



**CARLTON FOOTBALL CLUB LIMITED**

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

**145<sup>th</sup> ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 OCTOBER 2009**

## **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 2009, 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. M Clarke, Z Fried, A Gleeson, M Harrison, S Kernahan, G Lee, S Moulton, 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 9 years. He has been a Chartered Accountant for over 17 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 \$8,676,645 for the year ended 31 October 2009. This compared to an operating profit of \$6,317,811 for the year ended 31 October 2008.

#### ***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***

Carlton played in the AFL finals for the first time since 2001. With 13 wins for the season, the improved on-field performance led to strong off-field results. In particular, record levels of members (43,294) and crowd attendances (Carlton participated in 4 of the top 5 attended AFL regular season games) resulted in major increases in revenue from Membership/Reserved Seating and Gate Receipts.

Tourism Malaysia signed on as a joint major sponsor along with Hyundai for season 2009. Visy signed a 3 year naming rights sponsorship of the venue. These deals led to a large increase in Sponsorship and Hospitality revenue.

In 2008, 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 \$17.7m redevelopment of the facilities at Visy Park as part of the Victorian AFL Facilities Funding Program. Under the agreement, the Football Club was required to fund \$7.95m of the project.

Several design changes to the facility have since occurred that have resulted in the overall project cost rising to \$19.4 million dollars.

On 30 June 2009, the Federal Government signed a funding agreement whereby it contributed \$4.5 million dollars towards the project in support of the education and training facilities.

**CARLTON FOOTBALL CLUB LIMITED**

**DIRECTORS' REPORT (CONT.)**

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

The Football Club's overall commitment to the project is now \$5.04m of which \$2.04m remains to be paid.

The new facilities are due to be opened in December 2009 and 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.

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 will continue to apply the annually contracted Visy naming rights sponsorship and continue the supporters "Blue Believer" fundraising initiative for raising the remaining contribution towards the facility project.

**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 2009.

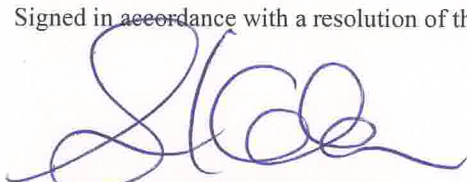
Ernst & Young received or are due to receive \$900 for the provision of non-audit services.

**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 23rd Day of November 2009.



**STEPHEN SCOTT KERNAHAN**  
Director



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

In relation to our audit of the financial report of Carlton Football Club Limited for the year ended 31 October 2009, 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 &amp; Young firm, written in black ink.

Ernst & Young

A handwritten signature of Kester C Brown, written in black ink.

Kester C Brown  
Partner

23 November 2009

**CARLTON FOOTBALL CLUB LIMITED****INCOME STATEMENT****YEAR ENDED 31 OCTOBER 2009**

	Notes	2009 \$	2008 \$
Revenue	5	34,147,804	31,960,918
Membership related expenses		(2,363,417)	(2,052,092)
Administration expenses		(1,942,157)	(3,455,093)
Operating expenses	6(b)	(28,092,771)	(24,256,658)
Borrowing costs expense	6(a)	(295,935)	(394,095)
Depreciation and lease amortisation	6(a)	(322,815)	(148,592)
Amortisation of intangible		(378,266)	(378,265)
Loss on disposal of non current assets		-	(419,854)
Other income – grants for redevelopment		7,924,202	5,461,542
Net Profit attributable to the members of the Carlton Football Club		8,676,645	6,317,811

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED****BALANCE SHEET****AS AT 31 OCTOBER 2009**

	Notes	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4a	585,160	3,595,200
Trade and other receivables	7	985,082	1,207,140
Inventories	8	227,300	290,899
Other assets	9	450,286	389,914
<b>TOTAL CURRENT ASSETS</b>		<u>2,247,828</u>	<u>5,483,153</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	16,118,262	4,143,899
Intangible assets	11	955,510	1,333,776
<b>TOTAL NON CURRENT ASSETS</b>		<u>17,073,772</u>	<u>5,477,675</u>
<b>TOTAL ASSETS</b>		<u>19,321,600</u>	<u>10,960,828</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	1,403,328	3,447,829
Income received in advance	13	100,842	-
Interest bearing liabilities	14	6,500,000	5,104,591
Provisions	15	738,021	528,023
<b>TOTAL CURRENT LIABILITIES</b>		<u>8,742,191</u>	<u>9,080,443</u>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities	14	98,379	102,379
Provisions	15	82,026	55,647
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>180,405</u>	<u>158,026</u>
<b>TOTAL LIABILITIES</b>		<u>8,922,596</u>	<u>9,238,469</u>
<b>NET ASSETS</b>		<u>10,399,004</u>	<u>1,722,359</u>
Retained profits		<u>10,399,004</u>	<u>1,722,359</u>
<b>TOTAL ACCUMULATED FUNDS</b>		<u>10,399,004</u>	<u>1,722,359</u>

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED****CASH FLOW STATEMENT****YEAR ENDED 31 OCTOBER 2009**

	Notes	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from football related activities		37,891,216	34,681,542
Payments to suppliers and employees		(36,202,635)	(33,183,492)
Interest received		31,124	82,206
Borrowing costs		(295,936)	(394,095)
<b>NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES</b>	4(c)	<b>1,423,769</b>	<b>1,186,161</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(12,297,178)	(3,246,361)
Receipt of Govt. / AFL redevelopment grants		7,924,202	5,461,542
Loans granted - related parties		(56,833)	-
<b>NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES</b>		<b>(4,429,809)</b>	<b>2,215,181</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(4,000)	-
<b>NET CASH PROVIDED BY /(USED IN) FINANCING ACTIVITIES</b>		<b>(4,000)</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents held		(3,010,040)	3,401,342
Cash and cash equivalents at the beginning of the year		3,595,200	193,858
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	4(b)	<b>585,160</b>	<b>3,595,200</b>

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 OCTOBER 2009**

	Accumulated Funds /(Deficiencies) \$
<b>BALANCE AS AT 31 OCTOBER 2007</b>	(4,595,452)
Changes in equity:	
Profit/(loss) for the year	<u>6,317,811</u>
<b>BALANCE AS AT 31 OCTOBER 2008</b>	<u>1,722,359</u>
Changes in equity:	
Profit/(loss) for the year	<u>8,676,645</u>
<b>BALANCE AS AT 31 OCTOBER 2009</b>	<u><u>10,399,004</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 2009**

**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 2009 was authorised for issue in accordance with a resolution of the directors on 23 November 2009.

**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.

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.

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 ended 31 October 2009. These are outlined in the table below.

## CARLTON FOOTBALL CLUB

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2009

## 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 101 (Revised), AASB 2007-8 and AASB 2007-10	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 reclassifications of items in the financial statements, changes in the presentation requirements for dividends and 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 November 2009
AASB 2008-11	Amendments to Australian Accounting Standard – Business Combinations Among Not-for-Profit Entities [AASB 3]	The amendment requires not-for-profit entities to apply the revised AASB 3 except where there is common control.	1 July 2009	The Club has not yet determined the extent of the impact, if any.	1 November 2009
AASB 2009-1**	Amendments to Australian Accounting Standards – Borrowing Costs of Not-for-Profit Public Sector Entities [AASB 1, AASB 111 & AASB 123]	This Standard amends AASB 123 to reintroduce the option to expense borrowing costs in the period in which they are incurred. An entity would therefore be able to choose whether it expenses or capitalises borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009	The Club has not yet determined the extent of the impact, if any.	1 November 2009

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**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 2009-2	Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments [AASB 4, AASB 7, AASB 1023 & AASB 1038]	The amendments to AASB 7 require enhanced disclosures about fair value measurements and liquidity risk.	Annual reporting periods beginning on or after 1 January 2009 that end on or after 30 April 2009.	The Club has not yet determined the extent of the impact, if any.	1 November 2009
AASB 2009-5	Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]	The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting except for the following: The amendment to AASB 117 removes the specific guidance on classifying land as a lease so that only the general guidance remains. Assessing land leases based on the general criteria may result in more land leases being classified as finance leases and if so, the type of asset which is to be recorded (intangible vs. property, plant and equipment) needs to be determined.	1 January 2010	The Club has not yet determined the extent of the impact, if any.	1 November 2010

**CARLTON FOOTBALL CLUB**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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.

**(c) Going Concern**

As at 31 October 2009 the Carlton Football Club Limited has a current asset deficiency of \$6.5m and a commitment to financing a further \$2.04m of the facility redevelopment at Visy Park in 2010. 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.

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 loan (fixed interest of 3% applies from 1 May 2009) which is due and payable on 31 October 2010. The facility from Westpac is in the form of a commercial bill facility with no fixed term but is subject to annual reviews with the next review due in July 2010.
- Profitable business performance for the year ended 31 October 2009 and the expectation of profitable operations for the year ending 31 October 2010.
- Management and the Board have secured Visy as a naming rights sponsor and is committed to continuing the successful "Blue Believer" fundraising activity, in order to raise the necessary funds to meet the redevelopment facility commitments in 2010.

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 including 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.

**(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:

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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.

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:

	2009	2008
--	------	------

- |                          |            |            |
|--------------------------|------------|------------|
| • Equipment              | 3-10 years | 5-10 years |
| • Furniture and fittings | 7 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.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**(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.

**(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.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

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).

**(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.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**(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).

**(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) Derecognition of Assets**

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

**(t) Redevelopment Grants**

In August 2008, 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 redevelopment of the facilities at Visy Park as part of the Victorian AFL Facilities Funding Program. In June 2009, the Football Club and the Federal Government also signed a funding agreement for the Visy Park project. Grants received from the AFL, State Government, City of Melbourne, and Federal Government are brought to account as income in the period that they are received.

**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.



**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)**

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.

**Risk Exposures and Responses***Interest Rate Risk*

The Football Club's exposure to market interest rates relates primarily to the Football Club's debt facility obligations. The facility is provided by Westpac. The level of debt is disclosed in Note 14.

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:

	<b>2009</b> \$	<b>2008</b> \$
<b>Financial Assets</b>		
Cash and Cash Equivalents	585,160	3,592,300
<b>Financial Liabilities</b>		
Commercial Bill Facility	5,000,000	5,000,000
<b>Net Exposure</b>	(4,414,840)	(1,407,700)

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 which incur a fixed 10% interest rate charge. Unsecured Notes to the value of \$13,536 which incur a fixed 8% interest rate charge. The balance of Unsecured Notes (\$80,000) incur no interest cost.
- Loan from the AFL of \$1.5M has incurred a fixed interest rate of 3% since 1 May 2009.

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 2009, 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:

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)**

	Net Profit Higher / (Lower)	
	2009 \$	2008 \$
<b>Judgements of Reasonably Possible Movements:</b>		
+0.5% (50 basis points)	(\$22,074)	(\$7,038)
-0.5% (50 basis points)	\$22,074	\$7,038

The sensitivity was higher in 2009 than in 2008 because the net exposure was higher in 2009.

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 2009.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)****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 the Football Club's 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.

<b>Year Ended 31 October 2009</b>	<b>&lt;6 months \$</b>	<b>6-12 months \$</b>	<b>1-5 years \$</b>	<b>TOTAL \$</b>
<b>Financial Assets</b>				
Cash and Cash Equivalents	585,160	-	-	585,160
Trade and Other Receivables	985,082	-	-	985,082
<b>Financial Liabilities</b>				
Trade and Other Payables	(1,403,328)	-	-	(1,403,328)
AFL Loan	-	(1,500,000)	-	(1,500,000)
Interest Bearing Loans and Borrowings	(5,000,000)	-	(98,379)	(5,098,379)
Interest on AFL Loan and Interest Bearing Loans and Borrowings	(147,500)	(147,500)	-	(295,000)
<b>Net Maturity</b>	<b>(4,980,586)</b>	<b>(1,647,500)</b>	<b>(98,379)</b>	<b>(6,726,465)</b>

<b>Year Ended 31 October 2008</b>	<b>&lt;6 months \$</b>	<b>6-12 months \$</b>	<b>1-5 years \$</b>	<b>TOTAL \$</b>
<b>Financial Assets</b>				
Cash and Cash Equivalents	3,595,200	-	-	3,595,200
Trade and Other Receivables	1,207,140	-	-	1,207,140
<b>Financial Liabilities</b>				
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)
<b>Net Maturity</b>	<b>(2,244,724)</b>	<b>(1,649,591)</b>	<b>(102,379)</b>	<b>(3,996,694)</b>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Finance facilities available</b>		
Total facilities		
-Commercial Bill	(5,000,000)	(5,000,000)
Facilities used at balance date		
-Commercial Bill	5,000,000	5,000,000
Facilities unused at balance date		
-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 14, 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 2009**

**NOTE 4 STATEMENT OF CASH FLOWS**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>(a) Reconciliation of cash</b>		
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	5,400	2,900
Cash at bank	<u>579,760</u>	<u>3,592,300</u>
Closing cash balance	<u><u>585,160</u></u>	<u><u>3,595,200</u></u>
<b>(b) Reconciliation to Cash Flow Statement</b>		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 October 2009:		
Cash on hand	5,400	2,900
Cash at bank	<u>579,760</u>	<u>3,592,300</u>
Closing cash balance	<u><u>585,160</u></u>	<u><u>3,595,200</u></u>
<b>(c) Reconciliation of the operating profit to the net cash flows from operations</b>		
Net profit	8,676,645	6,317,811
Depreciation of non-current assets	322,815	139,174
Amortisation of non-current assets	-	9,418
Amortisation of intangible assets	378,266	378,265
Impairment loss – trade and other receivables	16,864	137,013
(Profit) / Loss on sale of property, plant & equipment	-	419,854
Grant Income Received	(7,924,202)	(5,461,542)
Changes in assets and liabilities		
- (Increase)/Decrease in Inventory	63,599	(71,869)
- (Increase)/Decrease in Trade receivables	262,026	(256,756)
- (Increase)/Decrease in Other assets	(60,371)	(53,386)
- Increase/(Decrease) in Trade/Other creditors	(544,501)	(290,997)
- Increase/(Decrease) in sundry creditors & accruals	(3,749)	(182,672)
- Increase/(Decrease) in Provisions	236,377	101,848
Net cash provided by operating activities	<u><u>1,423,769</u></u>	<u><u>1,186,161</u></u>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 5 REVENUES**

<b>Revenues from operating activities</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Included in the operating profit are the following revenues arising from operating activities:		
Sponsorship and Hospitality	11,436,258	9,994,164
AFL Income	7,618,252	7,906,940
Membership and Reserved Seating	7,658,601	6,296,016
Gaming	2,805,347	2,726,457
Gate Receipts	2,392,750	1,731,438
Merchandise	1,518,591	1,480,984
Fundraising	275,344	270,113
Interest Income	31,124	95,741
Other Football Operations income	411,537	1,459,065
	<hr/>	<hr/>
<b>Total revenues from ordinary activities</b>	<b>34,147,804</b>	<b>31,960,918</b>
	<hr/> <hr/>	<hr/> <hr/>

## CARLTON FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 OCTOBER 2009

## NOTE 6 EXPENSES AND LOSSES/(GAINS)

(a) Expenses	2009 \$	2008 \$
Cost of merchandise sold	984,507	991,453
Mechandise Inventory write off	9,708	15,283
	<u>994,215</u>	<u>1006,736</u>
Depreciation of non-current assets		
-Plant and equipment	322,815	139,174
Amortisation of non-current assets		
-Leased assets	-	9,418
-Intangible assets	378,266	378,265
Total depreciation and amortisation expenses	<u>701,081</u>	<u>526,857</u>
Lease payments – operating lease	<u>80,286</u>	<u>77,523</u>
Borrowing costs expensed		
Interest expense		
-Other	754	484
-Commercial Bill Facility	295,181	393,611
Total borrowing costs expensed	<u>295,935</u>	<u>394,095</u>
Impairment losses - trade and other receivables	<u>16,864</u>	<u>137,013</u>
<b>(b) Operating Expenses</b>		
Football Department costs	16,164,087	13,634,884
Marketing and Other Department costs	11,928,684	10,621,774
	<u>28,092,771</u>	<u>24,256,658</u>
<b>(c) Personnel Expenses *</b>		
Wages and Salaries	15,225,699	13,082,737
Contributions to Superannuation	1,057,337	1,095,094
Movement in employee entitlements	236,376	93,836
	<u>16,519,412</u>	<u>14,271,667</u>

\* Personnel Expenses in note 6(c) is included in Operating Expenses in note 6(b)

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 7 TRADE AND OTHER RECEIVABLES**

<b>Current</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Trade Receivables	543,779	983,833
Allowance for impairment loss	(6,420)	(14,877)
	<u>537,359</u>	<u>968,956</u>
Other Receivables	390,890	238,184
Related Party Loans	56,833	-
	<u>985,082</u>	<u>1,207,140</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 decreased by \$8,457 during the year (2008: increased by \$6,929) has been recognised by the Football Club 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, \$25,321 of bad debts were written off.

Movements in the allowance for impairment loss were as follows:

	<b>31 October 2009</b>	<b>31 October 2008</b>
	<b>\$</b>	<b>\$</b>
Allowance for impairment losses opening balance	14,877	7,948
Charge for the year	16,864	137,013
Amounts written off	(25,321)	(130,084)
<b>Allowance for impairment losses closing balance</b>	<b>6,420</b>	<b>14,877</b>

An ageing analysis of trade receivables is provided below:

	<b>0-30 days NPDNI<sup>^</sup> \$</b>	<b>31-60 days NPDNI<sup>^</sup> \$</b>	<b>61-90 days PDNI* \$</b>	<b>+91 days PDNI* \$</b>	<b>+91 days CI# \$</b>	<b>Total \$</b>	<b>^ Not past due not impaired *Past due not impaired # Considered impaired</b>
<b>2009</b>	264,844	28,249	199,133	45,133	6,420	<b>543,779</b>	
<b>2008</b>	606,196	164,509	36,114	177,014	14,877	<b>983,833</b>	

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 2009****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	<b>2009</b>	<b>2008</b>
	\$	\$
At cost	156,974	266,084
At net realisable value	54,944	16,989
Other inventory		
At cost	15,382	7,826
	<u>227,300</u>	<u>290,899</u>

**NOTE 9 OTHER ASSETS**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Current</b>		
Deferred Expense	-	104,591
Prepayments	450,286	285,323
	<u>450,286</u>	<u>389,914</u>

**NOTE 10 PROPERTY, PLANT AND EQUIPMENT**

Plant & Equipment		
At cost	4,186,698	3,965,973
Accumulated depreciation	(2,919,418)	(2,616,815)
Net Carrying Amount	<u>1,267,280</u>	<u>1,349,158</u>
Furniture and fittings		
At cost	231,478	230,585
Accumulated depreciation	(121,295)	(101,278)
Net Carrying Amount	<u>110,183</u>	<u>129,307</u>
Leasehold Improvements & buildings		
At cost	14,740,799	2,665,434
Accumulated depreciation	-	-
Net Carrying Amount	<u>14,740,799</u>	<u>2,665,434</u>
Total plant and equipment	<u>16,118,262</u>	<u>4,143,899</u>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****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.

2009	Equipment \$	Furniture & Fittings \$	Leasehold Improvements & Buildings \$	Total \$
Carrying amount at the beginning of the year	1,349,158	129,307	2,665,434	4,143,899
Additions	223,229	1,088	12,075,365	12,299,682
Disposals	(2,504)	-	-	(2,504)
Depreciation expense	(302,603)	(20,212)	-	(322,815)
Carrying amount at year end	<u>1,267,280</u>	<u>110,183</u>	<u>14,740,799</u>	<u>16,118,262</u>

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

The costs incurred for the redevelopment project are being recognised as an asset and are represented by the Leasehold Improvements & buildings carrying amount.

The estimated total cost to completion is now \$19.4m.

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 redevelopment of the facilities as part of the Victorian AFL Facilities Funding Program.

In June 2009, the Football Club and the Federal Government also signed a funding agreement for the Visy Park project.

All grants received from the AFL, State Government, City of Melbourne, and Federal Government are brought to account as income in the period that they are received.

## CARLTON FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 OCTOBER 2009

## NOTE 11 INTANGIBLE ASSETS AND GOODWILL

## a) Reconciliation of carrying amount at the beginning and end of the period

	2009 Gaming Licence \$	2008 Gaming Licence \$
<b>Year ended 31 October 2008</b>		
At 1 November 2008, net of accumulated amortisation and impairment	1,333,776	1,712,041
Amortisation	(378,266)	(378,265)
At 31 October 2009, net of accumulated amortisation and impairment	<u>955,510</u>	<u>1,333,776</u>
<b>At 31 October 2009</b>		
Cost (gross carrying amount)	1,744,167	1,744,167
Accumulated amortisation and impairment	(788,657)	(410,391)
Net carrying amount	<u>955,510</u>	<u>1,333,776</u>

## NOTE 12 TRADE AND OTHER PAYABLES

	2009 \$	2008 \$
<b>Current</b>		
Trade creditors	1,403,328	1,947,829
Amounts other than trade debts payable :		
Loan – AFL	-	1,500,000
	<u>1,403,328</u>	<u>3,447,829</u>
Aggregate amounts payable to related parties:		
Directors and director-related entities		
- director related entities	-	6,400

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2009**

**NOTE 13 INCOME RECEIVED IN ADVANCE**

<b>Current</b>	<b>2009</b>	<b>2008</b>
	\$	\$
Sponsorship and Hospitality	100,842	-
	<u>100,842</u>	<u>-</u>

**NOTE 14 INTEREST BEARING LIABILITIES**

<b>Current</b>	<b>2009</b>	<b>2008</b>
	\$	\$
Other Loans	-	104,591
Loan – AFL	1,500,000	-
Commercial Bill	5,000,000	5,000,000
	<u>6,500,000</u>	<u>5,104,591</u>
<b>Non Current</b>		
Unsecured – Notes	<u>98,379</u>	<u>102,379</u>

a) Terms & Conditions

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 (the guarantee expires on 31 October 2010). 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.

c) 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 was charged at a fixed rate of 6%. On 1 May 2009, the loan was extended to 31 October 2010 and the interest rate reduced to a fixed rate of 3%.

**NOTE 15 PROVISIONS**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Employee benefits</b>		
Annual Leave:	515,822	347,745
Long Service Leave (current)	222,199	180,278
	<u>738,021</u>	<u>528,023</u>
Long Service Leave (non current)	<u>82,026</u>	<u>55,647</u>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 16 COMMITMENTS**

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Player Contracts</b>		
Amounts contracted to AFL players:		
Not later than one year	6,256,200	6,109,172
Later than one year but not later than two years	4,030,000	5,010,000
Later than two years but not later than five years	2,350,000	4,890,000
	<u>12,636,200</u>	<u>16,009,172</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 (\$80,286 in 2009) 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 redevelopment of the facilities as part of the Victorian AFL Facilities Funding Program.

On 30 June 2009, the Federal Government signed a funding agreement whereby it contributed \$4.5 million dollars towards the project in support of the education and training facilities.

The Football Club's overall commitment to the project is now \$5.04m of which \$2.04m remains to be paid.

Management and the Board have secured Visy as a naming rights sponsor and is committed to continuing the successful "Blue Believer" fundraising activity, in order to raise the necessary funds to meet the redevelopment facility commitments in 2010.

**NOTE 17 CONTINGENCIES**

There are no material contingent liabilities or contingent assets as at 31 October 2009.

**NOTE 18 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 2009****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:	<b>2009</b>	<b>2008</b>
	\$	\$
Auditing the accounts	57,100	56,000
Other Services	900	-
	<u>58,000</u>	<u>56,000</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 \$1,892,548 (2008 – \$1,646,821) of short term benefits was paid to these key personnel for services provided to the Football Club. During the year, a total of \$140,940 (2008 – \$243,248) of post employment benefits for superannuation was paid to these key personnel for services provided to the Football Club.

Carlton Football Club 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). During the year, the Foundation made a donation of \$410,880 to the Australian Sports Foundation indicating it's preference that the gift benefit the Carlton Football Club Elite Training Facilities Project. The Football Club loaned The Carlton Foundation \$10,563 during the year to cover operational costs. This loan is owing to the Football Club at 31 October 2009

The Football Club is the sole unit holder in the PFS Unit Trust ("Premier Finance"). Premier Finance operates mortgage financing services. During the year the Football Club loaned Premier Finance \$17,130 to cover operational costs. The loan is owing to the Football Club at 31 October 2009.

Carlton Football Community Fund is a charitable trust governed by the terms of 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 Carlton Football Community Fund employed staff to conduct a multi-cultural community program to engage the community in the benefits of Australian Rules football. The Football Club loaned Carlton Football Community Fund \$29,140 during the year to cover operational costs. This loan is owing to the Football Club at 31 October 2009.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2009****NOTE 22 RELATED PARTY (CONT.)****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 in relation to directors and their director related entities were as follows:

<b>Director</b>	<b>Service</b>	<b>Income/(Expense) 2009 (GST Exclusive)</b>	<b>Receivable/(Payable) at 31/10/09</b>	<b>Income/(Expense) 2008 (GST Exclusive)</b>	<b>Receivable/(Payable) at 31/10/08</b>
R Carr	Corp Sales	-	-	5,241	-
M Clarke	Corp Sales	9,272	-	10,636	-
Z Fried	Corp Sales Stock	55,855 (10,535)	-	22,800 (343)	-
A Gleeson	Corp Sales	16,468	-	15,192	-
M Harrison	Corp Sales	4,586	-	5,909	-
S Kernahan	Corp Sales Printing	48,368 (118,571)	-	64,146 (103,234)	(6,400)
G Lee	Corp Sales Supply Temp Staff	13,784 (9,719)	-	22,827 (7,019)	-
P Littmann	Corp Sales	-	-	1,732	-
S Moulton	Corp Sales Legal services	11,159 -	-	46,523 (11,723)	-
R Newton	Corp Sales	65,141	-	119,954	-
R Pratt	Corp Sales Donation	- -	-	1,538,068 -	-
A Suss	Corp Sales	11,586	-	3,332	-
S Wilson QC	Corp Sales	5,305	-	3,659	-

Refer Note 23 for Particulars of Directors.

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2009**

**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
CLARKE, Marcus Director	24.01.61 Melbourne	Continuing	2 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	2 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.	
GLEESON, Adrian Paul. Director	29.04.67 Koroit	Continuing	3 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



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

**NOTE 23 PARTICULARS OF DIRECTORS (CONT.)**

<b>Full Names and Office Held</b>	<b>Date and Place of Birth</b>	<b>Nature and Date of Change</b>	<b>Number of Years on Board</b>	<b>Experience/Background</b>	<b>Qualifications</b>
HARRISON, Mark Adam Director	10.02.69 Melbourne	Continuing	2 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	12 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	3 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
MOULTON, Stephen Fletcher Director	12.01.62 Hertfordshire UK	Continuing	2 year, 11 months	Practising lawyer for 22 years. Chairman of Partners of Mills Oakley Lawyers 2004-2008. Director of Premier Finance Services P/L since 2008. Partner Price Waterhouse Coopers from 2009.	B. Juris and LLB (Mon)
NEWTON, Richard Gordon Director	31.10.59 Melbourne	Continuing	3 years, 6 months	Chairman of Selpam Group of Companies, a family business involved in property developments and investments. Director of Amalgamated Holdings Ltd.	B Bus
SUSS, Ari Daniel Director	09.06.76 Melbourne	Continuing	2 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	7 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 2009****NOTE 23 PARTICULARS OF DIRECTORS (CONT.)****Directors Attendances at Board and Sub-Committee Meetings  
November 2008 – October 2009**

<b>Name</b>	<b>Board (Total 10)</b>	<b>Finance Sub- Com (Total )</b>	<b>Total</b>
M Clarke	8		8
I Fried	9	4	13
A Gleeson	9		9
M Harrison	10	10	20
S Kernahan	10	10	20
G Lee	9		9
S Moulton	10		10
R Newton	9	9	18
A Suss	10		10
S Wilson QC	9		9

**CARLTON FOOTBALL CLUB LIMITED**

**DIRECTORS' DECLARATION**

**AT 31 OCTOBER 2009**

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 2009 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



**STEPHEN SCOTT KERNAHAN**  
**Director**

23 November 2009



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## Independent audit report to members of Carlton Football Club Limited

### Report on the Financial Report

We have audited the accompanying financial report of Carlton Football Club Limited, which comprises the balance sheet as at 31 October 2009, 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(b), the directors also state that the financial report complies with International Financial Reporting Standards (IFRS) 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.

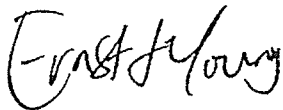
## Auditor's Opinion

In our opinion:

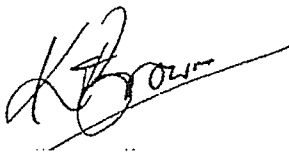
1. the financial report of Carlton Football Club Limited is in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the financial position of Carlton Football Club Limited at 31 October 2009 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
2. the financial report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

## 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.

A stylized, handwritten signature of Ernst & Young.

Ernst & Young

A handwritten signature of Kester C Brown.

Kester C Brown  
Partner

Melbourne  
23 November 2009