



**CARLTON FOOTBALL CLUB LIMITED**

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

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

**FOR THE YEAR ENDED 31 OCTOBER 2012**

## **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 2012, and the state of affairs at that date.

#### *1. Directors*

The Directors in office during the year were:

M Clarke, A Fahour (appointed 22 October 2012), Z Fried, R. Geminder, A Gleeson, M Harrison (resigned 22 October 2012), S Kernahan, G Lee, M LoGiudice, C Mathieson (appointed 22 October 2012), S Moulton (resigned 19 September 2012), R Newton, J Pratt AC, L Sayers (appointed 22 October 2012), A Suss (resigned 22 October 2012), and R Trainor (appointed 22 October 2012).

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 24 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 and Chief Financial Officer of Carlton Football Club Ltd for 12 years. He has been employed by the Football Club since 1994 and has been a Chartered Accountant for over 20 years.

#### *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 eighteen licenses.

#### *4. Operating Results and Review of Operations*

The Football Club made a net loss of \$683,799 for the year ended 31 October 2012. This compared to an operating profit of \$742,401 for the year ended 31 October 2011.

The team finished the season in 10<sup>th</sup> position. The Football Club terminated the 2013 contracts of senior coach Brett Ratten and Assistant Coaches Alan Richardson, Mark Riley and Paul Williams. The Football Club appointed Michael Malthouse as senior coach beginning 1 November 2012.

There was a 8.6% drop in home game match day attendances which resulted in a \$409,537 fall in match return receipts for 2012 compared to 2011.

Carlton was the second most watched team on television during the home and away season in 2012 with a record average audience of 831,920 viewers watching every Carlton game.

The Football Club achieved a record membership of 45,800 (2011: 44,136).

Continued growth in our website and in particular our social media pages and the introduction of the first ever live webcast in the AFL, 'The Blue Print', and the Google+ Hangouts were the first in Australian sport.

#### *Debt Arrangements*

During the year the Football Club repaid \$750,000 of debt (\$450,000 of original \$1.5 million Westpac loan and \$300,000 of AFL loan) to reduce the historic debt position. At 31 October 2012 the Football Club had \$5,500,000 of Commercial Bills with Westpac and a \$900,000 loan from the AFL.

#### *Dividends*

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

## **CARLTON FOOTBALL CLUB LIMITED**

### **DIRECTORS' REPORT (CONT.)**

In accordance with the requirements of Federal, State and local government funding partners, the Football Club continued to provide the Visy Park facilities for Community use in 2012. Through its "Visy Enviromaniacs" program, the Football Club increased the number of its environmental sustainability education sessions from 83 to 109 for primary school groups. It also provided facility and oval use for the Carlton Football Community Fund's Multi-Cultural program.

#### ***5. Significant Changes in the State of Affairs***

In August 2012, the Football Club acquired the Manningham Club in Bulleen. The Football Club also acquired gaming machine entitlements and procured electronic gaming machines for all its venues, as the Tabcorp operator agreements expired. The Football Club's gaming machine entitlements took effect from 16 August 2012.

#### ***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***

Carlton's alignment with AFL Victoria team, the Northern Blues, will continue and the team will play several home games at Visy Park in 2013.

In 2013 Arthritis Victoria will commence the "waves" programs in the hydrotherapy pools at Visy Park. This program is for arthritis sufferers and will benefit the local community.

The Football Club is continuing to explore further community use of the facilities with a number of community organisations.

#### ***8. Environmental Regulation***

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

Environmentally Sustainable Design (ESD) initiatives have been incorporated into the new facilities at Visy Park.

#### ***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 5 and it forms part of the director's report for the year ended 31 October 2012.

Ernst & Young did not receive and are not due to receive any fees for the provision of non-audit services.

**CARLTON FOOTBALL CLUB LIMITED**

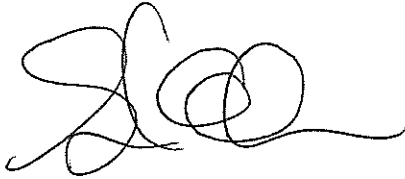
**DIRECTORS' REPORT (CONT.)**

*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.

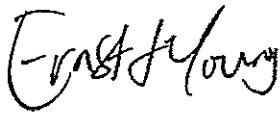
Signed in accordance with a resolution of the Directors at Carlton this 19th day of November 2012.

A handwritten signature in black ink, appearing to read 'S. Kernahan', with a long horizontal flourish extending to the right.

Stephen Scott Kernahan  
Director

## **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 financial year ended 31 October 2012, 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 of Kester C Brown, written in black ink.

Kester C Brown  
Partner  
19 November 2012

**CARLTON FOOTBALL CLUB LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 OCTOBER 2012**

	Notes	2012 \$	2011 \$
Revenue	5	46,637,015	39,950,939
Membership related expenses		(3,527,050)	(3,057,353)
Administration expenses		(2,545,708)	(2,374,857)
Operating expenses	6(b)	(39,526,206)	(32,603,072)
Borrowing costs expense	6(a)	(280,244)	(410,005)
Depreciation and lease amortisation	6(a)	(1,568,494)	(1,379,833)
Amortisation of intangible	6(a)	(140,227)	(174,018)
Loss on disposal of non current assets		(3,883)	-
Impairment		(50,222)	-
Other income – ASF grants		321,220	790,600
Net Profit/(Loss)		<u>(683,799)</u>	<u>742,401</u>
Other Comprehensive Income/(Loss)		-	-
Total Comprehensive Income/(Loss) for the period		<u>(683,799)</u>	<u>742,401</u>

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED****CONSOLIDATED BALANCE SHEET****AS AT 31 OCTOBER 2012**

	Notes	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	4,188,618	2,438,744
Trade and other receivables	7	2,350,033	1,113,562
Inventories	8	369,822	321,106
Other assets	9	248,767	326,225
<b>TOTAL CURRENT ASSETS</b>		<u>7,157,240</u>	<u>4,199,637</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	21,382,214	20,056,432
Intangible assets	11	1,504,969	108,226
<b>TOTAL NON CURRENT ASSETS</b>		<u>22,887,183</u>	<u>20,164,658</u>
<b>TOTAL ASSETS</b>		<u>30,044,423</u>	<u>24,364,295</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	6,911,242	2,374,422
Income received in advance	13	1,342,094	110,865
Interest bearing liabilities	14	5,972,480	6,296,707
Provisions	15	1,069,322	901,961
<b>TOTAL CURRENT LIABILITIES</b>		<u>15,295,138</u>	<u>9,683,955</u>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	12	1,088,656	-
Interest bearing liabilities	14	778,742	1,171,150
Provisions	15	175,993	119,497
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>2,043,391</u>	<u>1,290,647</u>
<b>TOTAL LIABILITIES</b>		<u>17,338,529</u>	<u>10,974,602</u>
<b>NET ASSETS</b>		<u>12,705,894</u>	<u>13,389,693</u>
Retained profits		<u>12,705,894</u>	<u>13,389,693</u>
<b>TOTAL ACCUMULATED FUNDS</b>		<u>12,705,894</u>	<u>13,389,693</u>

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 OCTOBER 2012**

	Notes	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from football related activities		51,173,710	43,650,312
Payments to suppliers and employees		(47,886,176)	(41,062,191)
Interest received		63,058	83,898
Borrowing costs		(254,084)	(410,005)
		<hr/>	<hr/>
NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES		3,096,508	2,262,014
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(952,124)	(578,770)
Net cash acquired through business combinations		122,748	-
Payment for gaming entitlements		(16,500)	-
Receipt of Govt., AFL & other grants		321,220	790,600
Payments for related party loans		(256,533)	(349,961)
Receipts for related party loans		256,533	153,746
		<hr/>	<hr/>
NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES		(524,656)	15,615
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayment) of interest bearing liabilities		(750,000)	(700,000)
Repayment of finance lease principal		(71,978)	-
		<hr/>	<hr/>
NET CASH PROVIDED BY /(USED IN) FINANCING ACTIVITIES		(821,978)	(700,000)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held		1,749,874	1,577,629
Cash and cash equivalents at the beginning of the year		2,438,744	861,115
		<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4(b)	4,188,618	2,438,744
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these accounts.



**CARLTON FOOTBALL CLUB LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 OCTOBER 2012**

	Retained Profits \$
<b>BALANCE AS AT 31 OCTOBER 2009</b>	10,398,998
Changes in equity:	
Total Comprehensive Income for the year	<u>2,248,294</u>
<b>BALANCE AS AT 31 October 2010</b>	<u>12,647,292</u>
Changes in equity:	
Total Comprehensive Income for the year	<u>742,401</u>
<b>BALANCE AS AT 31 OCTOBER 2011</b>	<u>13,389,693</u>
Changes in equity:	
Total Comprehensive Income for the year	<u>(683,799)</u>
<b>BALANCE AS AT 31 OCTOBER 2012</b>	<u>12,705,894</u>

The accompanying notes form an integral part of these accounts

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2012**

**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 eighteen licences.

The financial report of the Football Club for the year ended 31 October 2012 was authorised for issue in accordance with a resolution of the directors on 19 November 2012.

Carlton Football Club is a Company Limited by Guarantee and is a not-for-profit entity.

**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 – Reduced Disclosure Requirements 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 Group early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure* from 1 November 2010.

The adoption of AASB 1053 and AASB 2010-2 allowed the Football Club to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

The consolidated financial statements of the Football Club are tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASB-RDRs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

Other 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 2012.

The accounting policies adopted are consistent with those of the previous financial year except as follows:

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2012**

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

The Football Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2011:

- ▶ AASB 124 Related Party Disclosures (December 2009) effective 1 January 2011
- ▶ AASB 1054 Australian Additional Disclosures effective 1 July 2011
- ▶ AASB 2009-12 Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] effective 1 January 2011
- ▶ AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13] effective 1 January 2011
- ▶ AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042] effective 1 January 2011

The changes in accounting policy were applied prospectively.

**(c) Going Concern**

As at 31 October 2012 the Carlton Football Club Limited has a current asset deficiency of \$8,137,898 (2011: \$5,484,318). This gives 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 loan (balance at 31 October 2012 of \$900,000) which is due and payable over the period to 31 October 2014. 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 October 2013. The AFL provides a guarantee for the full amount of the Westpac facility. The Football Club repaid \$750,000 of these facilities during the year.
- Business performance for the year ended 31 October 2012 was adversely affected by significant termination payments to coaches. The expectation is for profitable operations for the year ending 31 October 2013.
- Management and the Board have secured the continued support of major sponsors Hyundai, Mars, Visy and other corporate supporters.
- Acquisition of the gaming venues, entitlements and machines are expected to positively contribute to operations in 2013 and beyond.

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.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2012**

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

**(d) Significant accounting judgments, 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:

*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.

*Gaming revenue*

Gaming revenue is recognised net of gaming wins and losses.

*ASF Grants*

ASF Grants are recognised upon receipt of cash.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2012**

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

**(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 all plant and equipment over their estimated useful lives.

Major depreciation periods are:	2012	2011
• Equipment	3-10 years	3-10 years
• Furniture and fittings	7 years	7 years
• Leasehold improvements & buildings	26 years	26 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 2012**

**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 were acquired through a business combination and carried at a directors' valuation based on the future cash flows of the asset.

The useful life of this intangible asset expired in 2012 when the Football Club's agreement with the current gaming operator, Tabcorp. Amortisation was applied on a straight line basis through to August 2012.

Gaming Entitlements

The Football Club acquired 260 gaming machine entitlements (GME) at auction in May 2010 and a further 30 GMEs via the gaming machine transfer market in July 2012. These GME's came into effect on 16 August 2012, at which time the present value of the GME purchase price has been recorded as an intangible asset as payment for the entitlements are to be made over the next 5 years. The useful life of this intangible asset expires in line with the expiry of the gaming entitlements in August 2022. The asset is being amortised on a straight line basis over 10 years.

**(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.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Football Club would, if deprived of the asset, replace the asset, value in use is determined as the depreciated replacement cost of the asset.

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 2012**

**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.

**(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 2012**

**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) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Football Club and its subsidiaries (as outlined in note 23) as at and for the period ended 31 October each year (the Group).

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

The financial statements of the subsidiaries are prepared for the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions and dividends have been eliminated in full.

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

**(u) Business combinations**

Business combinations (refer to note 21) are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.



**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2012**

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

**(u) Business combinations (cont)**

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

**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.

**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.

The Football Club has an outstanding loan of \$900,000 (2011: \$1,200,000) from the AFL. The loan is subject to interest at or below market rates at the discretion of the AFL.

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

The Football Club has a Commercial Bill Facility of \$5,500,000. The planned reduction of this debt is expected to reduce the impact of variations in interest rates.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 OCTOBER 2012

**NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)***Foreign Currency Risk*

The Football Club has no exposure to foreign currency risk.

*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 Football 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 Football Club is not subject to any externally imposed capital requirements.

**NOTE 4 STATEMENT OF CASH FLOWS**

	2012	2011
	\$	\$
<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	538,971	414,469
Cash at bank	3,649,647	2,024,275
	<u>4,188,618</u>	<u>2,438,744</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 2012:		
Cash on hand	538,971	414,469
Cash at bank	3,649,647	2,024,275
	<u>4,188,618</u>	<u>2,438,744</u>
<b>(c) Non cash financing activities</b>		
Acquisition of assets by means of finance lease	105,344	48,866
Acquisition of gaming entitlements with deferred payment dates	1,366,474	-
Closing cash balance	<u>1,471,818</u>	<u>48,866</u>

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2012**

**NOTE 5 REVENUES**

<b>Revenues from operating activities</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Included in the operating profit are the following revenues arising from operating activities:		
Sponsorship and hospitality	12,524,669	12,378,037
AFL income	9,056,876	8,182,004
Membership and reserved seating	8,953,054	7,781,303
Gaming	9,517,637	4,504,537
Gate receipts	3,426,953	3,836,490
Merchandise	1,902,671	1,910,251
Fundraising	422,900	470,064
Interest income	84,838	83,898
Other football operations income	747,417	804,355
	<hr/>	<hr/>
<b>Total revenues from ordinary activities</b>	<b>46,637,015</b>	<b>39,950,939</b>
	<hr/>	<hr/>

**NOTE 6 EXPENSES AND LOSSES/(GAINS)**

<b>(a) Expenses</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cost of merchandise sold	968,199	1,047,522
Merchandise Inventory write off	18,974	8,624
	<hr/>	<hr/>
Depreciation of non-current assets		
-Plant and equipment	1,528,133	1,338,511
-Leased assets	40,361	41,322
	<hr/>	<hr/>
	1,568,494	1,379,833
Amortisation of non-current assets		
-Intangible assets	140,227	174,018
	<hr/>	<hr/>
<b>Total depreciation and amortisation expenses</b>	<b>1,708,721</b>	<b>1,553,851</b>
	<hr/>	<hr/>
Lease payments – operating lease	88,861	80,997
	<hr/>	<hr/>
Borrowing costs expensed		
Interest expense		
-Finance lease	26,160	29,762
-Commercial Bill & AFL Facility	254,084	380,243
	<hr/>	<hr/>
<b>Total borrowing costs expensed</b>	<b>280,244</b>	<b>410,005</b>
	<hr/>	<hr/>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2012****NOTE 6 EXPENSES AND LOSSES/(GAINS) (CONT)****(b) Operating Expenses**

Football department costs	20,349,696	17,830,197
Marketing and other department costs	19,176,510	14,772,875
	<u>39,526,206</u>	<u>32,603,072</u>

**(c) Personnel Expenses \***

Wages and salaries	19,733,081	17,179,443
Contributions to superannuation	1,175,350	1,052,048
Movement in employee entitlements	104,529	(16,474)
	<u>21,012,960</u>	<u>18,215,017</u>

\* Personnel expenses in note 6(c) are included in Operating expenses in note 6(b)

**NOTE 7 TRADE AND OTHER RECEIVABLES**

<b>Current</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	1,000,668	593,557
	<u>1,000,668</u>	<u>593,557</u>
Other receivables	1,121,274	211,183
Related party loans	228,091	308,822
Total trade receivables	<u>2,350,033</u>	<u>1,113,562</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.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 OCTOBER 2012

**NOTE 7 TRADE AND OTHER RECEIVABLES (CONT)**

No allowance for impairment loss was recognized during the year (2011: nil).

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.

**NOTE 8 INVENTORIES**

	2012	2011
	\$	\$
Merchandise stock		
At cost	309,386	282,859
At net realisable value	-	3,399
Other inventory		
At cost	60,436	34,848
	<u>369,822</u>	<u>321,106</u>

**NOTE 9 OTHER ASSETS**

	2012	2011
	\$	\$
<b>Current</b>		
Prepayments	248,767	326,225
	<u>248,767</u>	<u>326,225</u>

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2012**

**NOTE 10 PROPERTY, PLANT AND EQUIPMENT**

	2012	2011
	\$	\$
Plant & equipment		
At cost	7,186,859	4,404,975
Accumulated depreciation	(3,757,562)	(3,014,408)
Net carrying amount	<u>3,429,297</u>	<u>1,390,567</u>
Furniture and fittings		
At cost	235,221	205,446
Accumulated depreciation	(124,258)	(99,123)
Net carrying amount	<u>110,963</u>	<u>106,323</u>
Leased assets		
At cost	415,675	359,197
Accumulated amortisation	(92,647)	(73,622)
Net carrying amount	<u>323,028</u>	<u>285,575</u>
Leasehold improvements & buildings		
At cost	19,631,080	19,631,080
Accumulated depreciation	(2,112,154)	(1,357,113)
Net carrying amount	<u>17,518,926</u>	<u>18,273,967</u>
Total plant and equipment	<u>21,382,214</u>	<u>20,056,432</u>

*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.

2012	Plant & Equipment \$	Furniture & Fittings \$	Leased Assets \$	Leasehold Improvements & Buildings \$	Total \$
Carrying amount at the beginning of the year	1,390,567	106,323	285,575	18,273,967	20,056,432
Additions	2,598,460	29,775	105,344	-	2,733,579
Acquisition of gaming venue	223,046	-	-	-	223,046
Disposals	(34,820)	-	(27,529)	-	(62,349)
Depreciation expense	(747,956)	(25,135)	(40,362)	(755,041)	(1,568,494)
Carrying amount at year end	<u>3,429,297</u>	<u>110,963</u>	<u>323,028</u>	<u>17,518,926</u>	<u>21,382,214</u>

**(a) Plant & Equipment pledged as security for liabilities.**

Leased kitchen equipment and motor vehicles are pledged as security for the related finance lease.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2012****NOTE 11 INTANGIBLE ASSETS AND GOODWILL****a) Reconciliation of carrying amount at the beginning and end of the period**

	2012 \$	2011 \$
Gaming licence	-	108,226
Gaming entitlement	1,504,969	-
	<u>1,504,969</u>	<u>108,226</u>

Refer to note 2(j) for a description of gaming licences

**b) Reconciliation of carrying amount at the beginning and end of the period**

	2012 Gaming Licence \$	2011 Gaming Licence \$
<b>Year ended 31 October 2011</b>		
At 1 November 2011, net of accumulated amortisation and impairment	108,226	282,244
Amortisation	(108,226)	(174,018)
At 31 October 2012, net of accumulated amortisation and impairment	<u>-</u>	<u>108,226</u>
<b>At 31 October 2012</b>		
Cost (gross carrying amount)	1,744,167	1,744,167
Accumulated amortisation and impairment	(1,744,167)	(1,635,941)
Net carrying amount	<u>-</u>	<u>108,226</u>

The useful life of this intangible asset expired in 2012 when the Football Club's agreement with the current gaming operator, Tabcorp. Amortisation was applied on a straight line basis through to August 2012.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2012****NOTE 11 INTANGIBLE ASSETS AND GOODWILL (CONT.)**

	<b>2012 Gaming Entitlements \$</b>	<b>2011 Gaming Entitlements \$</b>
<b>Year ended 31 October 2011</b>		
At 1 November 2011, net of accumulated amortisation and impairment	-	-
Additions	1,536,971	-
Amortisation	(32,002)	-
At 31 October 2012, net of accumulated amortisation and impairment	<u>1,504,969</u>	-
<b>At 31 October 2012</b>		
Cost (gross carrying amount)	1,536,971	-
Accumulated amortisation and impairment	(32,002)	-
Net carrying amount	<u>1,504,969</u>	-

The Football Club acquired 260 gaming machine entitlements (GME) at auction in May 2010 and a further 30 GMEs via the gaming machine transfer market in July 2012. These GME's came into effect on 16 August 2012, at which time the present value of the GME purchase price has been recorded as an intangible asset as payment for the entitlements are to be made over the next 5 years. The useful life of this intangible asset expires in line with the expiry of the gaming entitlements in August 2022. The asset is being amortised on a straight line basis over those 10 years.



**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2012****NOTE 12 TRADE AND OTHER PAYABLES**

		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Trade creditors		1,382,914	1,006,171
Payable – Venue manager		1,764,372	281,945
Other Loans – VCGR	(a)	277,820	-
Other creditors		<u>3,486,136</u>	<u>1,096,306</u>
		<u>6,911,242</u>	<u>2,374,422</u>
<b>Non Current</b>			
Other Loans – VCGR	(a)	<u>1,088,656</u>	<u>-</u>
		<u>1,088,656</u>	<u>-</u>

- a) Loans - Victorian Commissioner of Gaming Regulation  
The current and non-current loans totaling \$1,366,476 relate to amounts payable to the Victorian Commissioner of Gaming Regulation for the remainder of gaming entitlements over the next 5 years.

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2012**

**NOTE 13 INCOME RECEIVED IN ADVANCE**

<b>Current</b>	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Membership	1,268,638	-
Sponsorship and hospitality	73,456	110,865
	<u>1,342,094</u>	<u>110,865</u>

The Football Club launched its 2013 membership campaign on 1 October 2012.

**NOTE 14 INTEREST BEARING LIABILITIES**

<b>Current</b>		<b>2012</b>	<b>2011</b>
		<b>\$</b>	<b>\$</b>
Commercial Bills	(a)	5,500,000	5,950,000
Loan – AFL	(b)	400,000	300,000
Lease liability	(c)	72,480	46,707
		<u>5,972,480</u>	<u>6,296,707</u>
<b>Non Current</b>			
Loan – AFL	(b)	500,000	900,000
Lease liability	(c)	266,263	258,671
Unsecured – notes		12,479	12,479
		<u>778,742</u>	<u>1,171,150</u>

a) Commercial Bill facilities

The Football Club has \$5,500,000 in Commercial Bill facilities provided by Westpac which are secured by a guarantee limited to \$5,500,000 given by the Australian Football League (the guarantee expires on 31 October 2013). As at 31 October 2012, the facility is fully utilised. A transaction negotiation authority facility of \$700,000 for uncleared funds is secured by a fixed & floating charge over all assets and undertakings including liquor licences and gaming licences relating to Club Laverton gaming venue.

b) AFL Loan - Terms & Conditions

The AFL provided a loan of \$1,500,000 with interest payable at or below market rates from 1 November 2008. On 29 March 2010, the AFL confirmed a repayment schedule for this loan extending to October 2014. \$150,000 was repaid on 31 October 2010, \$150,000 was repaid on 31 October 2011 and a further \$300,000 was repaid on 31 October 2012 in line with this schedule.

c) Finance Leases

The current and non-current lease liabilities totaling \$338,743 represents finance leases with Westpac maturing between 2013 and 2015 with fixed interest rates between 8.55% and 9.9%.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2012****NOTE 15 PROVISIONS**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Employee benefits</b>		
Annual leave:	628,132	563,274
Long service leave (current)	441,190	338,687
	<u>1,069,322</u>	<u>901,961</u>
 Long service leave (non current)	 <u>175,993</u>	 <u>119,497</u>

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2012**

**NOTE 16 COMMITMENTS**

	<b>2012</b>	<b>2011</b>
	\$	\$
<b>Player Contracts</b>		
Amounts contracted to AFL players:		
Not later than one year	10,329,359	8,503,936
Later than one year but not later than two years	5,811,973	5,787,875
Later than two years but not later than five years	1,040,000	2,287,875
	<u>17,181,332</u>	<u>16,579,686</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 of \$88,861 (2011: \$80,997) is contracted to increase by CPI each year.

**Finance lease commitments**

The Football Club has finance lease contracts for various items of kitchen equipment, IT equipment and motor vehicles with a carrying amount of \$323,028 (2011: \$285,575). These lease contracts expire within three to five years.

	<b>2012</b>	<b>2011</b>
	\$	\$
<b>Finance lease commitments</b>		
Within one year	99,725	72,867
After one year but not more than five years	295,299	314,952
Less future finance charges	<u>(56,281)</u>	<u>(82,442)</u>
Carrying amount of finance lease liabilities	<u>338,743</u>	<u>305,377</u>

**Gaming commitments**

**Entitlements:**

The Football Club was successful in bidding and acquiring 260 gaming machine entitlements from the State Government auction on 10 May 2010. The Football Club also purchased a further 30 gaming machine entitlements in July 2012. At balance date the Football Club had contractual obligations in respect of gaming entitlements. These amounts are not recognized as a liability. The gaming entitlement commitments are expected to be settled as follows:

	<b>2012</b>	<b>2011</b>
	\$	\$
Within one year	340,989	71,500
After one year but not more than five years	1,193,461	1,144,000
After five years	<u>-</u>	<u>143,000</u>
Total entitlement payments	<u>1,534,450</u>	<u>1,358,500</u>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2012****NOTE 16 COMMITMENTS (CONT)****Rent and Management Fees:**

The Football Club has entered into lease agreements and management agreements pertaining to the Football Club's gaming venues are effective through to 2022. The Football Club's commitments under these agreements are as follows:

	<b>2012 Rent \$</b>	<b>2011 Rent \$</b>
Within one year	3,503,000	1,627,400
After one year but not more than five years	15,094,903	7,012,688
After five years	21,162,050	12,207,933
Total rental payments	<u>39,759,953</u>	<u>20,848,021</u>
	<b>Management Fee \$</b>	<b>Management Fee \$</b>
Within one year	1,621,500	587,100
After one year but not more than five years	6,987,264	2,529,894
After five years	9,695,505	4,340,173
Total management fee payments	<u>18,304,269</u>	<u>7,457,166</u>

**NOTE 17 CONTINGENCIES**

There are no material contingent liabilities or contingent assets as at 31 October 2012.

**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.

**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.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 OCTOBER 2012

**NOTE 21 BUSINESS COMBINATION****Acquisition of Manningham operations**

On 16 August 2012, the Football Club took over the lease of Manningham Club.

The consideration transferred was \$276,048. The fair values of the identifiable assets and liabilities were:

	<b>Manningham</b>
	<b>\$</b>
Floats	122,748
Stock	25,543
Written down value of non-current assets	223,046
Less provisions	(95,289)
	<u>276,048</u>

The acquisitions were funded by way of a loan payable to ALH Group. The loan is recorded within trade and other payables.

**NOTE 22 PARENT ENTITY**

The following information relates to the Carlton Football Club (The Parent Entity)

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Current assets	7,157,218	4,282,077
Total assets	30,044,400	24,446,735
Current liabilities	15,294,532	10,667,687
Total liabilities	<u>17,337,923</u>	<u>11,058,333</u>
Net assets	<u>12,706,477</u>	<u>13,388,402</u>
Retained profits	<u>12,706,477</u>	<u>13,388,402</u>
Profit or loss of the Parent Entity	(681,926)	724,954
Total Comprehensive Income of the Parent Entity	(681,926)	724,954

Refer to note 16 for details of the Parent Entity commitments.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2012**

**NOTE 23 RELATED PARTY**

Key Management personnel are determined to be:

- Chief Executive Officer – Greg Swann
- Senior Coach – Brett Ratten (terminated 30 August 2012)
- Chief Financial Officer – Jason Reddick
- General Manager Commercial Operations – Anthony Barham
- General Manager Football – Andrew McKay
- General Manager Communications – Ian Coutts
- General Manager Operations – Martin Shannon
- General Manager Consumer Business & Digital Media – Clinton Bown

During the year, a total of \$3,507,876 (2011 – \$2,505,469) of total remuneration was paid or was payable to these key personnel for services to the Football Club. Mick Malthouse commenced as senior coach from 1 November 2012.

On 10 December 2010 the Football Club acquired all units in Blue Boys Unit Trust from individuals including the Football Club CEO, General Manager - Commercial Operations, the former General Manager - Football and non-executive employees for consideration of \$6. The Football Club has consolidated the results of Blue Boys Unit Trust from that date. The Blue Boys Unit Trust has an investment in Canadian Bay Developments Pty Ltd, an entity controlled by Selpam Finance Pty Ltd (a director related entity of Richard Newton).

On 10 December 2010 the Football Club also made a loan to each of the executives and employees on behalf of Blue Boys Unit Trust. The outstanding loans are subject to a market rate of interest. During the year an allowance for impairment of \$50,222 was recognized in respect of a former executive. At 31 October 2012 the loans totalled \$228,091 (2011: \$256,533).

During the year the Football Club received an amount of \$256,533 from Selpam Finance Pty Ltd that was later repaid.

The Football Club is the sole unit holder in the PFS Unit Trust (“Premier Finance”). The results of Premier Finance are included in the consolidated results of the Football Club. Premier Finance operates mortgage financing services. During the year the Football Club loaned Premier Finance \$160 to cover operational costs and Premier Finance repaid \$4,798 to the Football Club. There is no amount owing to the Football Club by Premier Finance at 31 October 2012 (2011: \$4,638).

Carlton Football Club Foundation was established as a Prescribed Private Fund governed by a Trust Deed. The Trustees of the Fund include Mark Harrison (former 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 \$52,150 to the Australian Sports Foundation indicating it’s preference that the gift benefit the Carlton Football Club Elite Training Facilities Project. The Football Club did not loan The Carlton Football Club Foundation any money during the year and the Foundation repaid \$27,452 to the Football Club. There is no amount owing to the Football Club by the Carlton Football Club Foundation at 31 October 2012 (2011: \$27,452).

Carlton Football Community Fund is a charitable trust governed by the terms of a Trust Deed. The Trustees of the Fund include Mark Harrison (former Football Club Director), CEO, and CFO. 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 \$56,091 during the year to cover operational costs and the Carlton Football Community Fund repaid the Football Club \$81,203. There is no amount owing to the Football Club by the Carlton Football Community Fund at 31 October 2012 (2011: \$25,112).

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 OCTOBER 2012

**NOTE 23 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 related entities were as follows:

Director	Service	Income/(Expense) 2012 (GST Exclusive)	Receivable/(Payable) 2012	Income/(Expense) 2011 (GST Exclusive)	Receivable/(Payable) 2011
M Clarke	Corp Sales	5,777	-	7,044	-
A Fahour *		1,367	-	N/A	N/A
I Fried	Corp Sales Stock	6,068	-	5,428	-
R Geminder	Corp Sales	52,603	-	41,981	-
A Gleeson	Corp Sales	15,339	-	9,011	-
M Harrison	Corp Sales	17,752	-	31,151	-
S Kernahan	Corp Sales Printing	52,368 (137,802)	-	43,249 (95,173)	1,090 -
G Lee	Corp Sales Supply Temp Staff	10,003	-	14,747 (5,842)	-
M LoGiudice	Corp Sales	25,536	-	33,946	-
C Mathieson *		769	-	N/A	N/A
S Moulton	Corp Sales	9,947	-	14,937	-
R Newton	Corp Sales	9,108	-	11,707	-
J Pratt AC	Sponsorship Goods	1,739,776 (434,440)	-	1,535,934 (402,307)	- (206)
L Sayers *		188	-	N/A	N/A
A Suss	Corp Sales	6,574	-	4,365	-
R Trainor *		32,570	-	N/A	N/A



**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2012****NOTE 23 RELATED PARTY (CONT)**

Refer Note 24 for Particulars of Directors.

\* A Fahour, C Mathieson, L Sayers and R Trainor joined the Board on 22 October 2012. Disclosures in the table above represent transactions with the Football Club for the full year ended 31 October 2012.

**Director transactions with Australian Sports Foundation**

The following directors contributed unconditional donations throughout the year to the Australian Sports Foundation, nominating their preference for their gift to benefit the Carlton Football Club Elite Training Facilities Project no. 205300. The Australian Sports Foundation makes the ultimate determination as to how the donations are dealt with and distributed.

<b>Director</b>	<b>2012 Donation</b>	<b>2011 Donation</b>
M Clarke	15,000	15,000
R Geminder	15,000	15,000
A Gleeson	15,780	27,375
M LoGuidice	28,000	28,000
S Moulton	5,000	5,000
R Trainor	6,500	6,500
R Newton	0	15,000
A Suss	0	3,400

**Director transactions with Carlton Football Club Foundation**

The following director contributed an unconditional donation throughout the year to the Carlton Football Club Foundation, nominating his preference for the gift to be granted to the ASF Carlton Football Club Elite Training Facilities Project no. 205300. The Trustees of the Foundation make the ultimate determination as to how the donations are dealt with.

<b>Director</b>	<b>2012 Donation</b>	<b>2011 Donation</b>
Z Fried	40,000	40,000

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2012**

**NOTE 24 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	5 years, 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
FAHOUR, Ahmed Director	05.10.1966 Lebanon	Appointed 22 October 2012		Appointed Managing Director and CEO of Australia Post in February 2010. Has held a number of senior executive positions within the finance and banking industries in Australia and overseas. Was previously CEO of Citigroup Alternative Investments (NY, USA), CEO of Citigroup (Australia and New Zealand) and National Australia Bank (Australia and Asia). Chairman of Rip Curl Group; Chairman of the Council for Australian-Arab Relations; and a director of Methodist Ladies College	BEcon (Hons), MBA

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 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
FRIED, Isaac Jacob Director	20.06.72 Melbourne	Continuing	5 years, 11 month	Joint owner of the Spotlight Group which includes Spotlight Stores, Anaconda Outdoor Adventure stores and Spotlight Property Group. Has been working in the group since 1990. Managing Director SPG Investments.	
GEMINDER, Raphael Director	24.03.1960 Spring Hill	Continuing	2 years, 6 months	Executive Chairman of Pact Group, a leading Australasian packaging business in a broad range of rigid plastic and metal packaging. Prior to acquiring Pact Group, Ruffly was the co-founder and Chairman of Visy Recycling, growing it into the largest recycling company in Australia.	MBA (Finance)

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2012**

**NOTE 24 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	6 years, 6 months	A Certified Financial Planner, continues to be a partner in C.A.G Wealth Management 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	Resigned 22 October 2012	5 years, 11 months	1998 joined Asite 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	15 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	6 years, 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 2011**

**NOTE 24 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
LOGIJDICE, Mark Director	16.05.1969 Melbourne	Continuing	2 years, 6 Months	Mark has been in the property industry since 1986 and is Managing Director of Crawfords Group, a family owned investment and development company, involved in commercial, industrial and retail property. Further to his property interests, Mark is a Director of Premier Fruits Group, a national farming, marketing and logistics company of fresh produce.	
MATHIESON, Craig Donald Director	14 May 1968 Melbourne	Appointed 22 October 2012		Managing Director of the Mathieson Group; a diverse family business. Worked in the Banking Industry, principally in property finance before returning to the family business in 2001. Currently a Non Executive Director of Funtastic Ltd and Great Western Exploration NL.	B Bus (Banking & Finance)

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 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	Resigned 19 September 2012	5 years, 10 months	Practising lawyer for 25 years, he was chairman of Partners of Mills Oakley Lawyers from 2004-2008. Director of Premier Finance Services P/L since 2008. Partner Price Waterhouse Coopers from 2009 - 2012. Stephen is now a partner at Clayton Utz.	B. Juris and LLB (Mon)
NEWTON, Richard Gordon Director	31.10.59 Melbourne	Continuing	6 years, 6 months	Chairman of Selpain Group of Companies, a family business involved in property developments and investments. Director of Amalgamated Holdings Ltd.	B Bus

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 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, Jeanne AC Director	01.02.1936 Lowicz, Poland	Continuing	1 year, 7 months	Co-Chairman of Visy the world's largest privately owned, paper and recycling company. Chair of The Production Company a non-profit theatrical company she founded in 1998. Philanthropist and arts patron.	Jeanne Pratt AC DUniv (Swin)
SAYERS, Luke Frederick Director	16.11.1969 Melbourne	Appointed 22 October 2012		Joined PwC Audit practice in 1993. In 2010, became the National Managing Partner, and was charged with the day-to-day responsibility for the Australian business, including the revenue, profitability and client targets. In 2012 was appointed CEO of PwC Australia.  Has over 15 years of dedicated experience in the United States, South America, Europe and Asia Pacific in the InfoComm (Telecom, Internet & Cable) industry	B Bus (Accounting) B Computing (Info Systems)

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 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>
SUSS, Ari Daniel Director	09.06.76 Melbourne	Resigned 22 October 2012	5 years, 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.	MPPM (Monash University), GAICD, AFAIM.
TRAINOR, Ryan Franklyn Director	21.09.1973 Melbourne	Appointed 22 October 2012		Founder of Crosby & Prince Ventures, a boutique private equity investor. In 2010, became the Ernst & Young 'Entrepreneur of the Year' in the Southern Region (services category) and went on to compete as a national finalist. Was accepted into the Entrepreneurial Masters Program at MIT in Boston in 2007 where he recently finished a three-year program and completed a similar program at Stanford University in California in June 2010. On the Board of the Mirabel Foundation, and the I-India Project Australia.	



**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

YEAR ENDED 31 OCTOBER 2012

**NOTE 24 PARTICULARS OF DIRECTORS (CONT.)****Directors Attendances at Board and Sub-Committee Meetings  
November 2011 – October 2012**

<b>Name</b>	<b>Board (Total 11)</b>	<b>Special (Total 1)</b>
M Clarke	11	0
A Fahour	1 out of 1	N/A
I Fried	11	1
R Geminder	9	0
A Gleeson	11	1
M Harrison	9	0
S Kernahan	11	1
G Lee	11	1
M LoGiudice	11	1
C Mathieson	1 out of 1	N/A
S Moulton	10 out of 10	0
R Newton	10	1
J Pratt AC	10	0
L Sayers	1 out of 1	N/A
A Suss	8	1
R Trainor	1 out of 1	N/A

The directors also serve time on the following sub-committees, which met on an ad-hoc basis as required:

- 1) Football – S Kernahan (Chair), A Gleeson, M Harrison, R Newton
- 2) Finance – R Newton (Chair), I Fried, M Harrison, M LoGiudice
- 3) Gaming – M LoGiudice (Chair), M Harrison, R Newton
- 4) Audit, Governance and HR – G Lee (Chair), M Clarke, S Moulton, A Suss
- 5) Marketing and Membership – R Geminder (Chair), I Fried, A Gleeson, M LoGiudice, J Pratt
- 6) Remuneration – S Kernahan (Chair), M Clarke, G Lee, R Newton

**CARLTON FOOTBALL CLUB LIMITED**

**DIRECTORS' DECLARATION**

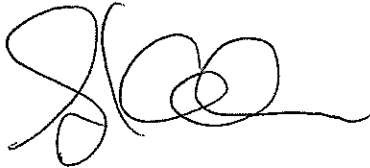
**AT 31 October 2012**

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 Carlton Football Club Ltd 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 2012 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) 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', with a long horizontal flourish extending to the right.

**STEPHEN SCOTT KERNAHAN**  
Director

19 November 2012

## **Independent auditor's report to the 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 consolidated balance sheet as at 31 October 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### **Directors' responsibility for the financial report**

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's 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, the auditor considers 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.

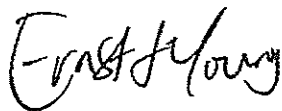
### **Independence**

In conducting our audit we have complied with 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.

## Opinion

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

- (a) giving a true and fair view of the financial position of the consolidated entity at 31 October 2012 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

A stylized, handwritten signature of the Ernst & Young firm.

Ernst & Young

A handwritten signature of Kester C Brown.

Kester C Brown  
Partner

Melbourne  
19 November 2012