



CARLTON FOOTBALL CLUB LIMITED

A.C.N. 005 449 909
(Company Limited by Guarantee)

144th ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2008

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' REPORT

The Directors present their report on the results of the Carlton Football Club Ltd ("the Football Club") for the year ended 31 October 2008, and the state of affairs at that date.

1. Directors

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

Messrs. R Carr (resigned 17 Oct 2008), M Clarke, Z Fried, A Gleeson, M Harrison, S Kernahan, G Lee
P Littmann (resigned 6 Nov 2008), S Moulton, R Pratt (resigned 8 Aug 2008), R Newton, A Suss,
S Wilson QC

All Directors, unless otherwise indicated, were in office from the beginning of the year until the date of this report. Particulars of Directors in office are disclosed in Note 23 of these accounts.

2. Company Secretary

The Company Secretary at the date of this report is Mr Jason Reddick (BEC, CA).

Mr Reddick has been the Company Secretary of Carlton Football Club Ltd for 8 years. He has been a Chartered Accountant for over 16 years and employed by the Club as Accountant/CFO since 1994.

3. Principal Activities

The principal activities of the Football Club during the year were to promote and play Australian Rules Football in the Australian Football League ("AFL"), in which Carlton holds one of the sixteen licences.

4. Operating Results and Review of Operations

The Football Club made an operating profit of \$6,317,811 for the year ended 31 October 2008. This compared to an operating profit of \$2,944,485 for the year ended 31 October 2007.

For the financial year ended 31 October 2008 the Football Club reports that it engaged the equivalent of 94 full time employees (not including casuals) (2007: 89).

Dividends

No dividends were paid or declared during the financial year. The Football Club is precluded from paying dividends by its Constitution.

5. Significant Changes in the State of Affairs

On 6 August 2008, demolition of the Robert Heatley Stand and George Harris Stand began as the Football Club, together with the Minister for Sport and Recreation, James Merlino, released further details of the redevelopment project for the facilities at the ground.

The Football Club, Australian Football League (AFL), State Government (via Department for Victorian Communities (DVC)) and the City of Melbourne, signed a joint funding agreement for a \$17.7 million dollar redevelopment of the facilities as part of the Victorian AFL Facilities Funding Program. Under the agreement, the Football Club is required to fund \$7.95m of the project.

The new facilities will include a large gymnasium, indoor warm up area, medical facilities, and offices for players and administrators. A function room, meeting rooms, café, 70 seat theatre and aquatic rehabilitation facility will be available for community use.

On 27 August 2008, the Football Club announced a three year naming rights partnership with Visy for the venue, previously known as Princes Park, to be re-named Visy Park. The lecture theatre, to be known as the Visy Sustainability Living Centre, will be dedicated to promoting more sustainable lifestyles to individuals, groups and the community, especially school students.

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONT.)

5. Significant Changes in the State of Affairs (cont.)

A building contract with Johns Lyng was entered into in September 2008 and work on the new facility foundations began. The project is due to be completed by the end of 2009.

The new facilities will ensure the Football Club has the standard of training and administration facilities commensurate with an elite level sporting club, as well as a range of much needed multi-functional community focused facilities.

6. Subsequent Events

In the period between the end of the financial year and the date of this report, no matter or circumstance has arisen that has significantly or may significantly affect the operations of the Football Club, the results of those operations or the state of affairs of in subsequent financial years.

7. Likely Developments

The Football Club has planned to undertake a number of fundraising initiatives to raise its \$7.95m contribution toward the cost of the facility.

8. Environmental Regulation

The Directors believe that the operations of the economic entity are not subject to any particular or significant environmental regulation.

The new facilities at Visy Park will incorporate Environmentally Sustainable Design (ESD) initiatives.

9. Auditor Independence and Non-Audit Services

The directors have received an Independence Declaration from the auditor of the Football Club as set out on page 4 and it forms part of the director's report for the year ended 31 October 2008.

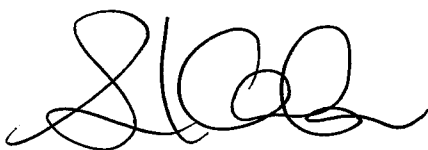
Ernst & Young received or are due to receive \$Nil for the provision of non-audit services.

10. Indemnification and Insurance of Directors and Officers

During the financial year the Football Club paid premiums to insure each of the Football Club's Directors and Officers against liabilities for costs that may arise out of their conduct while acting in the capacity of Director or Officer of the Football Club.

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors and Officers Liability insurance contract, as such disclosure is prohibited under the terms of the contract.

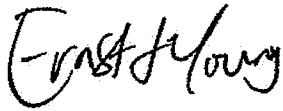
Signed in accordance with a resolution of the Directors at Carlton this 25th Day of November 2008.



STEPHEN SCOTT KERNAHAN
Director

Auditor's Independence Declaration to the Directors of Carlton Football Club Ltd Limited

In relation to our audit of the financial report of Carlton Football Club Ltd Limited for the year ended 31 October 2008, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

A stylized, handwritten signature of the Ernst & Young firm, written in black ink.

Ernst & Young

A handwritten signature in black ink, appearing to read 'Kester C Brown'.

Kester C Brown
Partner

25 November 2008

CARLTON FOOTBALL CLUB LIMITED**INCOME STATEMENT****YEAR ENDED 31 OCTOBER 2008**

| | Notes | 2008 \$ | 2007 \$ |
|---|--------------|-------------------|-------------------|
| Revenue | 5 | 31,960,918 | 25,833,480 |
| Membership related expenses | | (2,052,092) | (1,573,529) |
| Administration expenses | | (3,455,093) | (2,358,758) |
| Operating expenses | 6(b) | (24,256,658) | (18,189,961) |
| Borrowing costs expense | 6(a) | (394,095) | (252,426) |
| Depreciation and lease amortisation | 6(a) | (148,592) | (89,288) |
| Amortisation of Intangible | | (378,265) | (32,126) |
| Loss on Disposal of Non Current Assets | | (419,854) | - |
| Impairment of goodwill | 18 | - | (392,907) |
| Other Income – Grants for Redevelopment | | 5,461,542 | - |
| Net Profit attributable to the members of the Carlton Football Club | | <u>6,317,811</u> | <u>2,944,485</u> |

The accompanying notes form an integral part of these accounts.

CARLTON FOOTBALL CLUB LIMITED**BALANCE SHEET****AS AT 31 OCTOBER 2008**

| | Notes | 2008 \$ | 2007 \$ |
|---|-------|-------------------|--------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 4a | 3,595,200 | 232,425 |
| Trade and other receivables | 7 | 1,207,140 | 1,087,397 |
| Inventories | 8 | 290,899 | 219,030 |
| Other assets | 9 | 389,914 | 419,941 |
| TOTAL CURRENT ASSETS | | <u>5,483,153</u> | <u>1,958,793</u> |
| NON CURRENT ASSETS | | | |
| Other assets | 9 | - | 104,590 |
| Property, plant and equipment | 10 | 4,143,899 | 1,468,823 |
| Intangible assets | 18 | 1,333,776 | 1,712,041 |
| TOTAL NON CURRENT ASSETS | | <u>5,477,675</u> | <u>3,285,454</u> |
| TOTAL ASSETS | | <u>10,960,828</u> | <u>5,244,247</u> |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 11 | 3,447,829 | 3,741,664 |
| Income received in advance | 12 | - | 182,672 |
| Interest Bearing Liabilities | 13 | 5,104,591 | 5,226,571 |
| Provisions | 14 | 528,023 | 462,912 |
| TOTAL CURRENT LIABILITIES | | <u>9,080,443</u> | <u>9,613,819</u> |
| NON CURRENT LIABILITIES | | | |
| Interest Bearing Liabilities | 13 | 102,379 | 206,970 |
| Provisions | 14 | 55,647 | 18,910 |
| TOTAL NON CURRENT LIABILITIES | | <u>158,026</u> | <u>225,880</u> |
| TOTAL LIABILITIES | | <u>9,238,469</u> | <u>9,839,699</u> |
| NET ASSETS /(LIABILITIES) | | <u>1,722,359</u> | <u>(4,595,452)</u> |
| Retained profits / (Accumulated Losses) | | <u>1,722,359</u> | <u>(4,595,452)</u> |
| TOTAL ACCUMULATED FUNDS / (DEFICIENCY) | | <u>1,722,359</u> | <u>(4,595,452)</u> |

The accompanying notes form an integral part of these accounts.

CARLTON FOOTBALL CLUB LIMITED**CASH FLOW STATEMENT****YEAR ENDED 31 OCTOBER 2008**

| | Notes | 2008 \$ | 2007 \$ |
|---|-------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from football related activities | | 34,681,542 | 26,550,683 |
| Payments to suppliers and employees | | (33,183,492) | (23,941,219) |
| Receipt of Govt. / AFL redevelopment grants | | 5,461,542 | - |
| Interest received | | 82,206 | 73,445 |
| Borrowing costs | | (394,095) | (252,426) |
| NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES | 4(c) | 6,647,703 | 2,430,483 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (3,246,361) | (303,511) |
| Purchase of controlled entities, net of cash | | - | 241,387 |
| Advances to related parties | | - | (3,273,953) |
| NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES | | (3,246,361) | (3,336,077) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | - | (1,228,314) |
| Proceeds from borrowings | | - | 2,545,601 |
| Repayment of finance lease principal | | - | (41,237) |
| NET CASH PROVIDED BY /(USED IN) FINANCING ACTIVITIES | | - | 1,276,050 |
| Net increase/(decrease) in cash and cash equivalents held | | 3,401,342 | 370,456 |
| Cash and cash equivalents at the beginning of the year | | 193,858 | (176,598) |
| CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR | 4(b) | 3,595,200 | 193,858 |

The accompanying notes form an integral part of these accounts.

CARLTON FOOTBALL CLUB LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 OCTOBER 2008

| | Accumulated Funds /(Deficiencies) \$ |
|--------------------------------------|--|
| BALANCE AS AT 31 OCTOBER 2006 | (7,539,937) |
| Changes in equity: | |
| Profit/(loss) for the year | <u>2,944,485</u> |
| BALANCE AS AT 31 OCTOBER 2007 | <u>(4,595,452)</u> |
| Changes in equity: | |
| Profit/(loss) for the year | <u>6,317,811</u> |
| BALANCE AS AT 31 OCTOBER 2008 | <u><u>1,722,359</u></u> |

The accompanying notes form an integral part of these accounts

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 1 CLUB INFORMATION

The Football Club was formed in 1864 and incorporated in Melbourne, Australia, on 20th June 1978.

The registered office of the Football Club is located at:
Visy Park, Royal Parade, Carlton North, 3054.

The principal activities of the Football Club during the year were to promote and play Australian Rules Football in the Australian Football League ("AFL"), in which Carlton holds one of the sixteen licences.

The financial report of the Football Club for the year ended 31 October 2008 was authorised for issue in accordance with a resolution of the directors on 24 November 2008.

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared in accordance with the historical cost convention, and except where stated does not take into account current valuations of non-current assets.

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

(b) Statement of Compliance

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

Except for the early adoption of AASB 8 Operating Segments, Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Football Club for the annual reporting period ending 31 October 2008. These are outlined in the table below.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

| Reference | Title | Summary | Application date of standard | Impact on Club financial report | Application day for Club |
|------------------------------------|--|---|-------------------------------------|---|---------------------------------|
| AASB Int.4 (Revised) | Determining whether an Arrangement contains a Lease | The revised interpretation specifically scopes out arrangements that fall within the scope of AASB Interpretation 12. | 1 January 2008 | The Club has not yet determined the extent of the impact, if any. | 1 October 2008 |
| AASB 123 (Revised) and AASB 2007-6 | Borrowing Costs and consequential amendments to other Australian Accounting Standards | The amendments to AASB 123 require that all borrowing costs associated with a qualifying asset be capitalized, where previously there was a discretionary choice between capitalizing and expensing. | 1 January 2009 | Under the Club's current accounting policy such borrowing costs are expensed in the period they are incurred as permitted under the existing version of AASB 123. To the extent applicable, these revisions will decrease finance costs and increase the carrying value of our property, plant and equipment, with a resulting decrease in depreciation expense. | 1 October 2009 |
| AASB 101 (Revised) and AASB 2007-8 | Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards | Introduces a statement of comprehensive income. Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentation requirements for restatements or reclassification of items in the financial statements, changes in the presentation requirements for dividends and optional changes to the titles of the financial statements. | 1 January 2009 | These amendments are only expected to affect the presentation of the Club's financial report and will not have a direct impact on the measurement and recognition of amounts disclosed in the financial report. The Club has not determined at this stage whether to present a single statement of comprehensive income or two separate statements. | 1 October 2009 |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

| Reference | Title | Summary | Application date of standard | Impact on Club financial report | Application day for Club |
|---------------------|--|---|------------------------------|---|--------------------------|
| AASB 2008-5 | Amendments to Australian Accounting Standards arising from the Annual Improvements Project | The improvements project is an annual project that provides a mechanism for making non-urgent, but necessary, amendments to IFRs. The IASB has separated the amendments into two parts: Part 1 deals with changes the IASB identified resulting in accounting changes; Part II deals with either terminology or editorial amendments that the IASB believes will have minimal impact. | 1 January 2009 | The Club has not yet determined the extent of the impact of the amendments, if any. | 1 October 2009 |
| AASB 2008-6 | Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project | Refer to AASB 2008-5 above | 1 July 2009 | The Club has not yet determined the extent of the impact of the amendments, if any. | 1 October 2009 |
| AASB 1004 (revised) | Contributions | This standard contains the original requirements on contributions from AASB 1004 as issued in July 2004, as well as the requirements on contributions from AASs 27, 29, and 31 substantively unamended (with some exceptions). | 1 July 2008 | The Club has not yet determined the extent of the impact of the amendments, if any. | 1 October 2008 |

Other Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective are not expected to have a material impact on the Football Club.

Adoption of new accounting standard

The Football Club has adopted AASB 7 Financial Instruments: Disclosures and all consequential amendments which became applicable on 1 November 2007. The adoption of this standard has only affected disclosure in these financial statements. There has been no affect on profit and loss or the financial position of the Football Club.

(c) Going Concern

As at 31 October 2008 the Carlton Football Club Limited has a current asset deficiency of \$3,597,290 and a commitment to financing \$7.95m of the facility redevelopment at Visy Park in 2009. These factors give rise to significant uncertainty about the ability of the company to continue to operate as a going concern.

Notwithstanding the current asset deficiency of the Football Club, the accounts have been prepared on the basis that the Carlton Football Club Limited is a going concern. The appropriateness of adopting this basis is dependent on the Football Club being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other revenue sources in addition to receiving AFL distributions, to meet its debts as and when they become due and payable and to continue to fund its ongoing operations.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Going Concern (cont.)

The directors also note the following mitigating factors:

- The Football Club's banker ("Westpac") and the Australian Football League ("AFL") have continued to provide financial support through to the date of this report. The AFL support is in the form of a \$1,500,000 interest free loan (fixed interest of 6% applies from 1 November 2008) which is due and payable on 31 October 2009. The facility from Westpac is in the form of a commercial bill facility with no fixed term but is subject to annual review with the next review due in August 2009.
- Profitable business performance for the year ended 31 October 2008 and the expectation of profitable operations for the year ending 31 October 2009.
- Management and the Board have committed to some major fundraising activities in order to raise the necessary funds to meet the redevelopment facility commitments in 2009.

Should the Football Club not continue as a going concern it may be required to realise assets other than in the ordinary course of operations and at amounts other than those recorded in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

(d) Significant accounting judgements, estimates and assumptions

(i) Impairment of Intangible Assets

The Football Club assesses impairment of intangible assets at each reporting date by evaluating conditions specific to the Football Club and to the particular asset that may lead to impairment. In reviewing potential impairment of intangible assets reference is made to factors included forecast future cash flows and discount rates. To the extent that intangible assets are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

(iii) Operating lease commitments

The Football Club has a long term lease with the Melbourne City Council for the Visy Park venue. The Football Club has determined that the Melbourne City Council retains all the significant risks and rewards of ownership of this property and has thus classified the lease as an operating lease.

(e) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Sales revenue is detailed in note 5 and comprises revenue earned from sponsorships & hospitality, AFL dividends & distributions, membership & reserved seating, gaming, gate receipts, merchandise and fundraising. Revenues are recognised at the fair value of the consideration received, net of the amount of goods and services tax (GST). The following specific recognition criteria must also be met before revenue is recognised:

Sponsorship Income

In accordance with a payment schedule upon receipt of a signed sponsorship agreement. Sponsorship involving contra arrangements are recognised as revenue equivalent to the fair value of services provided by the sponsor.

Sale of Goods

Control of the goods has passed to the buyer.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(e) Revenue recognition (cont.)

Interest

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

(f) Plant and Equipment

Cost

Items of plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is provided on a diminishing value basis on all new plant and equipment over their estimated useful lives.

Major depreciation periods are:

| | 2008 | 2007 |
|--|------|------|
|--|------|------|

- | | | |
|--------------------------|------------|------------|
| • Equipment | 5-10 years | 5-10 years |
| • Furniture and fittings | 10 years | 10 years |

Leases

Leases are classified at their inception as either operating or finance leases based in the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased term to the Football Club are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

(g) Inventories

Inventories are valued in the accounts at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

(h) Trade and Other Receivables

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

Receivables from related parties are initially recognised at fair value and carried at amortised cost. Interest is taken up as income on an accrual basis.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(i) Trade and Other Payables

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

Payables to related parties are initially recognised at fair value and carried at amortised cost. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

(j) Intangibles

Gaming Licence

Gaming licences have been acquired through a business combination and are carried at a directors' valuation based on the future cash flows of the asset.

The intangible asset has been determined to have a useful life through to June 2012, which is the end date of the Football Club's existing agreement with the current gaming operator, Tabcorp. Amortisation is applied on a straight line basis through to June 2012.

(k) Impairment

Plant & Equipment and Intangible assets

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

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

Financial Assets

The entity assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred on a financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

The discount rate used for financial assets carried at amortised cost is the financial asset's original effective interest rate (i.e. The effective interest rate computed at initial recognition).

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(l) Income Tax

As a club established for the encouragement of a game or sport, Carlton Football Club Limited is exempt from income tax in accordance with section 50-45 of the Income Tax Assessment Act 1997.

(m) Employee benefits

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

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

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

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

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

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). The amounts reported for receivables and payables are inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included as a current assets or liability in the Balance Sheet.

Cash flows from operating activities are included in the Cash Flow Statement on a gross basis. The GST components of cash flows applicable to investing and financing activities that are recoverable from, or payable to, the ATO are classified in operating cash flows.

(o) Cash and Cash Equivalents

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Cash on hand and in banks are stated at nominal value.

(p) Comparative Figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

(q) Members' Liability on Winding Up

The Football Club is a company limited by guarantee and domiciled in Australia. Accordingly the liability of the members of the Football Club is limited. As stated in clause 4 of the Football Club's Memorandum of Association, each member of the Football Club undertakes to contribute to the assets of the Football Club in the event of it being wound up while they are a member or within one year afterwards for payment of the debts and liabilities of the Football Club contracted before they cease to be a member and of the costs, charges and expenses of winding up the Football Club and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding fifty dollars (\$50).

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(r) Interest Bearing Loans and Borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowing costs are recognised as an expense when incurred.

(s) Segment Reporting

The Football Club has early adopted AASB 8 Operating Segments. As a non-listed entity (and not in the process of listing), the Football Club is not required to prepare and disclose segment information required under AASB 114.

(t) Derecognition of Assets

A financial asset is derecognised when the rights to receive cash flows from the asset have been extinguished or expired.

(u) Redevelopment Grants

The Football Club, Australian Football League (AFL), State Government (via Department for Victorian Communities (DVC)) and the City of Melbourne, signed a joint funding agreement for a \$17.7 million dollar redevelopment of the facilities at Visy Park as part of the Victorian AFL Facilities Funding Program. The grants received from the AFL, State Government and City of Melbourne, are brought to account as income in the period that they are received/provided.

NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Football Club's principal financial instruments comprise receivables, payables, bank commercial bill facility, AFL loan, unsecured debentures, and cash.

The main purpose of these financial instruments is to raise finance for the Football Club's operations. It is, and has been throughout the period under review, the Football Club's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Football Club's financial instruments are interest rate risk, credit risk and liquidity risk. The Football Club uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of prevailing market interest rates, analysing and monitoring of customers for credit risk, and assessing liquidity risk by producing future rolling cash flow forecasts, which are performed on a monthly basis.

Primary responsibility for identification and control of financial risks rests with the Finance sub-committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit terms and future cash flow forecast projections.

Fair Values

The fair values of the Football Club's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)****Risk Exposures and Responses*****Interest Rate Risk***

The Football Club's exposure to market interest rates relates primarily to the Football Club's debit facility obligations. The facility is provided by Westpac. The level of debt is disclosed in Note 13.

At balance date, the Football Club had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk that are not designated in cash flow hedges:

| | 2008 \$ | 2007 \$ |
|------------------------------|--------------------------|--------------------------|
| Financial Assets | | |
| Cash and Cash Equivalents | 3,592,300 | 202,618 |
| Financial Liabilities | | |
| Bank Overdraft | - | 38,567 |
| Commercial Bill Facility | 5,000,000 | 5,000,000 |
| Net Exposure | (1,407,700) | (4,835,949) |

In addition to the items above exposed to variable interest rate risk, the Football Club has the following financial liabilities:

Unsecured Notes to the value of \$4,843 are incurring a fixed 10% interest rate charge. Unsecured Notes to the value of \$13,536 are incurring a fixed 8% interest rate charge. The balance of Unsecured Notes (\$84,000) incur no interest cost.

Loan from the AFL of \$1.5M was a non-interest bearing liability until 31 October 2008. From 1 November 2008 the loan will incur a fixed interest rate of 6%.

The balance of 'Other Loans' includes a 6% capitalised interest component charged on the original principal loan.

The Football Club regularly analyses its interest rate exposure, cash and debt levels.

The following sensitivity analysis is based on the interest rate risk exposures in existence at the balance sheet date.

At 31 October 2008, if interest rates had moved, as illustrated in the table below, with all other variables held constant, net profit and equity would have been effected as follows:

| | Net Profit Higher / (Lower) | |
|---|--|--------------------------|
| | 2008 \$ | 2007 \$ |
| Judgements of Reasonably Possible Movements: | | |
| +0.5% (50 basis points) | \$7,038 | \$24,180 |
| -0.5% (50 basis points) | (\$7,038) | (\$24,180) |

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)

The movements in profit are due to higher interest costs from variable rate debt and cash balances. The sensitivity was higher in 2007 than in 2008 because the net exposure was higher in 2007.

The Football Club has a Commercial Bill Facility of \$5,000,000. The planned reduction of this debt will reduce the impact of variations in interest rates.

Foreign Currency Risk

The Football Club has no exposure to foreign currency risk.

Credit Risk

Credit risk is the risk of financial loss to the Football Club if a customer or counterparty fails to meet its contractual obligation, and arises principally from the Football Club's trade and other receivables.

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

In addition, receivable balances are monitored on an ongoing basis with the result that the Football Club's exposure to bad debts is limited.

The carrying amount of financial assets represents the maximum credit exposure. There are no significant concentrations of credit risk within the Football Club. The Football Club has the majority of customers concentrated in the Australian industry and the majority remit payment on 30 days which is industry standard.

Liquidity Risk

Liquidity risk is the risk that the Football Club will not be able to meet its financial obligations as they fall due.

The Football Club's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and committed available credit lines.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 31 October 2008.

Maturity Analysis of Financial Assets and Liability Based on Contractual Maturities

The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows. Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital, and trade receivables. These assets are considered in the Football Club's overall liquidity risk. To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, the Football Club has established comprehensive risk reporting covering its business that reflects expectations of management of expected settlement of financial assets and liabilities.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)**

| Year Ended 31 October 2008 | <6 months \$ | 6-12 months \$ | 1-5 years \$ | TOTAL \$ |
|--|----------------------------|---------------------------|-------------------------|---------------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | 3,595,200 | - | - | 3,595,200 |
| Trade and Other Receivables | 1,207,140 | - | - | 1,207,140 |
| Financial Liabilities | | | | |
| Trade and Other Payables | (1,947,829) | - | - | (1,947,829) |
| AFL Loan | - | (1,500,000) | - | (1,500,000) |
| Interest Bearing Loans and Borrowings | (5,000,000) | (104,591) | (102,379) | (5,206,970) |
| Interest on AFL Loan and Interest Bearing Loans and Borrowings | (99,235) | (45,000) | - | (144,235) |
| Net Maturity | (2,244,724) | (1,649,591) | (102,379) | (3,996,694) |

| Year Ended 31 October 2007 | <6 months \$ | 6-12 months \$ | 1-5 years \$ | TOTAL \$ |
|--|----------------------------|---------------------------|-------------------------|---------------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | 232,425 | - | - | 232,425 |
| Trade and Other Receivables | 1,087,397 | - | - | 1,087,397 |
| Financial Liabilities | | | | |
| Bank Overdraft | (38,567) | - | - | (38,567) |
| Trade and Other Payables | (2,241,664) | - | - | (2,241,664) |
| AFL Loan | - | (1,500,000) | - | (1,500,000) |
| Interest Bearing Loans and Borrowings | (5,000,000) | (188,004) | (206,970) | (5,394,974) |
| Interest on AFL Loan and Interest Bearing Loans and Borrowings | (206,775) | (186,836) | - | (393,611) |
| Net Maturity | (6,167,184) | (1,874,840) | (206,970) | (8,248,994) |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)**

| | 2008 | 2007 |
|-------------------------------------|-------------|-------------|
| | \$ | \$ |
| Finance facilities available | | |
| Total facilities | | |
| -Bank overdraft | - | - |
| -Commercial Bill | (5,000,000) | (5,000,000) |
| Facilities used at balance date | | |
| -Bank overdraft | - | 38,567 |
| -Commercial Bill | 5,000,000 | 5,000,000 |
| Facilities unused at balance date | | |
| -Bank overdraft | - | (38,567) |
| -Commercial Bill | - | - |

Capital Management

In managing capital, the Football Club aims to maintain a stable capital base, capable of withstanding cash flow fluctuations, but flexible enough to accommodate the Club's plans for growth. The Football Club aims to maintain an optimal capital structure to reduce the cost of capital and maximise benefits to members.

The capital structure of the group consists of debt, which includes interest-bearing loans as disclosed in Note 13, cash and cash equivalents.

The Club is not subject to any externally imposed capital requirements.

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

NOTE 4 STATEMENT OF CASH FLOWS

| | 2008 | 2007 |
|---|------------------|------------------|
| | \$ | \$ |
| (a) Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows: | | |
| Cash on hand | 2,900 | 29,807 |
| Cash at bank | 3,592,300 | 202,618 |
| | <u>3,595,200</u> | <u>232,425</u> |
| Closing cash balance | <u>3,595,200</u> | <u>232,425</u> |
| (b) Reconciliation to Cash Flow Statement | | |
| For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 October 2008: | | |
| Cash on hand | 2,900 | 29,807 |
| Cash at bank | 3,592,300 | 202,618 |
| Bank Overdraft | - | (38,567) |
| | <u>3,595,200</u> | <u>193,858</u> |
| Closing cash balance | <u>3,595,200</u> | <u>193,858</u> |
| (c) Reconciliation of the operating profit to the net cash flows from operations | | |
| Net profit | 6,317,811 | 2,944,485 |
| Depreciation of non-current assets | 139,174 | 45,819 |
| Amortisation of non-current assets | 9,418 | 43,469 |
| Amortisation of intangible assets | 378,265 | 32,126 |
| Impairment loss – trade and other receivables | 137,013 | 7,948 |
| (Profit) / Loss on loan re-financing | - | (331,710) |
| (Profit) / Loss on sale of property, plant & equipment | 419,854 | - |
| Impairment of goodwill | - | 392,907 |
| Changes in assets and liabilities | | |
| - (Increase)/Decrease in Inventory | (71,869) | (16,591) |
| - (Increase)/Decrease in Trade receivables | (256,756) | (606,621) |
| - (Increase)/Decrease in Other assets | (53,386) | (187,730) |
| - Increase/(Decrease) in Trade/Other creditors | (290,996) | 963,758 |
| - Increase/(Decrease) in sundry creditors & accruals | (182,672) | (813,854) |
| - Increase/(Decrease) in Provisions | 101,848 | (43,523) |
| Net cash provided by operating activities | <u>6,647,703</u> | <u>2,430,483</u> |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 5 REVENUES**

| Revenues from operating activities | 2008 | 2007 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Included in the operating profit are the following revenues arising from operating activities: | | |
| Sponsorship and Hospitality | 9,994,164 | 7,432,514 |
| AFL Income | 7,906,940 | 7,512,295 |
| Membership and Reserved Seating | 6,296,016 | 4,934,695 |
| Gaming | 2,726,457 | 234,809 |
| Gate Receipts | 1,731,438 | 1,243,102 |
| Merchandise | 1,480,984 | 1,129,048 |
| Fundraising | 270,113 | 347,029 |
| Interest Income | 95,741 | 73,445 |
| Other Football Operations income | 1,459,065 | 2,594,833 |
| | <hr/> | <hr/> |
| Total revenues from operating activities | 31,960,918 | 25,501,770 |
| Revenues from non-operating activities | | |
| Gain on Loan re-financing | - | 331,710 |
| | <hr/> | <hr/> |
| Total revenues from ordinary activities | <u>31,960,918</u> | <u>25,833,480</u> |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 6 EXPENSES AND LOSSES/(GAINS)**

| (a) Expenses | 2008 \$ | 2007 \$ |
|--|-------------------|-------------------|
| Cost of merchandise sold | 991,453 | 709,289 |
| Merchandise Inventory write off | <u>15,283</u> | <u>-</u> |
| Depreciation of non-current assets -Plant and equipment | 139,174 | 45,819 |
| Amortisation of non-current assets -Leased assets | 9,418 | 43,469 |
| Total depreciation and amortisation expenses | <u>148,592</u> | <u>89,288</u> |
| Lease payments – operating lease | <u>77,523</u> | <u>74,165</u> |
| Borrowing costs expensed | | |
| Interest expense | | |
| -Other | 484 | 5,992 |
| -Lease interest | - | 3,091 |
| -Commercial Bill Facility | <u>393,611</u> | <u>243,343</u> |
| Total borrowing costs expensed | <u>394,095</u> | <u>252,426</u> |
| Impairment losses - trade and other receivables | <u>137,013</u> | <u>7,948</u> |
| (b) Other Operating Expenses | | |
| Football Department costs | 13,634,884 | 12,245,138 |
| Marketing and Other Department costs | <u>10,621,774</u> | <u>5,944,823</u> |
| | <u>24,256,658</u> | <u>18,189,961</u> |
| (c) Personnel Expenses | | |
| Wages and Salaries | 13,082,737 | 11,908,245 |
| Contributions to Superannuation | 1,095,094 | 986,327 |
| Movement in employee entitlements | <u>93,836</u> | <u>(43,523)</u> |
| | <u>14,271,667</u> | <u>12,851,049</u> |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 7 TRADE AND OTHER RECEIVABLES**

| Current | 2008 | 2007 |
|-------------------------------|------------------|------------------|
| | \$ | \$ |
| Trade Receivables | 983,833 | 755,940 |
| Allowance for impairment loss | (14,877) | (7,948) |
| | <u>968,956</u> | <u>747,992</u> |
| Other Receivables | 238,184 | 339,405 |
| Total Trade Receivables | <u>1,207,140</u> | <u>1,087,397</u> |

Trade Receivables and Allowance for Impairment

Trade receivables are non-interest bearing and are generally on 30 – 60 day terms.

An allowance for impairment (impairment loss) is recognised when there is objective evidence that a trade receivable is impaired. An allowance for impairment, which increased by \$6,929 during the year (2007: increased by \$7,948) has been recognised by the Football Club for the period in the 'administration expenses' line item for the current period for specific debtors and debtors assessed on a collective basis, for which such evidence exists. During the year, \$130,084 of bad debts were written off.

Other receivables, third parties primarily relate to GST receivable which is expected to be recovered within 30 days following presentation of the related supplier invoice.

Movements in the allowance for impairment loss were as follows:

| | 31 October 2008 | 31 October 2007 |
|--|------------------------|------------------------|
| | \$ | \$ |
| Allowance for impairment losses opening balance | 7,948 | - |
| Charge for the year | 137,013 | 7,948 |
| Amounts written off | (130,084) | - |
| Allowance for impairment losses closing balance | 14,877 | 7,948 |

An ageing analysis of trade receivables is provided below:

| | 0-30 days NPDNI[^] \$ | 31-60 days NPDNI[^] \$ | 61-90 days PDNI* \$ | +91 days PDNI* \$ | +91 days CI# \$ | Total \$ | [^] Not past due not impaired *Past due not impaired # Considered impaired |
|-------------|---|--|--|--------------------------------------|------------------------------------|---------------------|--|
| 2008 | 606,196 | 164,509 | 36,114 | 177,014 | 14,877 | 983,833 | |
| 2007 | 500,964 | 93,935 | 12,783 | 140,310 | 7,948 | 755,940 | |

For terms and conditions of trade and other receivables, refer Note 2(h). The Football Club maintains direct contact with debtors and is satisfied that payment of the amounts past due but not impaired will be received.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 7 TRADE AND OTHER RECEIVABLES (CONT.)****Related Party Receivables**

For terms and conditions of related party receivables refer to Note 22.

Fair Value and Credit Risk

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

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Football Club's policy to transfer (on-sell) receivables to special purpose entities.

NOTE 8 INVENTORIES

| | | |
|-------------------------|----------------|----------------|
| Merchandise stock | 2008 | 2007 |
| | \$ | \$ |
| At cost | 266,084 | 204,453 |
| At net realisable value | 16,989 | - |
| Other inventory | | |
| At cost | 7,826 | 14,577 |
| | <u>290,899</u> | <u>219,030</u> |

NOTE 9 OTHER ASSETS

| | | |
|--------------------|----------------|----------------|
| | 2008 | 2007 |
| | \$ | \$ |
| Current | | |
| Deferred Expense | 104,591 | 188,004 |
| Prepayments | 285,323 | 231,937 |
| | <u>389,914</u> | <u>419,941</u> |
| Non-Current | | |
| Deferred Expense | - | 104,590 |

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

| | | |
|----------------------------|------------------|------------------|
| Plant & Equipment | | |
| At cost | 3,965,973 | 5,034,089 |
| Accumulated depreciation | (2,616,815) | (3,710,135) |
| Net Carrying Amount | <u>1,349,158</u> | <u>1,323,954</u> |
| Furniture and fittings | | |
| At cost | 230,585 | 232,165 |
| Accumulated depreciation | (101,278) | (87,296) |
| Net Carrying Amount | <u>129,307</u> | <u>144,869</u> |
| Buildings Work in Progress | | |
| At cost | 2,665,434 | - |
| Accumulated amortisation | - | - |
| Net Carrying Amount | <u>2,665,434</u> | <u>-</u> |
| Total plant and equipment | <u>4,143,899</u> | <u>1,468,823</u> |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 10 PROPERTY, PLANT AND EQUIPMENT (CONT.)***Reconciliations*

Movements in the carrying amount of each class of plant & equipment between the beginning and the end of the current financial year are set out below.

| 2008 | Equipment | Furniture & Fittings | Buildings WIP | Total |
|--|------------------|-------------------------------------|--------------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Carrying amount at the beginning of the year | 1,323,954 | 144,869 | - | 1,468,823 |
| Additions | 571,090 | 9,837 | 2,665,434 | 3,246,361 |
| Disposals | (420,917) | (11,194) | - | (432,111) |
| Depreciation expense | (124,969) | (14,205) | - | (139,174) |
| Carrying amount at year end | <u>1,349,158</u> | <u>129,307</u> | <u>2,665,434</u> | <u>4,143,899</u> |

On 6 August 2008, the demolition of the Heatley and Hars grandstands commenced in preparation for the construction of a new training, administration and community facility at Visy Park

A building contract with Johns Lyng was entered into in September 2008 and work on the new facility foundations began. The project is due to be completed by the end of 2009.

The costs incurred for the redevelopment project are being recognized as an asset and are represented by the Buildings WIP carrying amount.

The Australian Football League (AFL), State Government (via Department for Victorian Communities (DVC)) and the City of Melbourne, signed a joint funding agreement for the \$17.7 million dollar redevelopment of the facilities as part of the Victorian AFL Facilities Funding Program. Under the agreement, the Football Club is required to fund \$7.95m of the project. All grants are recorded as income in the accounts as they are received.

NOTE 11 TRADE AND OTHER PAYABLES

| | 2008 | 2007 |
|---|------------------|------------------|
| | \$ | \$ |
| Current | | |
| Trade creditors | 1,947,829 | 2,241,664 |
| Amounts other than trade debts payable : | | |
| Loan - AFL | <u>1,500,000</u> | <u>1,500,000</u> |
| | <u>3,447,829</u> | <u>3,741,664</u> |
| Aggregate amounts payable to related parties: | | |
| Directors and director-related entities | | |
| - director related entities | <u>6,400</u> | <u>6,559</u> |

AFL Loan - Terms & Conditions

The \$1,500,000 loan from the AFL was a non-interest bearing liability until 31 October 2008. From 1 November 2008, interest is charged at a fixed rate of 6%. The loan is repayable on 31 October 2009.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 12 INCOME IN ADVANCE**

| Current | 2008 | 2007 |
|----------------------------|-------------|----------------|
| | \$ | \$ |
| AFL Contract Waverley Park | - | 182,002 |
| 2009 Sponsorship | - | 670 |
| | <u>-</u> | <u>182,672</u> |

NOTE 13 INTEREST BEARING LIABILITIES

| Current | 2008 | 2007 |
|--------------------|------------------|------------------|
| | \$ | \$ |
| Bank Overdraft | - | 38,567 |
| Other Loans | 104,591 | 188,004 |
| Commercial Bill | 5,000,000 | 5,000,000 |
| | <u>5,104,591</u> | <u>5,226,571</u> |
| Non Current | | |
| Unsecured – Notes | 102,379 | 102,380 |
| Other Loans | - | 104,590 |
| | <u>102,379</u> | <u>206,970</u> |

a) **Terms & Conditions**

Interest was charged at 12.6% on the outstanding monthly balance of the utilised NAB bank overdraft facility until May 2007.

The weighted average effective interest rate on the Commercial Bill in the current year was 6.7%.

Refer to Note 3 for details of all other terms & conditions attached to the above facilities.

b) **Assets pledged as security**

The \$5,000,000 Commercial Bill facility provided by Westpac is secured by a guarantee limited to \$5,000,000 given by the Australian Football League expiring 31 October 2009. A transaction negotiation authority facility of \$500,000 for uncleared funds is secured by a fixed & floating charge over all assets and undertakings including liquor licenses and gaming licenses relating to Club Laverton gaming venue.

NOTE 14 PROVISIONS

| | 2008 | 2007 |
|----------------------------------|----------------|----------------|
| | \$ | \$ |
| Employee benefits | | |
| Annual Leave: | 347,745 | 267,250 |
| Long Service Leave (current) | 180,278 | 195,662 |
| | <u>528,023</u> | <u>462,912</u> |
| Long Service Leave (non current) | <u>55,647</u> | <u>18,910</u> |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 15 COMMITMENTS**

| | 2008 | 2007 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Player Contracts | | |
| Amounts contracted to AFL players: | | |
| Not later than one year | 6,109,172 | 5,852,800 |
| Later than one year but not later than two years | 5,010,000 | 3,355,000 |
| Later than two years but not later than five years | 4,890,000 | 4,875,000 |
| | <u>16,009,172</u> | <u>14,082,800</u> |

Operating Lease Commitments

The Football Club has a 40 year lease agreement with the Melbourne City Council for the Visy Park venue that continues through until 2035. The annual rent (\$77,523 in 2008) is contracted to increase by CPI each year.

Redevelopment Commitments

The Football Club, Australian Football League (AFL), State Government (via Department for Victorian Communities (DVC)) and the City of Melbourne, signed a joint funding agreement for a \$17.7 million dollar redevelopment of the facilities as part of the Victorian AFL Facilities Funding Program. Under the agreement, the Football Club is required to fund \$7.95m of the project.

The Football Club has planned to undertake a number of fundraising initiatives to raise its \$7.95m contribution toward the cost of the facility.

NOTE 16 CONTINGENCIES

There are no material contingent liabilities or contingent assets as at 31 October 2008.

NOTE 17 MEMBERS' CONTRIBUTION

The amount capable of being called up in the event of, and for the purpose of, the winding up of the Football Club is limited to \$50 per member, subject to the provision of the Constitution.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 18 INTANGIBLE ASSETS AND GOODWILL****a) Reconciliation of carrying amount at the beginning and end of the period**

| | 2008 Gaming Licence \$ | 2007 Gaming Licence \$ | 2007 Goodwill \$ |
|--|---|---|---------------------------------|
| Year ended 31 October 2007 | | | |
| At 1 November 2007, net of accumulated amortisation and impairment | 1,712,041 | - | - |
| Acquisition of a related entity | - | 1,744,167 | 392,907 |
| Impairment | - | - | (392,907) |
| Amortisation | (378,265) | (32,126) | |
| At 31 October 2008, net of accumulated amortisation and impairment | <u>1,333,776</u> | <u>1,712,041</u> | - |
| At 31 October 2008 | | | |
| Cost (gross carrying amount) | 1,744,167 | 1,744,167 | - |
| Accumulated amortisation and impairment | (410,391) | (32,126) | - |
| Net carrying amount | <u>1,333,776</u> | <u>1,712,041</u> | - |

On 30 September 2007, the Football Club acquired all the assets and assumed all the liabilities of The Carlton Cricket & Football Social Club (the Social Club) in accordance with an Implementation Deed approved by both Boards on 26 June 2006. The consideration given by the Football Club was to assume the liabilities and forgive all liabilities of Social to Football.

The fair value of the identifiable assets and liabilities of the Social Club as at the date of acquisition were:

| | Recognised on acquisition \$ |
|---------------------------------------|---|
| Cash and cash equivalents | 241,387 |
| Trade receivables | 163,566 |
| Deferred Expenditure | 307,224 |
| Inventory | 3,696 |
| Plant and Equipment | 1,028,688 |
| Intangible – Gaming Licence | 1,744,167 |
| | <u>3,488,728</u> |
| Trade Payables | (189,117) |
| Loans | (3,581,178) |
| Income in advance | (9,167) |
| Unsecured debentures | (102,173) |
| | <u>(3,881,635)</u> |
| Fair value of identifiable net assets | (392,907) |
| Goodwill arising on acquisition | 392,907 |
| | <u>-</u> |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 19 SUBSEQUENT EVENTS**

In the period between the end of the financial year and the date of this report, no matter or circumstance has arisen that has significantly or may significantly affect the operations of the Football Club, the results of those operations or the state of affairs of the Football Club in subsequent financial years.

NOTE 20 DIRECTORS' REMUNERATION

Non-executive directors do not receive directors' fees, but the Football Club has paid premiums in respect of indemnification and insurance of directors.

Disclosure of the liabilities covered and the amount of the premiums paid in respect of the Directors and Officers Liability insurance contract is prohibited under the terms of the contract.

NOTE 21 AUDITORS' REMUNERATION

| Amounts received or due and receivable by Ernst & Young, the auditors of the Football Club for: | 2008 | 2007 |
|---|---------------|---------------|
| | \$ | \$ |
| Auditing the accounts | 56,000 | 55,000 |
| Other Services | - | 6,000 |
| | <u>56,000</u> | <u>61,000</u> |

NOTE 22 RELATED PARTY

Key Management personnel are determined to be the Chief Executive Officer, six General Managers and the Senior Coach. During the year, a total of \$1,646,821 (2007 – \$1,901,855) of short term benefits was paid to these key personnel for services provided to the Football Club. During the year, a total of \$243,248 (2007 – \$165,022) of post employment benefits for superannuation was paid to these key personnel for services provided to the Football Club.

During the year the Carlton Foundation was established as a Prescribed Private Fund governed by a Trust Deed. The Trustees of the Fund include Mark Harrison (Football Club Director), Greg Swann (Football Club CEO), and Jason Reddick (Football Club CFO/Company Secretary). The Fund had no operations as at 31 October 2008.

The Football Club is the sole unit holder in the PFS Unit Trust. During the year the Football Club loaned the Trustee Company, Premier Finance Services Pty Ltd, \$66,068 to cover start up and operational costs. The loan was repaid in full prior to 31 October 2008.

Director transactions with the Football Club

A number of directors of the Football Club, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of the transactions with directors and their director related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year to directors and their director related entities were as follows:

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2008

NOTE 22 RELATED PARTY (CONT.)

| Director | Service | Income/(Expense) 2008 (GST Exclusive) | Receivable/(Payable) at 31/10/08 | Income/(Expense) 2007 (GST Exclusive) | Receivable/(Payable) at 31/10/07 |
|-----------------|-------------------------------------|--|---|--|---|
| R Pratt | Corp Sales Donation | 1,538,068 - | - | 390,947 1,330,000 | - |
| R Carr | Corp Sales Entertainer travel | 5,241 | - | 39,153 (4,624) | - |
| M Clarke | Corp Sales | 10,636 | - | 4,190 | - |
| Z Fried | Corp Sales Computers / | 22,800 (343) | - | 133,100 (10,570) | - |
| M Harrison | Corp Sales | 5,909 | - | 26,955 | - |
| P Littmann | Corp Sales | 1,732 | - | 3,820 | - |
| S Moulton | Corp Sales Legal services | 46,523 (11,723) | - | 77,661 (6,419) | (1,226) |
| R Newton | Corp Sales | 119,954 | - | 80,870 | - |
| A Suss | Corp Sales | 3,332 | - | 10,915 | - |
| S Kernahan | Corp Sales Printing | 64,146 (103,234) | (6,400) | 68,944 (84,074) | (5,333) |
| G Lee | Corp Sales Supply Temp Staff | 22,827 (7,019) | - | 36,450 (4,844) | - |
| A Gleeson | Corp Sales | 15,192 | - | 15,340 | - |
| S Wilson QC | Corp Sales | 3,659 | - | 1,075 | - |

Refer Note 23 for Particulars of Directors.

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

NOTE 23 PARTICULARS OF DIRECTORS

| Full Names and Office Held | Date and Place of Birth | Nature and Date of Change | Number of Years on Board | Experience/Background | Qualifications |
|-----------------------------------|--------------------------------|----------------------------------|---------------------------------|---|-----------------------|
| CARR, Ralph David Director | 21.11.59 | Resigned 17.10.08 | 1 year, 10 months | Chairman Standard Music, Standard Records, Ralph Carr Management and Illicit Records. Primarily involved in artist management and has also extended to publishing and recording. | |
| CLARKE, Marcus Director | 24.01.61 Melbourne | Continuing | 1 year, 9 months | Has been a barrister since 1987 and has represented a number of Carlton players at the AFL Tribunal and in appeals from the Tribunal. | B.Ec., LL.B |
| FRIED, Issac Jacob Director | 20.06.72 Melbourne | Continuing | 1 year, 11 month | Joint owner of the Spotlight Group which includes Spotlight Stores, Anaconda Outdoor Adventure stores, RSEA Safety Stores, Barokes Wine-in-a-can and Spotlight Property Group. Has been working in the group since 1990. Managing Director SPG Investments. | |

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

NOTE 23 PARTICULARS OF DIRECTORS (CONT.)

| Full Names and Office Held | Date and Place of Birth | Nature and Date of Change | Number of Years on Board | Experience/Background | Qualifications |
|-------------------------------------|-------------------------|---------------------------|--------------------------|--|---|
| GLEESON, Adrian Paul. Director | 29.04.67 Koroit | Continuing | 2 years, 6 months | A Certified Financial Planner, continues to be a partner in C.A.G Financial Services P/L and is a member of the National Board of Apogee Financial Planning – part of the National Australia Bank group. | CFP, Dip FP |
| HARRISON, Mark Adam Director | 10.02.69 Melbourne | Continuing | 1 year, 11 months | 1998 joined Ashe Morgan Winthrop and became a Director. Joined Wingate Group in 2008. In 2008 became Trustee of Carlton Foundation and Director of Premier Finance Services P/L. | Studied a Bachelor of Economics at La Trobe University. |
| KERNAHAN, Stephen Scott Director | 01.09.63 Adelaide SA | Continuing | 11 years | Partner in Docklands Press. A member of the Carlton Hall of Fame, a Carlton Life Member, Carlton Legend and member of the AFL Hall of Fame | |
| LEE, Gregory Douglas Director | 26.11.55 Melbourne | Continuing | 2 year, 7 months | Managing Director of United Recruitment which he started in 1994. A Board Member of William Angliss Institute of TAFE and a Fellow of the Institute of Company Directors. | B.Sc, FAICD, FAIM |

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

NOTE 23 PARTICULARS OF DIRECTORS (CONT.)

| Full Names and Office Held | Date and Place of Birth | Nature and Date of Change | Number of Years on Board | Experience/Background | Qualifications |
|--|---------------------------------|---------------------------|--------------------------|--|-----------------------------------|
| LITTMANN, Paul Bernard Director | 30.09.53 Melbourne | Resigned 6.11.08 | 1 year, 9 months | Created and as Managing Director for Australia and South East Asia region of advertising agency The Ideas Factory for 20 years. Is now involved in the creation of Australia's most advanced, non toxic, chemical free dry cleaning enterprise – Daisy Dry Cleaning Pty Ltd. | Bach Marketing Bach Accounting |
| MOULTON, Stephen Fletcher Director | 12.01.62 Hertfordshire UK | Continuing | 1 year, 11 months | Chairman of Partners of Mills Oakley Lawyers since 2004 Practising lawyer for 22 years with expertise in financial services including Consumer Credit Law, commercial litigation and statutory interpretation. Director of Premier Finance Services P/L. | B. Juris and LLB (Mon) |
| NEWTON, Richard Gordon Director | 31.10.59 Melbourne | Continuing | 2 years, 6 months | Chairman of Selpam Group of Companies, a family business involved in property developments and investments, specifically in hotel operations. Director of Amalgamated Holdings Ltd. | B Bus |

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2008

NOTE 23 PARTICULARS OF DIRECTORS (CONT.)

| Full Names and Office Held | Date and Place of Birth | Nature and Date of Change | Number of Years on Board | Experience/Background | Qualifications |
|-----------------------------------|-------------------------|---------------------------|--------------------------|--|---|
| PRATT, Richard President | 10.12.34 Danzig | Resigned 8.08.08 | 18 months | Chairman of Visy, a privately owned Melbourne based packaging and recycling company employing more than 9,000 people in Australasia and the USA. | Honorary Doctorates from Melbourne University Monash University, Swinburne University and Ben Gurion University |
| SUSS, Ari Daniel Director | 09.06.76 Melbourne | Continuing | 1 year, 9 months | Senior advisory to Premier Steve Bracks 1999-2004.. Manager of Government and Corporate Affairs for Linfox Group of Companies 2004-2008. Executive Director of Fox Private Group (investments) since July 2008. | ExecCert.PubPolMgt (Monash University), MAICD, AIMM, MPRIA. |
| WILSON QC, Simon Kemp Director | 11.03.51 Melbourne | Continuing | 6 years | Has been a member of the Victorian Bar since 1976 and was appointed Queen's Counsel in 1992. | B. Juris, LLB |

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2008****NOTE 23 PARTICULARS OF DIRECTORS (CONT.)****Directors Attendances at Board and Sub-Committee Meetings
November 2007 – October 2008**

| Name | Board (Total 10) | Finance Sub- Com (Total) | Total |
|-------------|-----------------------------|--|--------------|
| R Carr | 6 | - | 6 |
| M Clarke | 9 | - | 9 |
| I Fried | 9 | - | 9 |
| A Gleeson | 10 | - | 10 |
| M Harrison | 10 | 6 | 16 |
| S Kernahan | 10 | - | 10 |
| G Lee | 8 | - | 8 |
| P Littmann | 7 | - | 7 |
| S Moulton | 9 | - | 9 |
| R Newton | 9 | 6 | 15 |
| R Pratt | 6 | - | 6 |
| A Suss | 10 | - | 10 |
| S Wilson QC | 10 | - | 10 |

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' DECLARATION

AT 31 OCTOBER 2008

In accordance with a resolution of the Directors of Carlton Football Club Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of the company are in accordance with the Corporations Act 2001, including;
 - (i) giving a true and fair view of the company's financial position as at 31 October 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'S. Kernaahan', written in a cursive style.

STEPHEN SCOTT KERNAHAN
Director

25 November 2008

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

We have audited the accompanying financial report of Carlton Football Club Limited, which comprises the balance sheet as at 31 October 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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 our judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

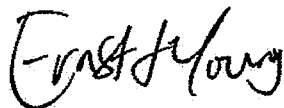
Audit Opinion

In our opinion, the financial report of the Carlton Football Club Limited is properly drawn up in accordance with:

- (a) the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Carlton Football Club Limited at 31 October 2008 and of its performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory financial reporting requirements in Australia.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualification to the opinion above, attention is drawn to the following matter. The matters described in note 2(c) indicate the existence of a material uncertainty which may cast significant doubt about whether the Carlton Football Club Limited will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.



Ernst & Young



Kester C Brown
Partner

25 November 2008