee
Member of Audit and Risk Committee

Qualifications: Bachelor of Engineering (Hons.) (University of Western Australia)
Bachelor of Arts (Hons.) (Oxford University, UK)

Experience: Chairman, Pacific Current Group Limited
Director, Infrastructure Capital Group Pty Ltd
Director, Carnegie Ltd
Director, Creswick Quartz Ltd
Director, Latam Autos Ltd
Chairman, Australian Sports Commission 1995-1998
Founder and Managing Director, Hastings Funds Management Ltd, 1994-2005
Former Director, The Walter and Eliza Hall Institute of Medical Research
Former Director, Rio Tinto Limited/Plc
Player, Subiaco Football Club 1970-1974
Player, Carlton Football Club 1975-1983
Director, Carlton Football Club 1989-1995
Life Member, Carlton Football Club

Mr G A McLachlan Chief Executive Officer – Appointed 5th June 2014

Qualifications: Bachelor of Commerce (University of Adelaide)
Bachelor of Law (Hons.) (University of Melbourne)

Experience: AFL General Manager Commercial Operations 2003-2006
AFL General Manager Broadcasting & Major Projects 2006-2008
AFL Chief Operating Officer 2008-2012
AFL Deputy CEO 2012-2014
Patron, Children's Cancer Foundation

Mr C D Langford Non-Executive Commissioner – Appointed 1999 – Resigned 17th March 2016
Chairman of Audit and Risk Committee

Qualifications: Bachelor of Architecture (University of Melbourne)

Experience: Director, Newmark Capital Pty Ltd
Director, Panorama Capital Pty Ltd
Former CEO Retail Projects, Mirvac Group
Player, Hawthorn Football Club 1980-1997
Member, AFL (NSW/ACT) Commission 1998-2004
Life Member, Hawthorn Football Club

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Ms S J Mostyn Non-Executive Commissioner – Appointed 2005 – Resigned 17th March 2016
Member of Remuneration Committee

Qualifications: Bachelor of Arts (Australian University)
Bachelor of Law (Australian University)

Experience: Chair, Citigroup Pty Limited
Chair, Carriage Works Australia
President, Australian Council for International Development
President, Australian Volunteers International
Director, Australia Council for the Arts
Director, Virgin Australia Holdings Ltd
Director, Transurban Holdings Ltd
Director, Cover-More Insurance Services Pty Ltd
Director, Mirvac
Director, GO Foundation
Director, ClimateWorks Australia

Mr R J Goyder, AO Non-Executive Commissioner – Appointed 21st November 2011
Member of Audit and Risk Committee

Qualifications: Bachelor of Commerce (University of Western Australia)

Experience: Chair, JDRF Australia
Director, Wesfarmers Ltd
Director, Gresham Partners Holdings Ltd
Director, Business Council of Australia
Director, UWA Business School Advisory Board
Former Director, Fremantle Football Club

Mr P M Bassat Non-Executive Commissioner – Appointed 20th February 2012
Member of Remuneration Committee

Qualifications: Bachelor of Law (University of Melbourne)
Bachelor of Commerce (University of Melbourne)

Experience: Co-founder and former CEO, SEEK Ltd 1997-2011
Director, Square Peg Capital Pty Ltd
Director, Peter MacCallum Cancer Foundation
Director, Wesfarmers Ltd
Director, Wego Pte Ltd
Director, AFL SportsReady Pty Ltd
Director, PropertyGuru Pte Ltd
Director, Innovation and Science Australia
Advisory Board Member, Evans & Partners Global Disruption Fund
Member, Mount Scopus College Foundation

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT
(CONTINUED)

Mr K L Williams, AM	Non-Executive Commissioner – Appointed 4 th March 2014
<i>Qualifications:</i>	Bachelor of Music (The University of Sydney) Honorary Doctorate of Letters (Macquarie University)
<i>Experience:</i>	Chair, NSW State Library Foundation Chair, Copyright Agency Chair, Vidcorp Chair, Mojo Power Holdings Pty Ltd Chair, The Cranlana Programme Director, Myer Family Investments Director, Myer Foundation Director, Australian Music Foundation Director, Executive Channel International Director, Australian National Academy of Music Board Member, University of Western Sydney Foundation Board Member, Australian Grape and Wine Authority Trustee, Thomson Reuters
Mr J A Ball	Non-Executive Commissioner – Appointed 25 th March 2015 Member of Audit and Risk Committee
<i>Qualifications</i>	Graduate, Australian Institute of Company Directors
<i>Experience:</i>	Senior Relationship Manager, Macquarie Equities (Macquarie Group) Player, West Coast Eagles Football Club 1992-1999 Player, Sydney Swans Football Club 2000-2005 Director, Sydney Swans Football Club 2007-2015
Major General S L Wilkie, AO	Non-Executive Commissioner – Appointed 25 th March 2015 Member of Remuneration Committee
<i>Qualifications:</i>	Bachelor of Human Resource Management (University of New England) Graduate Diploma of Telecommunications Systems Management (Swinburne University of Technology) Graduate Diploma of Strategic Studies (Deakin University) Master of Defence Studies (University of Canberra) Advanced Management Program (Harvard Business School)
<i>Experience:</i>	Head of ADF Joint Enablers & Commander, Australian Defence College Chief of Staff to the Chief of Army National Commander ADF commitment in Afghanistan Director General Training Officer of the Order of Australia Member of the Order of Australia Awarded a Bronze Star (United States) for service in Iraq Awarded a Commendation for Distinguished Service in Afghanistan Patron, ADF Women's Australian Rules Association Chair, ADF Sports Council

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Mr P A Newbold	Non-Executive Commissioner – Appointed 17 th March 2016 Chairman of Audit and Risk Committee
<i>Qualifications</i>	Bachelor of Laws (Monash University) Bachelor of Economics (Monash University)
<i>Experience</i>	Director, Bryson Funds Management Ltd Director, SEDA Director, Supra Capital Limited Director, Methodist Ladies College President, Hawthorn Football Club 2012-2016 Life Member, Hawthorn Football Club 2016
Ms G M Trainor	Non-Executive Commissioner – Appointed 17 th March 2016
<i>Qualifications</i>	Bachelor of Laws (Melbourne University) Master of Arts in Cultural & Creative Practice (Western Sydney University) Fellow, Australian Institute of Company Directors
<i>Experience</i>	Chair, National Film & Sound Archive Infrastructure Australia Chair, Barnardos Australia Director, Infrastructure Australia Director, Aurora Education Foundation Director, Western Sydney University Foundation Director, Western Sydney University Director, Whitlam Institute Director, Clarius Limited Director, Business Events Sydney Director, ANZ One Path Life Ltd Director, Cape York Partnership Limited Director, Gabrielle Trainor & Associates Pty Ltd Director, Temple Pty Ltd Member, Audit Committee, Office of Sport (NSW) Member, Audit Committee, Venues NSW

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors' Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	No. of Meetings attended	No. of Meetings held *	No. of Meetings attended	No. of Meetings held *	No. of Meetings attended	No. of Meetings held *
Mr M C Fitzpatrick	10	10	3	3	1	1
Mr G McLachlan	10	10	-	-	-	-
Mr C D Langford	3	4	2	2	-	-
Ms S J Mostyn	3	4	-	-	1	1
Mr R J Goyder, AO	9	10	3	3	-	-
Mr P M Bassat	10	10	-	-	1	1
Mr K L Williams, AM	10	10	-	-	-	-
Mr J A Ball	10	10	1	1	-	-
Major Gen S L Wilkie, AO	10	10	-	-	-	-
Mr P A Newbold	7	7	1	1	-	-
Ms G M Trainor	7	7	-	-	-	-

* Reflects the number of meetings held during the time the director held office during the year.

The role of the Audit and Risk Committee is to give the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or determining items for inclusion in the financial statements.

The role of the Remuneration Committee is to review the remuneration packages and policies applicable to senior executives of the Company.

As well as the above meetings, the Directors also attended numerous other meetings including meetings with the Presidents of all Australian Football League (AFL) Clubs.

Principal Activities

The principal activities of the Consolidated Entity during the course of the financial year have been to promote, control, manage and encourage Australian Rules Football.

There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

Objectives

The major objectives of the Company include the following:

- (i) To manage the AFL competition to ensure that it remains the most exciting in Australian Sport.
- (ii) To build a stronger relationship with the supporters at all levels of the game.
- (iii) To help ensure that AFL Clubs are financially secure and competitive.
- (iv) To provide the best possible benefits for AFL players and to drive the next generation of elite athletes to choose our game.

Strategy and Performance

The Company's strategy is to promote the AFL brand throughout Australia and to a limited extent outside Australia. Key Performance Indicators such as attendances at AFL games, television ratings, digital consumption and participant numbers are used to measure the Company's performance against this strategy.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Review and Results of Operations

The operating loss of the Consolidated Entity was \$15.5 million, compared with an operating profit of \$3.6 million in 2015.

State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

Events Subsequent to Balance Date

On 2 November 2016, the Company took 100% ownership of the management rights of Etihad Stadium through the purchase of the Stadium Operations Limited (SOL) Group of Companies, for a total consideration of \$200m. The Company entered into Debt Facility Agreements for \$280m to fund this acquisition and to meet ongoing working capital requirements of the Consolidated Entity.

The Company contemporaneously exercised its Option Agreement to purchase the freehold title to Etihad Stadium and take an assignment of the Docklands Authority rights under the Fixtures and Fittings Option and Development Agreement Indemnities (see notes 10 and 25).

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely Developments

The Directors do not anticipate any major changes in the basis of operations of the Consolidated Entity and the future results of those operations in subsequent financial years. However, a new Broadcast Rights deal has been negotiated and contracted for the 2017-2022 financial years. The new Broadcast Rights deal has increased by a material amount on the previous deal from 2012-2016 and forms a major part of the investment based industry funding model to be implemented from 2017 onwards.

Insurance Premiums

Since the end of the previous financial year the Company has paid insurance premiums on insurance contracts in respect of Directors' and Officers' liability and legal expenses, which include cover for current officers, including executive officers of the Company. The insurance premiums in respect of the officers of the Company relate to:

- costs and expenses that may be incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Directors' Benefits

Since the end of the previous financial year no Director of the Company has received or become entitled to receive any benefit (other than the fixed salary of a full time employee of the Company or of a related body corporate) by reason of a contract made by the Company, its controlled entities, or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest other than as disclosed in notes 20 and 21 of the annual financial report.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**DIRECTORS' REPORT
(CONTINUED)**

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

The Lead Auditor's Independence Declaration is set out on Page 9 and forms part of the Directors' report for the year ended 31 October 2016.

Parent Entity Financial Statements

A full set of Parent Entity Financial Statements has been included alongside the Consolidated Financial Statements in accordance with the option available to the Company under the Australian Securities and Investments Commission (ASIC) Class Order 10/654 issued on 26 July 2010.

Rounding Off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

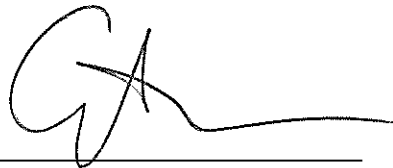
Dated at Melbourne this 9th day of February 2017.

Signed in accordance with a resolution of the Directors:



Mr M C Fitzpatrick

Chairman



Mr G A McLachlan

Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Australian Football League

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2016 there have been:

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

KPMG

KPMG

M. Bisetto

Maurice Bisetto
Partner

Melbourne

9 February 2017

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES
STATEMENTS OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016

	Note	Consolidated		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	2	569,856	558,674	516,991	506,026
Net financing income	5	378	564	302	243
Expenses from operating activities	3(a)	<u>(585,016)</u>	<u>(555,099)</u>	<u>(535,070)</u>	<u>(503,727)</u>
Profit/(loss) from operating activities before related income tax expense		(14,782)	4,139	(17,777)	2,542
Income tax expense relating to operating activities	7	(673)	(491)	-	-
Profit/(loss) for the year		<u>(15,455)</u>	<u>3,648</u>	<u>(17,777)</u>	<u>2,542</u>
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		<u>(15,455)</u>	<u>3,648</u>	<u>(17,777)</u>	<u>2,542</u>
Profit/(loss) attributable to:					
Owners of the Company		(16,256)	3,003	(17,777)	2,542
Non-controlling interests		<u>801</u>	<u>645</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u>(15,455)</u>	<u>3,648</u>	<u>(17,777)</u>	<u>2,542</u>
Total comprehensive income attributable to:					
Owners of the Company		(16,256)	3,003	(17,777)	2,542
Non-controlling interests		<u>801</u>	<u>645</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(15,455)</u>	<u>3,648</u>	<u>(17,777)</u>	<u>2,542</u>

The Statements of Profit & Loss and other comprehensive income are to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year	140,206	136,558	125,973	123,431
Other member contributions	-	-	-	-
Total comprehensive income for the year	<u>(15,455)</u>	<u>3,648</u>	<u>(17,777)</u>	<u>2,542</u>
Total equity at the end of the year	124,751	140,206	108,196	125,973
 Equity attributable to:				
Owners of the Company	121,181	137,437	108,196	125,973
Non-controlling interests	<u>3,570</u>	<u>2,769</u>	<u>-</u>	<u>-</u>
Total equity at the end of the year	<u><u>124,751</u></u>	<u><u>140,206</u></u>	<u><u>108,196</u></u>	<u><u>125,973</u></u>

The Statements of Changes in Equity are to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2016**

	Note	Consolidated		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Assets					
Cash and cash equivalents	24(a)	86,821	82,156	78,854	69,994
Trade and other receivables	8	55,873	44,168	50,961	39,835
Inventories	9	136	171	-	-
Other assets	10	3,328	20,449	1,891	19,597
Total current assets		<u>146,158</u>	<u>146,944</u>	<u>131,706</u>	<u>129,426</u>
Trade and other receivables	8	3,608	4,408	3,608	4,408
Property, plant and equipment	11	20,114	20,408	13,979	14,294
Other assets	10	33,798	34,500	33,750	34,500
Total non-current assets		<u>57,520</u>	<u>59,316</u>	<u>51,337</u>	<u>53,202</u>
Total assets		<u>203,678</u>	<u>206,260</u>	<u>183,043</u>	<u>182,628</u>
Liabilities					
Trade and other payables	12(a)	47,365	44,343	53,173	44,038
Deferred income	12(b)	19,254	5,110	15,295	1,859
Interest-bearing loans and borrowings	13	7	-	-	-
Provisions	14	10,531	9,896	5,266	4,591
Total current liabilities		<u>77,157</u>	<u>59,349</u>	<u>73,734</u>	<u>50,488</u>
Trade and other payables	12(a)	-	5,074	-	5,074
Deferred income	12(b)	-	150	-	150
Interest-bearing loans and borrowings	13	38	-	-	-
Provisions	14	1,732	1,481	1,113	943
Total non-current liabilities		<u>1,770</u>	<u>6,705</u>	<u>1,113</u>	<u>6,167</u>
Total liabilities		<u>78,927</u>	<u>66,054</u>	<u>74,847</u>	<u>56,655</u>
Net assets		<u>124,751</u>	<u>140,206</u>	<u>108,196</u>	<u>125,973</u>
Equity					
Member Contributions		21	21	-	-
Reserves	15	89,359	89,359	89,359	89,359
Retained earnings	16	31,801	48,057	18,837	36,614
Total equity attributable to equity holders of the Company		<u>121,181</u>	<u>137,437</u>	<u>108,196</u>	<u>125,973</u>
Non-controlling interest		3,570	2,769	-	-
Total equity		<u>124,751</u>	<u>140,206</u>	<u>108,196</u>	<u>125,973</u>

The Statements of Financial Position are to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Note	Consolidated		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash flows from operating activities					
Cash receipts in the course of operations		598,803	585,318	540,896	526,344
Cash payments in the course of operations		<u>(590,662)</u>	<u>(562,315)</u>	<u>(529,872)</u>	<u>(507,604)</u>
Net cash from operating activities	24(b)	<u>8,141</u>	<u>23,003</u>	<u>11,024</u>	<u>18,740</u>
Cash flows from investing activities					
Interest received		1,034	1,238	954	901
Payments for property, plant and equipment		<u>(3,848)</u>	<u>(6,342)</u>	<u>(2,466)</u>	<u>(1,295)</u>
Net cash used in investing activities		<u>(2,814)</u>	<u>(5,104)</u>	<u>(1,512)</u>	<u>(394)</u>
Cash flows from financing activities					
Interest paid		(656)	(674)	(652)	(658)
Payment of finance lease liabilities		<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities		<u>(662)</u>	<u>(674)</u>	<u>(652)</u>	<u>(658)</u>
Net increase in cash and cash equivalents		4,665	17,225	8,860	17,688
Cash and cash equivalents at the beginning of the financial year		<u>82,156</u>	<u>64,931</u>	<u>69,994</u>	<u>52,306</u>
Cash and cash equivalents at the end of the financial year	24(a)	<u><u>86,821</u></u>	<u><u>82,156</u></u>	<u><u>78,854</u></u>	<u><u>69,994</u></u>

The Statements of Cash Flows are to be read in conjunction with the notes to the financial statements set out on pages 14 to 38.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Statement of significant accounting policies

The Australian Football League (“the Company”) is a not-for-profit company domiciled in Australia and is a company limited by guarantee. The consolidated financial report of the Company for the financial year ended 31 October 2016 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”).

The financial report was authorised for issue by the directors on 9th February 2017.

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial report of the Consolidated Entity and the financial report of the Company comply with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

(b) Basis of Preparation

The financial report is presented in Australian dollars, which is the Company’s functional currency and the functional currency of the Consolidated Entity.

The financial report has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of assets.

The financial report has been prepared on an accruals basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Company.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are discussed in note 1.

These accounting policies have been consistently applied by each entity in the Consolidated Entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Statement of significant accounting policies (continued)

New accounting standards and interpretations not yet adopted

AASB 9 *Financial Instruments* replaces the existing guidance in AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 becomes mandatory for the Consolidated Entity's financial statements for the period beginning on or after 1 January 2018 and could change the classification and measurement of financial assets, and the measurement of impairment on financial instruments. The Consolidated Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

AASB 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much, and when revenue is recognised. It replaces existing revenue recognition guidance including AASB 118 *Revenue*, and becomes mandatory for the Consolidated Entity's financial statements for the period beginning on or after 1 January 2018. The Consolidated Entity does not plan to adopt this standard early and the extent of the impact has not been determined.

AASB 16 *Leases* introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments. This standard is applicable for financial years commencing on or after 1 January 2019. Management have not yet assessed the impact of adopting this standard.

(c) Reclassification of Financial Information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. The impact of these reclassifications is not material, and has not resulted in any change to profit or net assets.

(d) Basis of Consolidation

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Statement of significant accounting policies (continued)

(e) Revenue Recognition

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues. Exchanges of goods or services that are not of the same nature are recognised as revenue and expenses at the notional fair value of the goods or services.

Trading Operations

Sales Revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) for the provision of products or services to entities outside the economic entity. Sales revenue is recognised within the period to which it contractually relates or when the fee in respect of services provided is receivable.

Other Revenue

Other revenue (including Contra Revenue) is recognised within the period to which it contractually relates or when the fee in respect of services provided is receivable, including television rights and sponsorship.

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of Non-current Assets

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs), and is treated as other income.

(f) Government Grants

Government grants arising from the contribution of an asset are measured at the fair value of the contributions received or receivable when the entity obtains the control of the contribution or right to receive the contribution, it is probable the economic benefits comprising the contribution will flow to the entity and the amount of the contribution can be measured reliably.

Government grants which contain reciprocal transfers are initially recognised as deferred income at fair value where there is reasonable assurance that they will be received and the Consolidated Entity and the Company will comply with the conditions associated with the grant. These are then recognised as other revenue on a stage of completion basis.

(g) Net Financing Costs

Borrowing costs include interest only and are expensed as incurred using the effective interest rate method.

(h) Taxation

The Company and its 100% owned controlled entities are exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997 as amended, as the activities are solely the promotion, administration and development of Australian Rules Football.

Champion Data, a 49% owned subsidiary, are subject to income tax based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Statement of significant accounting policies (continued)

(i) Acquisition of Assets

All assets acquired including property, plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred that are probable and can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

(j) Grants and Distributions to Clubs

Grants and distributions are made periodically to participating clubs of the AFL to enable the clubs to carry out the promotion, management and development of Australian football and are brought to account as an expense when paid or accrued.

(k) Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Consolidated Entity in the management of its short term commitments.

(l) Receivables

Trade and other receivables are stated at their amortised cost less impairment loss.

The ability to collect debts is assessed at reporting date and specific provision is made for any doubtful accounts. Where amounts owing are due over more than one year these amounts are discounted to their present value.

(m) Inventories

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

(n) Property, Plant and Equipment

(i) Owned Assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation (see below) and impairment losses (see accounting policy Note 1.(v)).

Land and buildings are valued by the directors and where considered appropriate, included in the financial statements at the revalued amounts.

(ii) Leased Assets

Leases of property, plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating.

Payments made under operating leases are expensed in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(iii) Depreciation and Amortisation

Items of buildings and leasehold property but excluding freehold land, are depreciated/amortised on a straight line basis over their estimated useful lives.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

1. Statement of significant accounting policies (continued)

The depreciation rates used for each class of asset, for the current and previous financial years are as follows:

	<u>2016</u>	<u>2015</u>
Buildings	2.5%	2.5%
Leasehold improvement	2.5%	2.5%
Plant and equipment	10%	10%
Motor vehicles	20%	20%
IT equipment	25%	25%
Furniture and fittings	10%	10%
Paintings	0%	0%

(o) Payables

Payables are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are non-interest bearing and are normally settled within 30 days.

(p) Interest-bearing Loans and Borrowings

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans and borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

(q) Retained Surplus

The Company is a company limited by guarantee to the extent of \$0.10 for each member. As at 31 October 2016, there were 266 members (including 248 life members).

The Memorandum of Association prevents the distribution of retained profits or payment of dividends to members.

(r) Employee Entitlements

Wages, Salaries and Annual Leave

Liabilities for employee entitlements 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, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employee's services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including on-costs and expected settlement dates based on turnover history and is discounted using the rates attached to national government bonds at reporting date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as a long service leave expense.

Superannuation Fund

Contributions to employee superannuation funds are expensed as they are incurred.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Statement of significant accounting policies (continued)

(s) Provisions

A provision is recognised in the statement of financial position when the Consolidated Entity has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(t) Goodwill

Goodwill that arises upon the acquisition of business combinations is included in Intangible Assets. Goodwill is measured as the fair value of the consideration transferred plus the net recognised amount at fair value of the identifiable assets acquired and the liabilities assumed.

(u) Financial Risk Management

Interest Rate Risk

The Consolidated Entity's major financial assets are short term deposits set on a floating interest rate basis and non-interest bearing receivables. The Consolidated Entity also has a major financial liability in short term bank debt which is incurred throughout the year.

Foreign Exchange Risk

The Consolidated Entity is not exposed to any material foreign exchange risk as it operates within Australia and all material transactions are undertaken in Australian dollars.

Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets, which have been recognised on the statement of financial position, approximates the carrying amount. The Consolidated Entity minimises the concentration of credit risk by undertaking transactions with a wide range of sponsors and customers.

Liquidity Risk

Liquidity risk is the risk that the Consolidated Entity will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Consolidated Entity's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses.

Net Fair Values

The Directors consider that the carrying amount of recognised financial assets and liabilities approximate their net fair values.

(v) Impairment

The carrying amounts of the Consolidated Entity's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and an impairment loss recognised in the income statement if the carrying amount of the asset exceeds its recoverable amount.

(w) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

1. Statement of significant accounting policies (continued)

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(x) Economic Dependency

The Company derives a significant portion of its total revenue from television broadcasting rights.

(y) Reserves

The Commission have agreed to allocate funds to a number of specific long term programs with the expenditure over a number of years. Monies are allocated on an annual basis from retained earnings directly to the applicable reserve. Payments made to these programs are expensed to the profit and loss as incurred.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
2. Revenue				
Revenue from Operating Activities				
Broadcasting & AFL Media	264,154	256,602	264,154	256,602
Commercial Operations	185,978	182,520	185,978	182,520
Football Operations	4,654	4,974	4,654	4,974
Game Development	10,571	9,954	10,571	9,954
Other Revenue	77,499	77,624	24,634	24,976
Contra Advertising Revenue	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>	<u>27,000</u>
	<u>569,856</u>	<u>558,674</u>	<u>516,991</u>	<u>506,026</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
3. Expenses from operating activities				
(a) Expenses from operating activities:				
<u>Operating Expenditure:</u>				
Commercial Operations Expenditure	47,547	44,864	47,476	44,755
Broadcasting & AFL Media	22,387	22,533	22,387	22,533
Football Operations Expenditure	39,538	38,154	18,953	16,629
Game Development Expenditure	51,533	44,093	18,827	17,833
Finance and Administration Expenditure	56,838	49,402	31,635	22,558
Strategy and Marketing Expenditure	36,768	35,850	36,262	33,643
Shared Services Expenditure	11,241	10,030	11,241	10,030
Other Expenditure	10,993	12,987	-	-
<u>Distributions:</u>				
Distributions to AFL Clubs	255,879	245,151	255,879	245,151
Distributions to the AFL Players Association	22,270	30,547	22,270	30,547
Ground Improvement Payments	7,031	6,851	7,031	6,851
Development Grants	1,578	832	41,696	39,392
Donations	1,277	1,272	1,277	1,272
Strategic Partnership Funding	-	525	-	525
Facilities Development	3,608	5,308	3,608	5,308
New Markets	16,528	6,700	16,528	6,700
	<u>585,016</u>	<u>555,099</u>	<u>535,070</u>	<u>503,727</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
3. Expenses (continued)				
(b) Profit from operating activities before income tax has been arrived at after charging the following items:				
Depreciation of leasehold improvements	346	3,787	3	3
Provision for bad and doubtful trade debtors	930	540	239	85
Depreciation of property, plant and equipment	3,819	4,045	2,767	3,171
Operating lease rental expense	5,357	5,039	2,689	2,426
4. Personnel expenses				
Wages and salaries	80,396	75,717	47,945	44,992
Superannuation expenses	5,935	5,662	3,439	3,278
Annual Leave expense	716	805	608	679
Long Service Leave expense	719	527	762	613
	<u>87,766</u>	<u>82,711</u>	<u>52,754</u>	<u>49,562</u>
5. Net financing income / (expenses)				
Interest income	1,034	1,238	954	901
Interest expense	<u>(656)</u>	<u>(674)</u>	<u>(652)</u>	<u>(658)</u>
Net financing income / (expenses)	<u>378</u>	<u>564</u>	<u>302</u>	<u>243</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$	\$	\$	\$
6. Auditor's Remuneration				
Audit services				
Audit and review of financial reports				
KPMG Australia	182,000	155,300	110,500	83,000
Grant Thornton	<u>17,950</u>	<u>10,472</u>	<u>-</u>	<u>-</u>
	<u>199,950</u>	<u>165,772</u>	<u>110,500</u>	<u>83,000</u>
Other services				
Taxation, legal and other services				
KPMG Australia	586,685	237,635	555,685	186,590
Grant Thornton	<u>8,335</u>	<u>7,355</u>	<u>-</u>	<u>-</u>
	<u>595,020</u>	<u>244,990</u>	<u>555,685</u>	<u>186,590</u>
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
7. Taxation (Refer Note 1 (h))				
Prima facie income tax expense/(benefit) calculated at 30% on the profit/(loss) from ordinary activities	(4,637)	1,094	(5,333)	763
Exemption from income tax	5,108	(715)	5,333	(763)
Other non-deductible items	<u>202</u>	<u>112</u>	<u>-</u>	<u>-</u>
	<u>673</u>	<u>491</u>	<u>-</u>	<u>-</u>
8. Trade and other receivables				
Current				
Trade and other receivables	31,596	18,992	25,609	13,616
Receivables due from AFL clubs (i)	25,191	25,716	25,191	25,716
Receivables due from controlled entities	<u>16</u>	<u>-</u>	<u>400</u>	<u>588</u>
	56,803	44,708	51,200	39,920
Less: Provision for doubtful debts	<u>(930)</u>	<u>(540)</u>	<u>(239)</u>	<u>(85)</u>
	<u>55,873</u>	<u>44,168</u>	<u>50,961</u>	<u>39,835</u>
Non-current				
Trade and other receivables	<u>3,608</u>	<u>4,408</u>	<u>3,608</u>	<u>4,408</u>
	<u>3,608</u>	<u>4,408</u>	<u>3,608</u>	<u>4,408</u>

- (i) Receivables from AFL Clubs are presented net of amounts owing to AFL Clubs. The amount owing to AFL Clubs was \$1.7 million (2015: \$0.1 million).

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
9. Inventories				
Current				
Stock on hand	136	171	-	-
	<u>136</u>	<u>171</u>	<u>-</u>	<u>-</u>
10. Other assets				
Current				
Prepayments – other	2,231	19,981	1,891	19,597
Other	1,097	468	-	-
	<u>3,328</u>	<u>20,449</u>	<u>1,891</u>	<u>19,597</u>
Non-current				
Prepayments – Etihad Stadium option (i)	30,000	30,000	30,000	30,000
Deferred expenses	3,798	4,500	3,750	4,500
	<u>33,798</u>	<u>34,500</u>	<u>33,750</u>	<u>34,500</u>

- (i) The Company executed a Deed of Accession and Amendment on 1 September 1997 with the Docklands Authority, Stadium Management Limited and AXA Limited, which set out amendments to an Option Agreement entered into between the Company and the Docklands Authority on 1 April 1997. As per the amendments to the Option Agreement the sum of \$30 million was paid within one year of the Etihad Stadium (formerly Telstra Dome) being completed, being 6 March 2001. In consideration of the payment of the Option Fee of \$30 million, the Docklands Authority grants to the Company an option to purchase the freehold title to Etihad Stadium and take an assignment of the Docklands Authority rights under the Fixtures and Fittings Option and Development Agreement Indemnities. This option can be exercised at any time within six months of the termination of the lease of the stadium granted by Docklands Authority. The cost of exercising this option is \$30 (thirty dollars).

On the 2 November 2016 the Company acquired the management rights to Etihad Stadium and contemporaneously exercised this option to purchase the freehold title to Etihad Stadium and take an assignment of the Docklands Authority rights under the Fixtures and Fittings Option and Development Agreement Indemnities (see note 25).

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
11. Property, plant & equipment				
AFL House – Docklands at cost	10,698	10,723	10,698	10,723
Less accumulated depreciation	<u>(4,275)</u>	<u>(4,010)</u>	<u>(4,275)</u>	<u>(4,010)</u>
	<u>6,423</u>	<u>6,713</u>	<u>6,423</u>	<u>6,713</u>
Furniture & Fittings at cost	11,690	10,525	11,629	10,482
Less accumulated depreciation	<u>(7,430)</u>	<u>(6,662)</u>	<u>(7,391)</u>	<u>(6,630)</u>
	<u>4,260</u>	<u>3,863</u>	<u>4,238</u>	<u>3,852</u>
IT equipment at cost	22,031	20,429	17,411	16,195
Less accumulated depreciation	<u>(18,419)</u>	<u>(15,993)</u>	<u>(14,799)</u>	<u>(13,149)</u>
	<u>3,612</u>	<u>4,436</u>	<u>2,612</u>	<u>3,046</u>
Leasehold improvements at cost	27,456	26,409	275	275
Less accumulated depreciation	<u>(22,793)</u>	<u>(22,310)</u>	<u>(213)</u>	<u>(210)</u>
	<u>4,663</u>	<u>4,099</u>	<u>62</u>	<u>65</u>
Paintings at cost	<u>410</u>	<u>410</u>	<u>410</u>	<u>410</u>
Plant & equipment at cost	3,616	3,720	1,094	1,020
Less accumulated depreciation	<u>(2,989)</u>	<u>(2,925)</u>	<u>(860)</u>	<u>(812)</u>
	<u>627</u>	<u>795</u>	<u>234</u>	<u>208</u>
Motor vehicles at cost	432	433	-	-
Less accumulated depreciation	<u>(313)</u>	<u>(341)</u>	<u>-</u>	<u>-</u>
	<u>119</u>	<u>92</u>	<u>-</u>	<u>-</u>
Net book value	<u>20,114</u>	<u>20,408</u>	<u>13,979</u>	<u>14,294</u>

Reconciliations

Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:

AFL House - Docklands

Carrying amount at beginning of year	6,713	6,695	6,713	6,695
Additions	-	281	-	281
Reclassify to Furniture & Fittings	(26)	-	(26)	-
Depreciation	<u>(264)</u>	<u>(263)</u>	<u>(264)</u>	<u>(263)</u>
Carrying amount at end of year	<u>6,423</u>	<u>6,713</u>	<u>6,423</u>	<u>6,713</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

	Consolidated		The Company	
	2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
11. Property, plant & equipment (continued)				
<i>Furniture & Fittings</i>				
Carrying amount at beginning of year	3,863	4,298	3,852	4,280
Additions	1,191	344	1,173	343
Reclassify from AFL House - Docklands	26	-	26	-
Disposals	(9)	-	(9)	-
Depreciation	(811)	(779)	(804)	(771)
Carrying amount at end of year	<u>4,260</u>	<u>3,863</u>	<u>4,238</u>	<u>3,852</u>
<i>IT Equipment</i>				
Carrying amount at beginning of year	4,436	5,180	3,046	4,500
Additions	1,602	2,740	1,216	1,429
Disposals	-	(796)	-	(796)
Depreciation	(2,426)	(2,688)	(1,650)	(2,087)
Carrying amount at end of year	<u>3,612</u>	<u>4,436</u>	<u>2,612</u>	<u>3,046</u>
<i>Leasehold improvements</i>				
Carrying amount at beginning of year	4,099	4,498	65	68
Reclassify from/(to) Plant and Equipment	69	(70)	-	-
Additions	841	3,458	-	-
Depreciation	(346)	(3,787)	(3)	(3)
Carrying amount at end of year	<u>4,663</u>	<u>4,099</u>	<u>62</u>	<u>65</u>
<i>Paintings</i>				
Carrying amount at beginning of year	<u>410</u>	<u>410</u>	<u>410</u>	<u>410</u>
Carrying amount at end of year	<u>410</u>	<u>410</u>	<u>410</u>	<u>410</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
11. Property, plant & equipment (continued)				
<i>Plant and equipment</i>				
Carrying amount at beginning of year	795	780	208	220
Reclassify from/(to) Leasehold Improvements	(69)	72	-	-
Additions	162	200	75	38
Disposals	(12)	(26)	-	-
Depreciation	(249)	(231)	(49)	(50)
Carrying amount at end of year	<u>627</u>	<u>795</u>	<u>234</u>	<u>208</u>
<i>Motor vehicles</i>				
Carrying amount at beginning of year	92	94	-	-
Additions	102	89	-	-
Disposals	(6)	(7)	-	-
Depreciation	(69)	(84)	-	-
Carrying amount at end of year	<u>119</u>	<u>92</u>	<u>-</u>	<u>-</u>
12(a). Trade and other payables				
Current				
Trade payables	35,970	39,530	33,909	37,734
Other payables	11,395	4,813	8,057	2,230
Payables due to controlled entities	-	-	11,207	4,074
	<u>47,365</u>	<u>44,343</u>	<u>53,173</u>	<u>44,038</u>
Non-current				
Other payables	-	5,074	-	5,074
	<u>-</u>	<u>5,074</u>	<u>-</u>	<u>5,074</u>
12(b). Deferred income				
Current				
Deferred income (i)	19,254	5,110	15,295	1,859
	<u>19,254</u>	<u>5,110</u>	<u>15,295</u>	<u>1,859</u>
Non-current				
Deferred income (i)	-	150	-	150
	<u>-</u>	<u>150</u>	<u>-</u>	<u>150</u>

- (i) During the financial year, the Company received Broadcasting & AFL Media revenues relating to the 2017 financial year. These revenues are recognised as deferred income when received and are then recognised as other revenue within the period to which it contractually relates.

During the financial year, the Consolidated Entity and the Company received a number of government grants as contributions towards the promotion and development of sporting programs and facilities across Australia. These grants have varying conditions to fulfil and are initially recognised as deferred income when received and are then recognised as other revenue on a stage of completion basis.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
13. Interest-bearing loans and borrowings				
This note provides information about the contractual terms of the Consolidated Entity's interest-bearing loans and borrowings. For more information about the Consolidated Entity's exposure to interest rate risk, see note 17.				
Current				
Finance lease liability	7	-	-	-
	<u>7</u>	<u>-</u>	<u>-</u>	<u>-</u>
Non-current				
Finance lease liability	38	-	-	-
	<u>38</u>	<u>-</u>	<u>-</u>	<u>-</u>
14. Provisions				
Current				
Employee entitlements	8,844	8,154	5,266	4,591
Facilities development (i)	1,687	1,742	-	-
	<u>10,531</u>	<u>9,896</u>	<u>5,266</u>	<u>4,591</u>
Non-current				
Employee entitlements	1,585	1,308	966	770
Other	147	173	147	173
	<u>1,732</u>	<u>1,481</u>	<u>1,113</u>	<u>943</u>
Number of employees				
Number of employees at year end (100% controlled entities)	670	669	347	345

- (i) The Consolidated Entity has made 'in principle' commitments to various local Councils and affiliated junior leagues in Victoria to provide funding for the development of football facilities. During the year the Consolidated Entity made payments of \$0.5 million (2015: \$0.7 million) relating to facility development commitments.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
15. Reserves				
Strategic partnership reserve				
Carrying amount at beginning of year	-	525	-	525
Current year allocation	-	-	-	-
Payments made during the year	-	(525)	-	(525)
Carrying amount at end of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Future fund reserve (i)				
Carrying amount at beginning of year	89,359	89,359	89,359	89,359
Current year allocation	-	-	-	-
Carrying amount at end of year	<u>89,359</u>	<u>89,359</u>	<u>89,359</u>	<u>89,359</u>
Total reserves	<u>89,359</u>	<u>89,359</u>	<u>89,359</u>	<u>89,359</u>

- (i) The AFL Commission resolved to allocate \$82.0 million from 2007 to 2011 to a Future Fund. In 2016 an amount of \$89.4 million (\$82.0 million plus interest of \$7.4 million) is held in the Future Fund Reserve.

16. Retained earnings

Retained earnings at beginning of the year attributable to owners of the Company	48,057	44,529	36,614	33,547
Transfer from facilities development reserve	-	-	-	-
Transfer from strategic partnership reserve	-	525	-	525
Other Member Contributions	-	-	-	-
Net profit for the year attributable to the owners of the Company	<u>(16,256)</u>	<u>3,003</u>	<u>(17,777)</u>	<u>2,542</u>
Retained earnings at end of year attributable to the owners of the Company	<u>31,801</u>	<u>48,057</u>	<u>18,837</u>	<u>36,614</u>
Retained earnings at beginning of the year attributable to non-controlling interest	2,769	2,124	-	-
Net profit for the year attributable to non-controlling interest	<u>801</u>	<u>645</u>	<u>-</u>	<u>-</u>
Retained earnings at end of year attributable to non-controlling interest	<u>3,570</u>	<u>2,769</u>	<u>-</u>	<u>-</u>
Total retained earnings at the end of year	<u>35,371</u>	<u>50,826</u>	<u>18,837</u>	<u>36,614</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

17. Financial instruments, fair values and risk management

The Consolidated Entity's financial assets & liabilities include cash and cash equivalents, trade & other receivables, trade & other payables and finance lease liabilities. With the exception of finance lease liabilities, these assets and liabilities are not measured at fair value in accordance with the significant accounting policies in note 1. Carrying amounts are a reasonable approximation of fair value.

Finance lease liabilities are recognised as other financial liabilities and are classified as a level 2 fair value liability. Finance lease liabilities are valued at fair value using a discounted cash flows valuation technique.

(a) Interest rate risk

The Consolidated Entity holds cash at floating and fixed interest rates. The majority of other financial assets are non-interest bearing however short term bank debt is incurred throughout the year at floating interest rates. The Company does not enter into interest rate swaps, forward rate agreements and interest rate options to manage cash flow risks associated with the interest rates on borrowings.

Cash flow sensitivity analysis for variable rate financial assets

At reporting date the interest rate profile of the Company and Consolidated Entity's interest bearing financial instruments was:

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Floating rate instruments				
Financial assets	86,821	82,156	78,854	69,994

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit or loss for the Consolidated Entity by \$0.9 million (2015: \$0.8 million) and by \$0.8 million (2015: \$0.7 million) for the Company.

(b) Credit Risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted.

The credit risk on financial assets of the Company which have been recognised on the statement of financial position is the carrying amount net of any provision for doubtful debts.

The majority of the Company's credit exposures are to football clubs, its subsidiaries and corporate partners. The Company monitors these exposures on a regular basis to assess recoverability of amounts owing.

For receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

17. Financial instruments (continued)

As at 31 October 2016, \$37.5 million of the Consolidated Entity's trade and club receivables are past due (2015: \$30.1 million). The AFL Commission have assessed the recoverability of past due receivables and are satisfied as to the collectability of these amounts. The ageing of trade receivables at reporting date is:

	Consolidated				The Company			
	2016 \$'000		2015 \$'000		2016 \$'000		2015 \$'000	
	Gross	Impairment	Gross	Impairment	Gross	Impairment	Gross	Impairment
Current	19,307	-	14,566	-	23,671	-	15,014	-
Past due 31-60 days	6,691	-	6,221	-	4,834	-	5,359	-
Past due 61-90 days	4,401	-	4,759	-	2,927	-	3,984	-
Past due 91 + days	26,404	(930)	19,162	(540)	19,768	(239)	15,563	(85)
	<u>56,803</u>	<u>(930)</u>	<u>44,708</u>	<u>(540)</u>	<u>51,200</u>	<u>(239)</u>	<u>39,920</u>	<u>(85)</u>

The carrying amount of the Consolidated Entity's financial assets represents the maximum credit exposure.

The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	Note	Consolidated		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Cash and cash equivalents	24(a)	86,821	82,156	78,854	69,994
Trade and other receivables	8	59,481	48,576	54,569	44,243
		<u>146,302</u>	<u>130,732</u>	<u>133,423</u>	<u>114,237</u>

The Company's policy is to provide financial guarantees on behalf of AFL controlled entities, AFL Football Clubs and AFL Affiliated associations (Refer note 23).

(c) Liquidity Risk

The Consolidated Entity aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities over the next 60 days.

The Consolidated Entity also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 October 2016 the cash flows from trade and other payables due within 60 days were \$47.4 million (2015: \$44.3 million).

In addition, the Consolidated Entity maintains a trade receivables purchase facility up to \$60 million that can be drawn down to meet short term financing needs. Interest would be payable at a market rate. As at 31 October 2016 the facility is undrawn.

18. Segment reporting

The Company's activities are entirely the administration and promotion of Australian Rules Football and are confined to Australia except for the sale of television rights to various overseas countries and conduct of exhibition matches overseas from time to time.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

19. Capital and other commitments

Operating lease commitments

Future operating lease rentals not provided for in the financial statements and payable:

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Not later than one year (i)	4,187	3,824	2,044	1,952
Later than one year but not later than five years (i)	11,258	11,293	8,367	8,460
Later than five years (i)	29,436	32,711	25,629	28,010
	<u>44,881</u>	<u>47,828</u>	<u>36,040</u>	<u>38,422</u>

- (i) The Company has a forty (40) year lease in respect of the Great Southern Stand at the Melbourne Cricket Ground which commenced in 1992.

Staff superannuation fund

The Company contributes to an accumulation fund in accordance with the Superannuation Guarantee Act and employees may make additional contributions to the fund. The employees are entitled to their balances in the fund on retirement, disability or death without any qualifying criteria.

Other

From time to time the Company also makes financial commitments to a range of community football facilities.

20. Directors' and executive officers' remuneration

Details of the nature and amount of each major element of remuneration of the directors of the Company and the Company executives included in note 4 is as follows:

		Salaries and Fees	Short Term Employment Benefits	Long Term Employment Benefits	Post Employment Benefits	Total
		\$	\$	\$	\$	\$
Non-executive Directors	2016	73,132	-	-	8,468	81,600
	2015	80,000	-	-	-	80,000
Executive Directors	2016	1,180,590	540,000	-	19,410	1,740,000
	2015	1,181,118	524,100	-	18,958	1,724,176
Executives (2016: 10) (2015: 12)	2016	4,795,196	1,271,363	-	178,270	6,244,829
	2015	5,048,848	955,906	-	188,061	6,192,815
Total compensation: key management personnel	2016	<u>6,048,918</u>	<u>1,811,363</u>	-	<u>206,148</u>	<u>8,066,429</u>
	2015	<u>6,309,966</u>	<u>1,480,006</u>	-	<u>207,019</u>	<u>7,996,991</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

21. Related parties

Directors

The names of each person holding the position of Director of the Company during the financial year are Mr M C Fitzpatrick, Mr G A McLachlan, Mr C D Langford (resigned 17th March 2016), Ms S J Mostyn (resigned 17th March 2016), Mr R J Goyder AO, Mr P M Bassat, Mr K L Williams AM, Mr J A Ball, Major General S L Wilkie AO, Mr P A Newbold (appointed 17th March 2016) and Ms G M Trainor (appointed 17th March 2016).

The names of each person holding the position of Executive officer of the Company during the financial year are Mr G A McLachlan, Mr A J Peek, Mr A J Dillon, Mr D K Birch, Mr S W Lethlean, Mr M A Evans, Mr P W Campbell, Mr T J Auld, Ms E G Lukin, Mr R M Gunston and Ms T L Hosch (appointed 29th August 2016).

Details of directors' and executive officers' remuneration are set out in Note 20.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company or the Consolidated Entity since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

The Company does, in the ordinary course of business, engage in operating transactions with entities of which AFL Commissioners may be a Director. In these circumstances, as a specific AFL Policy, the relevant Commissioner's conflict is noted and the AFL Commissioner is excluded from the discussions and approval of this matter.

Other transactions with the Company or its controlled entities

A Director of the Company, Mr P M Bassat, as well as an Executive Officer of the Company, Mr A J Dillon had an interest as Directors of AFL SportsReady. During the year the Company provided a grant of \$565,000 to AFL Sportsready (2015: \$549,000). This grant has been in operation since 1994.

An Executive Officer of the Company, Ms E G Lukin, had an interest as a Director of Ladder. During the year the Company provided a grant of \$165,000 to Ladder (2015: \$165,000). This grant has been in operation since 2010.

During the year the Company provided grants totalling \$34,230,206 to controlled entities (2015: \$32,516,931).

22. Consolidated entities ⁽¹⁾

	2016	2015
	%	%
<u>Parent Entity</u>		
Australian Football League ⁽²⁾		
<u>Subsidiaries</u>		
Australian Football Championships Pty Ltd	100	100
AFL (NSW/ACT) Commission Limited	100	100
AFL Queensland Limited	100	100
AFL Northern Territory Limited	100	100
AFL Cape York Limited	100	100
AFL Greater Sydney Juniors Inc.	100	100
Northern Territory Football Club Limited	100	100
Australian Football League (Victoria) Limited	100	100
Football Tasmania Limited	100	100
Champion Data Pty Ltd ⁽³⁾	49	49

(1) All incorporated in Australia

(2) A company limited by guarantee. Registered office: AFL House, 140 Harbour Esplanade Docklands, Victoria.

(3) An option is available to the Company to purchase a further 2% which would provide the Company with control. This option has not yet been exercised.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

23. Contingent Liabilities

- (i) The Company has entered into an agreement with the AFL Players' Association Inc. for a period of five years commencing on 1 November 2011 whereby the Company has an obligation to assume liability for all amounts due to players of a Club where the Club has lost its license to compete in the AFL Competition and is suspended from or loses its right to representation in the League. The amounts payable in these circumstances will be offset by any amounts payable to the players in respect of future employment as a player.
- (ii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Carlton Football Club Limited to Westpac to a maximum of \$5.0 million. This guarantee expires on 31 January 2018.
- (iii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Melbourne Football Club Limited to Westpac to a maximum of \$5.4 million. This guarantee expires on 31 January 2018.
- (iv) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the North Melbourne Football Club Limited to Westpac to a maximum of \$3.0 million. This guarantee expires on 31 January 2018.
- (v) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the St Kilda Football Club Limited to Westpac to a maximum of \$6.75 million. This guarantee expires on 31 January 2018.
- (vi) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Footscray Football Club Limited to Westpac to a maximum of \$5.35 million. This guarantee expires on 31 January 2018.
- (vii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Brisbane Bears-Fitzroy Football Club Limited to Westpac to a maximum of \$8.0 million. This guarantee expires on 31 January 2018.
- (viii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Essendon Football Club Limited to Westpac to a maximum of \$10.0 million. This guarantee expires on 31 January 2018.
- (ix) The Company has entered into an agreement with Bank SA whereby the Company guarantees the obligations of the Port Adelaide Football Club Limited to Bank SA to a maximum of \$5.0 million. This guarantee expires on 31 May 2019.
- (x) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of GCFC Limited to National Australia Bank to a maximum of \$1.41 million (Transactional Facilities). This guarantee expires on 30 November 2017.
- (xi) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of GCFC Limited to National Australia Bank to a maximum of \$1.59 million (Corporate Markets Loan). This guarantee expires on 30 November 2017.
- (xii) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the Western Sydney Football Club Limited to National Australia Bank to a maximum of \$0.66 million. This guarantee expires on 30 November 2017.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

23. Contingent Liabilities (continued)

- (xiii) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the Australian Football League (Victoria) Limited to National Australia Bank to a maximum of \$0.35 million. This guarantee expires on 30 November 2017.
- (xiv) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the AFL Queensland Limited to National Australia Bank to a maximum of \$0.10 million. This guarantee expires on 30 November 2017.
- (xv) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the AFL (NSW/ACT) Commission Limited to National Australia Bank to a maximum of \$0.15 million. This guarantee expires on 30 November 2017.
- (xvi) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the AFL Northern Territory Limited to National Australia Bank to a maximum of \$0.15 million. This guarantee expires on 30 November 2017.
- (xvii) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of Football Tasmania Limited to National Australia Bank to a maximum of \$0.03 million. This guarantee expires on 30 November 2017.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
24. Cash and cash equivalents				
(a) Reconciliation of cash				
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the statement of financial position as follows:				
Cash at Bank	20,274	26,592	12,307	14,430
Cash on Deposit	66,547	55,564	66,547	55,564
Total Cash	<u>86,821</u>	<u>82,156</u>	<u>78,854</u>	<u>69,994</u>
(b) Reconciliation of profit/(loss) from operating activities after income tax to net cash (used in) / provided by operating activities				
Profit/(loss) from operating activities after income tax	(15,455)	3,648	(17,777)	2,542
Add / (less) items classified as investing / financing activities:				
Interest paid	656	674	652	658
Interest received	(1,034)	(1,238)	(954)	(901)
Adjustments for:				
Loss on sale of non-current assets	27	-	9	-
Depreciation – leasehold improvements	346	3,787	3	3
Depreciation – property, plant and equipment	3,819	4,045	2,767	3,171
Bad debts written off/(provided for)	390	(159)	154	(263)
Net cash provided by operating activities before change in assets and liabilities	(11,251)	10,757	(15,146)	5,210
Change in assets and liabilities:				
(Increase) / decrease in inventories	35	(75)	-	-
(Increase) / decrease in prepayments and other assets	17,823	(4,450)	18,457	(4,425)
(Increase) / decrease in trade debtors	(11,380)	896	(9,633)	(201)
(Increase) / decrease in other debtors	85	(603)	(297)	(276)
Increase in payables	11,943	16,045	16,798	17,702
Increase in provisions	886	433	845	730
Net cash from operating activities	<u>8,141</u>	<u>23,003</u>	<u>11,024</u>	<u>18,740</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016

24. Cash and cash equivalents (continued)

- (i) The Company has received \$3m from the Department of Regional Australia, Local Government, Arts and Sports as a contribution towards the Jim Stynes Scholarship. The current balance of \$2.011m is held on deposit by the Company in escrow and is not recognised in the financial report as cash and cash equivalents.

25. Events Subsequent to Balance Date

On 2 November 2016, the AFL acquired the management rights for Etihad Stadium through the purchase of the Stadium Operations Limited (SOL) Group of Companies. As settlement occurred after balance sheet date it is not included in the result or financial position of the AFL to 31 October 2016.

Etihad Stadium is a leading multi-purpose sports and entertainment stadium in Australia with a capacity of 55,000 and is the only stadium in the southern hemisphere with a fully retractable roof. The Stadium hosts over 75 major sporting and entertainment event per annum, with its major hirer being the AFL.

The AFL took 100% ownership of the management rights for a consideration of \$200m and exercised its option to purchase the freehold from Urban Renewal Authority Victoria (Places Victoria) (previously Docklands Authority). The AFL entered into Debt Facility Agreements with National Australia Bank Limited (NAB) and Australia and New Zealand Banking Group Limited (ANZ) totalling \$280m, to fund the cash consideration and to meet ongoing working capital requirements of the Consolidated Entity, drawing \$200m of the Debt Facilities. At acquisition date the SOL Group reflected net assets, excluding amounts attributable to the AFL, of \$78m with a Purchase Price Allocation to be undertaken to determine the fair value of identifiable assets and liabilities.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION


1. In the opinion of the Directors of the Australian Football League ("the Company"):

- (a) The Company's and Consolidated Entity's financial statements and notes, set out on pages 10 to 38 are drawn up in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 October 2016 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Company and the Consolidated Entities will be able to pay its debts as and when they become due and payable.

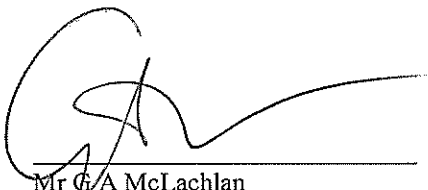
2. The directors draw attention to note 1(a) to the Company and Consolidated Entity's financial statements, which includes a statement of compliance with International Financial Reporting Standards (IFRS).

Dated at Melbourne this 9th day of February 2017.

Signed in accordance with a resolution of the Directors:



Mr M C Fitzpatrick
Chairman



Mr G A McLachlan
Director



Independent auditor's report to the members of Australian Football League

Report on the financial report

We have audited the accompanying financial report of the Australian Football League (the Company), which comprises the statements of financial position as at 31 October 2016, and statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 25 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and 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 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 is free from material misstatement whether due to fraud or error. In note 1(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's and the Consolidated Entity's financial position and of their performance.

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*.

Auditor's opinion

In our opinion:

- (a) the financial report of Australian Football League is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and the Consolidated Entity's financial position as at 31 October 2016 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a).

KPMG

Maurice Bisetto
Partner

Melbourne

9 February 2017

**AUSTRALIAN FOOTBALL LEAGUE
AND ITS CONTROLLED ENTITIES**

CONCISE FINANCIAL REPORT

31 OCTOBER 2016

**AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES
CONCISE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2016**

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 *Concise Financial Reports*. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available upon request.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Australian Football League ("the Company") and Consolidated Entity, being the Company and its controlled entities, for the year ended 31 October 2016 and the auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr M C Fitzpatrick Chairman – Appointed Commissioner 2003, Chairman from March 2007
Chairman of Remuneration Committee
Member of Audit and Risk Committee

Qualifications: Bachelor of Engineering (Hons.) (University of Western Australia)
Bachelor of Arts (Hons.) (Oxford University, UK)

Experience: Chairman, Pacific Current Group Limited
Director, Infrastructure Capital Group Pty Ltd
Director, Carnegie Ltd
Director, Creswick Quartz Ltd
Director, Latam Autos Ltd
Chairman, Australian Sports Commission 1995-1998
Founder and Managing Director, Hastings Funds Management Ltd, 1994-2005
Former Director, The Walter and Eliza Hall Institute of Medical Research
Former Director, Rio Tinto Limited/Plc
Player, Subiaco Football Club 1970-1974
Player, Carlton Football Club 1975-1983
Director, Carlton Football Club 1989-1995
Life Member, Carlton Football Club

Mr G A McLachlan Chief Executive Officer – Appointed 5th June 2014

Qualifications: Bachelor of Commerce (University of Adelaide)
Bachelor of Law (Hons.) (University of Melbourne)

Experience: AFL General Manager Commercial Operations 2003-2006
AFL General Manager Broadcasting & Major Projects 2006-2008
AFL Chief Operating Officer 2008-2012
AFL Deputy CEO 2012-2014
Patron, Children's Cancer Foundation

Mr C D Langford Non-Executive Commissioner – Appointed 1999 – Resigned 17th March 2016
Chairman of Audit and Risk Committee

Qualifications: Bachelor of Architecture (University of Melbourne)

Experience: Director, Newmark Capital Pty Ltd
Director, Panorama Capital Pty Ltd
Former CEO Retail Projects, Mirvac Group
Player, Hawthorn Football Club 1980-1997
Member, AFL (NSW/ACT) Commission 1998-2004
Life Member, Hawthorn Football Club

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Ms S J Mostyn Non-Executive Commissioner – Appointed 2005 – Resigned 17th March 2016
Member of Remuneration Committee

Qualifications: Bachelor of Arts (Australian University)
Bachelor of Law (Australian University)

Experience: Chair, Citigroup Pty Limited
Chair, Carriage Works Australia
President, Australian Council for International Development
President, Australian Volunteers International
Director, Australia Council for the Arts
Director, Virgin Australia Holdings Ltd
Director, Transurban Holdings Ltd
Director, Cover-More Insurance Services Pty Ltd
Director, Mirvac
Director, GO Foundation
Director, ClimateWorks Australia

Mr R J Goyder, AO Non-Executive Commissioner – Appointed 21st November 2011
Member of Audit and Risk Committee

Qualifications: Bachelor of Commerce (University of Western Australia)

Experience: Chair, JDRF Australia
Director, Wesfarmers Ltd
Director, Gresham Partners Holdings Ltd
Director, Business Council of Australia
Director, UWA Business School Advisory Board
Former Director, Fremantle Football Club

Mr P M Bassat Non-Executive Commissioner – Appointed 20th February 2012
Member of Remuneration Committee

Qualifications: Bachelor of Law (University of Melbourne)
Bachelor of Commerce (University of Melbourne)

Experience: Co-founder and former CEO, SEEK Ltd 1997-2011
Director, Square Peg Capital Pty Ltd
Director, Peter MacCallum Cancer Foundation
Director, Wesfarmers Ltd
Director, Wego Pte Ltd
Director, AFL SportsReady Pty Ltd
Director, PropertyGuru Pte Ltd
Director, Innovation and Science Australia
Advisory Board Member, Evans & Partners Global Disruption Fund
Member, Mount Scopus College Foundation

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Mr K L Williams, AM	Non-Executive Commissioner – Appointed 4 th March 2014
<i>Qualifications:</i>	Bachelor of Music (The University of Sydney) Honorary Doctorate of Letters (Macquarie University)
<i>Experience:</i>	Chair, NSW State Library Foundation Chair, Copyright Agency Chair, Vidcorp Chair, Mojo Power Holdings Pty Ltd Chair, The Cranlana Programme Director, Myer Family Investments Director, Myer Foundation Director, Australian Music Foundation Director, Executive Channel International Director, Australian National Academy of Music Board Member, University of Western Sydney Foundation Board Member, Australian Grape and Wine Authority Trustee, Thomson Reuters
Mr J A Ball	Non-Executive Commissioner – Appointed 25 th March 2015 Member of Audit and Risk Committee
<i>Qualifications</i>	Graduate, Australian Institute of Company Directors
<i>Experience:</i>	Senior Relationship Manager, Macquarie Equities (Macquarie Group) Player, West Coast Eagles Football Club 1992-1999 Player, Sydney Swans Football Club 2000-2005 Director, Sydney Swans Football Club 2007-2015
Major General S L Wilkie, AO	Non-Executive Commissioner – Appointed 25 th March 2015 Member of Remuneration Committee
<i>Qualifications:</i>	Bachelor of Human Resource Management (University of New England) Graduate Diploma of Telecommunications Systems Management (Swinburne University of Technology) Graduate Diploma of Strategic Studies (Deakin University) Master of Defence Studies (University of Canberra) Advanced Management Program (Harvard Business School)
<i>Experience:</i>	Head of ADF Joint Enablers & Commander, Australian Defence College Chief of Staff to the Chief of Army National Commander ADF commitment in Afghanistan Director General Training Officer of the Order of Australia Member of the Order of Australia Awarded a Bronze Star (United States) for service in Iraq Awarded a Commendation for Distinguished Service in Afghanistan Patron, ADF Women's Australian Rules Association Chair, ADF Sports Council

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Mr P A Newbold	Non-Executive Commissioner – Appointed 17 th March 2016 Chairman of Audit and Risk Committee
<i>Qualifications</i>	Bachelor of Laws (Monash University) Bachelor of Economics (Monash University)
<i>Experience</i>	Director, Bryson Funds Management Ltd Director, SEDA Director, Supra Capital Limited Director, Methodist Ladies College President, Hawthorn Football Club 2012-2016 Life Member, Hawthorn Football Club 2016
Ms G M Trainor	Non-Executive Commissioner – Appointed 17 th March 2016
<i>Qualifications</i>	Bachelor of Laws (Melbourne University) Master of Arts in Cultural & Creative Practice (Western Sydney University) Fellow, Australian Institute of Company Directors
<i>Experience</i>	Chair, National Film & Sound Archive Infrastructure Australia Chair, Barnardos Australia Director, Infrastructure Australia Director, Aurora Education Foundation Director, Western Sydney University Foundation Director, Western Sydney University Director, Whitlam Institute Director, Clarius Limited Director, Business Events Sydney Director, ANZ One Path Life Ltd Director, Cape York Partnership Limited Director, Gabrielle Trainor & Associates Pty Ltd Director, Temple Pty Ltd Member, Audit Committee, Office of Sport (NSW) Member, Audit Committee, Venues NSW

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Directors' Meetings

The number of Directors' meetings (including meetings of committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year were:

Director	Directors' Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	No. of Meetings attended	No. of Meetings held *	No. of Meetings attended	No. of Meetings held *	No. of Meetings attended	No. of Meetings held *
Mr M C Fitzpatrick	10	10	3	3	1	1
Mr G McLachlan	10	10	-	-	-	-
Mr C D Langford	3	4	2	2	-	-
Ms S J Mostyn	3	4	-	-	1	1
Mr R J Goyder, AO	9	10	3	3	-	-
Mr P M Bassat	10	10	-	-	1	1
Mr K L Williams, AM	10	10	-	-	-	-
Mr J A Ball	10	10	1	1	-	-
Major Gen S L Wilkie, AO	10	10	-	-	-	-
Mr P A Newbold	7	7	1	1	-	-
Ms G M Trainor	7	7	-	-	-	-

* Reflects the number of meetings held during the time the director held office during the year.

The role of the Audit and Risk Committee is to give the Board of Directors additional assurance regarding the quality and reliability of financial information prepared for use by the Board in determining policies or determining items for inclusion in the financial statements.

The role of the Remuneration Committee is to review the remuneration packages and policies applicable to senior executives of the Company.

As well as the above meetings, the Directors also attended numerous other meetings including meetings with the Presidents of all Australian Football League (AFL) Clubs.

Principal Activities

The principal activities of the Consolidated Entity during the course of the financial year have been to promote, control, manage and encourage Australian Rules Football.

There were no significant changes in the nature of the activities of the Consolidated Entity during the year.

Objectives

The major objectives of the Company include the following:

- (i) To manage the AFL competition to ensure that it remains the most exciting in Australian Sport.
- (ii) To build a stronger relationship with the supporters at all levels of the game.
- (iii) To help ensure that AFL Clubs are financially secure and competitive.
- (iv) To provide the best possible benefits for AFL players and to drive the next generation of elite athletes to choose our game.

Strategy and Performance

The Company's strategy is to promote the AFL brand throughout Australia and to a limited extent outside Australia. Key Performance Indicators such as attendances at AFL games, television ratings, digital consumption and participant numbers are used to measure the Company's performance against this strategy.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT (CONTINUED)

Review and Results of Operations

The operating loss of the Consolidated Entity was \$15.5 million, compared with an operating profit of \$3.6 million in 2015.

State of Affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review not otherwise disclosed in this report or the consolidated financial statements.

Events Subsequent to Balance Date

On 2 November 2016, the Company took 100% ownership of the management rights of Etihad Stadium through the purchase of the Stadium Operations Limited (SOL) Group of Companies, for a total consideration of \$200m. The Company entered into Debt Facility Agreements for \$280m to fund this acquisition and to meet ongoing working capital requirements of the Consolidated Entity.

The Company contemporaneously exercised its Option Agreement to purchase the freehold title to Etihad Stadium and take an assignment of the Docklands Authority rights under the Fixtures and Fittings Option and Development Agreement Indemnities (see notes 10 and 25 of the annual report).

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely Developments

The Directors do not anticipate any major changes in the basis of operations of the Consolidated Entity and the future results of those operations in subsequent financial years. However, a new Broadcast Rights deal has been negotiated and contracted for the 2017-2022 financial years. The new Broadcast Rights deal has increased by a material amount on the previous deal from 2012-2016 and forms a major part of the investment based industry funding model to be implemented from 2017 onwards.

Insurance Premiums

Since the end of the previous financial year the Company has paid insurance premiums on insurance contracts in respect of Directors' and Officers' liability and legal expenses, which include cover for current officers, including executive officers of the Company. The insurance premiums in respect of the officers of the Company relate to:

- costs and expenses that may be incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

Directors' Benefits

Since the end of the previous financial year no Director of the Company has received or become entitled to receive any benefit (other than the fixed salary of a full time employee of the Company or of a related body corporate) by reason of a contract made by the Company, its controlled entities, or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest other than as disclosed in notes 20 and 21 of the annual financial report.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**DIRECTORS' REPORT
(CONTINUED)**

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

The Lead Auditor's Independence Declaration is set out on Page 10 and forms part of the Directors' report for the year ended 31 October 2016.

Parent Entity Financial Statements


A full set of Parent Entity Financial Statements has been included alongside the Consolidated Financial Statements in accordance with the option available to the Company under the Australian Securities and Investments Commission (ASIC) Class Order 10/654 issued on 26 July 2010.

Rounding Off

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

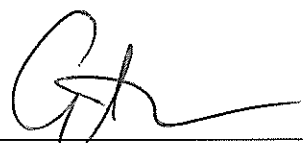
Dated at Melbourne this 9th day of February 2017.

Signed in accordance with a resolution of the Directors:



Mr M C Fitzpatrick

Chairman



Mr G A McLachlan

Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Australian Football League

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2016 there have been:

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

KPMG

Maurice Bisetto
Partner

Melbourne

9 February 2017

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES
STATEMENTS OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016

	Note	Consolidated		The Company	
		2016 \$'000	2015 \$'000	2016 \$'000	2015 \$'000
Revenue	3	569,856	558,674	516,991	506,026
Net financing income		378	564	302	243
Expenses from operating activities		<u>(585,016)</u>	<u>(555,099)</u>	<u>(535,070)</u>	<u>(503,727)</u>
Profit/(loss) from operating activities before related income tax expense		<u>(14,782)</u>	<u>4,139</u>	<u>(17,777)</u>	<u>2,542</u>
Income tax expense relating to operating activities		(673)	(491)	-	-
Profit/(loss) for the year		<u><u>(15,455)</u></u>	<u><u>3,648</u></u>	<u><u>(17,777)</u></u>	<u><u>2,542</u></u>
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		<u><u>(15,455)</u></u>	<u><u>3,648</u></u>	<u><u>(17,777)</u></u>	<u><u>2,542</u></u>
Profit/(loss) attributable to:					
Owners of the Company		(16,256)	3,003	(17,777)	2,542
Non-controlling interests		<u>801</u>	<u>645</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the year		<u><u>(15,455)</u></u>	<u><u>3,648</u></u>	<u><u>(17,777)</u></u>	<u><u>2,542</u></u>
Total comprehensive income attributable to:					
Owners of the Company		(16,256)	3,003	(17,777)	2,542
Non-controlling interests		<u>801</u>	<u>645</u>	<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u><u>(15,455)</u></u>	<u><u>3,648</u></u>	<u><u>(17,777)</u></u>	<u><u>2,542</u></u>

The Statements of Profit & Loss and other comprehensive income are to be read in conjunction with the notes to the concise financial statements set out on pages 18 to 20.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

Discussion and analysis of the Statements of Profit & Loss and Other Comprehensive Income

The consolidated operating loss in 2016 was \$15.5 million which compared with an operating profit of \$3.6 million in 2015.

Consolidated revenue increased by \$11.2 million to \$569.9 million. There were two main areas of revenue which contributed to this movement:

- an increase in broadcasting and AFL media revenues totalling \$7.6 million
- an increase in commercial operations revenue totalling \$3.5 million

Consolidated expenditure increased by \$29.9 million to \$585.0 million. The main areas of expenditure which contributed to this movement were:

- an increase in distributions to clubs totalling \$10.7 million
- an increase in new markets expenditure totalling \$9.8 million
- an increase in game development expenditure totalling \$7.4 million
- an increase in finance & administration & other expenditure totalling \$5.4 million primarily due to costs associated with the acquisition process of Etihad Stadium and legal costs in respect of Essendon Football Club matters
- an increase in commercial operations expenditure totalling \$2.7 million
- an increase in football operations expenditure totalling \$1.4 million
- a decrease in distributions to the AFL Players Association totalling \$8.3 million primarily due to a one-off expense of \$8.1 million in 2015 relating to adjustment payments under the 2012-2016 Collective Bargaining Agreement

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Total equity at the beginning of the year	140,206	136,558	125,973	123,431
Other member contributions	-	-	-	-
Total comprehensive income for the year	<u>(15,455)</u>	<u>3,648</u>	<u>(17,777)</u>	<u>2,542</u>
Total equity at the end of the year	124,751	140,206	108,196	125,973
Equity attributable to:				
Owners of the Company	121,181	137,437	108,196	125,973
Non-controlling interests	<u>3,570</u>	<u>2,769</u>	<u>-</u>	<u>-</u>
Total equity at the end of the year	<u><u>124,751</u></u>	<u><u>140,206</u></u>	<u><u>108,196</u></u>	<u><u>125,973</u></u>

The Statements of Changes in Equity are to be read in conjunction with the notes to the concise financial statements set out on pages 18 to 20.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENTS OF FINANCIAL POSITION
AS AT 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Assets				
Cash and cash equivalents	86,821	82,156	78,854	69,994
Trade and other receivables	55,873	44,168	50,961	39,835
Inventories	136	171	-	-
Other assets	3,328	20,449	1,891	19,597
Total current assets	<u>146,158</u>	<u>146,944</u>	<u>131,706</u>	<u>129,426</u>
Trade and other receivables	3,608	4,408	3,608	4,408
Property, plant and equipment	20,114	20,408	13,979	14,294
Other assets	33,798	34,500	33,750	34,500
Total non-current assets	<u>57,520</u>	<u>59,316</u>	<u>51,337</u>	<u>53,202</u>
Total assets	<u>203,678</u>	<u>206,260</u>	<u>183,043</u>	<u>182,628</u>
Liabilities				
Trade and other payables	47,365	44,343	53,173	44,038
Deferred income	19,254	5,110	15,295	1,859
Interest-bearing loans and borrowings	7	-	-	-
Provisions	10,531	9,896	5,266	4,591
Total current liabilities	<u>77,157</u>	<u>59,349</u>	<u>73,734</u>	<u>50,488</u>
Trade and other payables	-	5,074	-	5,074
Deferred income	-	150	-	150
Interest-bearing loans and borrowings	38	-	-	-
Provisions	1,732	1,481	1,113	943
Total non-current liabilities	<u>1,770</u>	<u>6,705</u>	<u>1,113</u>	<u>6,167</u>
Total liabilities	<u>78,927</u>	<u>66,054</u>	<u>74,847</u>	<u>56,655</u>
Net assets	<u>124,751</u>	<u>140,206</u>	<u>108,196</u>	<u>125,973</u>
Equity				
Member Contributions	21	21	-	-
Reserves	89,359	89,359	89,359	89,359
Retained earnings	31,801	48,057	18,837	36,614
Total equity attributable to equity holders of the Company	<u>121,181</u>	<u>137,437</u>	<u>108,196</u>	<u>125,973</u>
Non-controlling interest	3,570	2,769	-	-
Total equity	<u>124,751</u>	<u>140,206</u>	<u>108,196</u>	<u>125,973</u>

The Statements of Financial Position are to be read in conjunction with the notes to the concise financial statements set out on pages 18 to 20.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

Discussion and analysis of the Statements of Financial Position

The consolidated entity's total assets decreased by \$2.6 million to \$203.7 million.

The movement in total assets principally comprised:

- an increase in current trade and other receivables totalling \$10.9 million
- an increase in cash and cash equivalents of \$4.7 million
- a decrease in other assets totalling \$17.8 million
- a decrease in non-current trade and other receivables totalling \$0.8 million

The consolidated entity's total liabilities increased by \$12.9 million to \$78.9 million.

The movement in total liabilities principally comprised:

- an increase in deferred income totalling \$14.0 million
- a decrease in trade and other payables totalling \$2.1 million

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2016**

	Consolidated		The Company	
	2016	2015	2016	2015
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Cash receipts in the course of operations	598,803	585,318	540,896	526,344
Cash payments in the course of operations	<u>(590,662)</u>	<u>(562,315)</u>	<u>(529,872)</u>	<u>(507,604)</u>
Net cash from operating activities	<u>8,141</u>	<u>23,003</u>	<u>11,024</u>	<u>18,740</u>
Cash flows from investing activities				
Interest received	1,034	1,238	954	901
Payments for property, plant and equipment	<u>(3,848)</u>	<u>(6,342)</u>	<u>(2,466)</u>	<u>(1,295)</u>
Net cash used in investing activities	<u>(2,814)</u>	<u>(5,104)</u>	<u>(1,512)</u>	<u>(394)</u>
Cash flows from financing activities				
Interest paid	(656)	(674)	(652)	(658)
Payment of finance lease liabilities	<u>(6)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash used in financing activities	<u>(662)</u>	<u>(674)</u>	<u>(652)</u>	<u>(658)</u>
Net increase in cash and cash equivalents	4,665	17,225	8,860	17,688
Cash and cash equivalents at the beginning of the financial year	<u>82,156</u>	<u>64,931</u>	<u>69,994</u>	<u>52,306</u>
Cash and cash equivalents at the end of the financial year	<u><u>86,821</u></u>	<u><u>82,156</u></u>	<u><u>78,854</u></u>	<u><u>69,994</u></u>

The Statements of Cash Flows are to be read in conjunction with the notes to the concise financial statements set out on pages 18 to 20.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

Discussion and analysis of the Statements of Cash Flows

There was a net increase in cash holdings of the consolidated entity during the year totalling \$4.7 million.

The major movements in cash during the year included the following:

- funds provided by the operating activities for the year totalling \$8.1 million
- purchases of property, plant and equipment totalling \$3.8 million
- net interest received totalling \$0.4 million

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE CONCISE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

1. Basis of Preparation of the Concise Financial Report

The concise financial report has been prepared in accordance with the Corporations Act 2001 and Accounting Standard AASB 1039 *Concise Financial Reports*. The financial statements and specific disclosures required by AASB 1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report, which is available upon request.

It has been prepared on the basis of historical costs and except where stated, does not take into account changing money values or fair values of non-current assets.

The accounting policies have been consistently applied by each entity in the consolidated entity and, except where there is a change in accounting policy, are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures. The impact of these reclassifications is not material, and has not resulted in any change to profit or net assets.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

The concise financial report is presented in Australian dollars.

2. Segment Reporting

The Company's activities are entirely the administration and promotion of Australian Rules Football and are confined to Australia except for the sale of television rights to various overseas countries and conduct of exhibition matches overseas from time to time, in support of television rights in overseas countries.

Consolidated		The Company	
2016	2015	2016	2015
\$'000	\$'000	\$'000	\$'000

3. Revenue

Revenue from Operating Activities

Broadcasting & AFL Media	264,154	256,602	264,154	256,602
Commercial Operations	185,978	182,520	185,978	182,520
Football Operations	4,654	4,974	4,654	4,974
Game Development	10,571	9,954	10,571	9,954
Other Revenue	77,499	77,624	24,634	24,976
Contra Advertising Revenue	27,000	27,000	27,000	27,000
	<u>569,856</u>	<u>558,674</u>	<u>516,991</u>	<u>506,026</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE CONCISE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

4. Contingent Liabilities

- (i) The Company has entered into an agreement with the AFL Players' Association Inc. for a period of five years commencing on 1 November 2011 whereby the Company has an obligation to assume liability for all amounts due to players of a Club where the Club has lost its license to compete in the AFL Competition and is suspended from or loses its right to representation in the League. The amounts payable in these circumstances will be offset by any amounts payable to the players in respect of future employment as a player.
- (ii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Carlton Football Club Limited to Westpac to a maximum of \$5.0 million. This guarantee expires on 31 January 2018.
- (iii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Melbourne Football Club Limited to Westpac to a maximum of \$5.4 million. This guarantee expires on 31 January 2018.
- (iv) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the North Melbourne Football Club Limited to Westpac to a maximum of \$3.0 million. This guarantee expires on 31 January 2018.
- (v) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the St Kilda Football Club Limited to Westpac to a maximum of \$6.75 million. This guarantee expires on 31 January 2018.
- (vi) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Footscray Football Club Limited to Westpac to a maximum of \$5.35 million. This guarantee expires on 31 January 2018.
- (vii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Brisbane Bears-Fitzroy Football Club Limited to Westpac to a maximum of \$8.0 million. This guarantee expires on 31 January 2018.
- (viii) The Company has entered into an agreement with Westpac whereby the Company guarantees the obligations of the Essendon Football Club Limited to Westpac to a maximum of \$10.0 million. This guarantee expires on 31 January 2018.
- (ix) The Company has entered into an agreement with Bank SA whereby the Company guarantees the obligations of the Port Adelaide Football Club Limited to Bank SA to a maximum of \$5.0 million. This guarantee expires on 31 May 2019.
- (x) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of GCFC Limited to National Australia Bank to a maximum of \$1.41 million (Transactional Facilities). This guarantee expires on 30 November 2017.
- (xi) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of GCFC Limited to National Australia Bank to a maximum of \$1.59 million (Corporate Markets Loan). This guarantee expires on 30 November 2017.
- (xii) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the Western Sydney Football Club Limited to National Australia Bank to a maximum of \$0.66 million. This guarantee expires on 30 November 2017.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE CONCISE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2016

4. Contingent Liabilities (continued)

- (xiii) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the Australian Football League (Victoria) Limited to National Australia Bank to a maximum of \$0.35 million. This guarantee expires on 30 November 2017.
- (xiv) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the AFL Queensland Limited to National Australia Bank to a maximum of \$0.10 million. This guarantee expires on 30 November 2017.
- (xv) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the AFL (NSW/ACT) Commission Limited to National Australia Bank to a maximum of \$0.15 million. This guarantee expires on 30 November 2017.
- (xvi) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of the AFL Northern Territory Limited to National Australia Bank to a maximum of \$0.15 million. This guarantee expires on 30 November 2017.
- (xvii) The Company has entered into an agreement with National Australia Bank whereby the Company guarantees the obligations of Football Tasmania Limited to National Australia Bank to a maximum of \$0.03 million. This guarantee expires on 30 November 2017.

5. Events Subsequent to Balance Date

On 2 November 2016, the AFL acquired the management rights for Etihad Stadium through the purchase of the Stadium Operations Limited (SOL) Group of Companies. As settlement occurred after balance sheet date it is not included in the result or financial position of the AFL to 31 October 2016.

Etihad Stadium is a leading multi-purpose sports and entertainment stadium in Australia with a capacity of 55,000 and is the only stadium in the southern hemisphere with a fully retractable roof. The Stadium hosts over 75 major sporting and entertainment event per annum, with its major hirer being the AFL.

The AFL took 100% ownership of the management rights for a consideration of \$200m and exercised its option to purchase the freehold from Urban Renewal Authority Victoria (Places Victoria) (previously Docklands Authority). The AFL entered into Debt Facility Agreements with National Australia Bank Limited (NAB) and Australia and New Zealand Banking Group Limited (ANZ) totalling \$280m, to fund the cash consideration and to meet ongoing working capital requirements of the Consolidated Entity, drawing \$200m of the Debt Facilities. At acquisition date the SOL Group reflected net assets, excluding amounts attributable to the AFL, of \$78m with a Purchase Price Allocation to be undertaken to determine the fair value of identifiable assets and liabilities.

Other than the above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction, or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

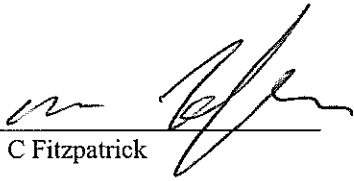
DIRECTOR'S DECLARATION

In the opinion of the directors of the Australian Football League, the accompanying concise financial report of the Consolidated Entity, comprising the Australian Football League and its controlled entities for the year ended 31 October 2016, set out on pages 11 to 20:

- (a) has been derived from or is consistent with the full financial report for the financial year; and
- (b) complies with Accounting Standard AASB 1039 *Concise Financial Reports*.


Dated at Melbourne this 9th day of February 2017.

Signed in accordance with a resolution of the directors:



Mr M C Fitzpatrick

Chairman



Mr G A McLachlan

Director



Independent auditor's report to the members of Australian Football League

Report on the concise financial report

We have audited the accompanying concise financial report of the Consolidated Entity comprising the Australian Football League (the Company) and the entities it controlled at the year's end or from time to time during the financial year which comprises the statements of financial position as at 31 October 2016, the statements of profit and loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended and related notes 1 to 5 derived from the audited financial report of the Consolidated Entity for the year ended 31 October 2016 and the discussion and analysis. The concise financial report does not contain all the disclosures required by Australian Accounting Standards and accordingly, reading the concise financial report is not a substitute for reading the audited financial report.

Directors' responsibility for the concise financial report

The directors of the Company are responsible for the preparation and presentation of the concise financial report in accordance with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and the *Corporations Act 2001* and for such internal control as the directors determine are necessary to enable the preparation of the concise financial report.

Auditor's responsibility

Our responsibility is to express an opinion on the concise financial report based on our audit procedures which were conducted in accordance with Auditing Standard ASA 810 *Engagements to Report on Summary Financial Standards*. We have conducted an independent audit in accordance with Australian Auditing Standards, of the financial report of the Australian Football League for the year ended 31 October 2016. We expressed an unmodified audit opinion on the financial report in our report dated 9 February 2017. The Australian Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report for the year is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the concise financial report. The procedures selected depend on the auditor's judgement, including the risk of material misstatement of the concise financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the concise financial report in order to design procedures, that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our procedures included testing that the information in the concise financial report is derived from, and is consistent with, the financial report for the year, and examination on a test basis, of evidence supporting the amounts, discussion and analysis, and other disclosures which were not directly derived from the financial report for the year. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports* and whether the discussion and analysis complies with the requirements laid down in Australian Accounting Standard AASB 1039 *Concise Financial Reports*.



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*.

Auditor's opinion

In our opinion, the concise financial report, including the discussion and analysis, of the Australian Football League and its controlled entities for the year ended 31 October 2016 complies with Australian Accounting Standard AASB 1039 *Concise Financial Reports*.

A handwritten signature of 'KPMG' in blue ink.

KPMG

A handwritten signature of 'M. Bisetto' in blue ink.

Maurice Bisetto
Partner

Melbourne

9 February 2017