



**CARLTON FOOTBALL CLUB LIMITED**

A.C.N. 005 449 909

(Company Limited by Guarantee)

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

**FOR THE YEAR ENDED 31 OCTOBER 2014**

## **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 2014, and the state of affairs at that date.

#### ***1. Directors***

The Directors in office during the year were:

M Clarke, A Fahour, I Fried, R. Geminder, A Gleeson, S Kernahan (resigned 29/9/2014), G Lee, M LoGiudice, C Mathieson, R Newton (resigned 10/12/2013), J Pratt AC, L Sayers, and R Trainor (resigned 19/5/2014).

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 14 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 \$(1,605,453) net loss for the year ended 31 October 2014. This compared to a net profit of \$528,095 for the year ended 31 October 2013.

The team finished the season in 13<sup>th</sup> position (2013: 6<sup>th</sup>).

Almost 1 million fans attended Carlton matches in 2014 and Carlton recorded 15,321,686 television viewers in the 2014 season.

The Football Club achieved a membership of 47,557 in 2014 (2013: 50,561).

Carlton increased its presence on social media in 2014, growing to more than 220,000 likes on Facebook and over 56,000 Twitter followers and over 55,000 Instagram followers. The Club was also active in a host of other social media spaces, including Vine, Google+, Pinterest, LinkedIn, Flickr and Foursquare.

On 14 June 2014 the Club celebrated its 150<sup>th</sup> year with a gala event at the Melbourne Convention and Exhibition Centre. The event was attended by close to 2,000 guests.

In 2014, the Club continued to develop its community brand "Strengthening Communities" through a respect and responsibility framework, which connects authentically to the history and heart of the Club.

This framework aims to focus on key areas within the community including: 1) Diversity & Inclusion, 2) Health & Wellbeing, 3) Grassroots Development, and 4) Environmental Sustainability.

The Club's community investment continues to grow, with the London Benchmarking Group (LBG) independently auditing the Clubs community investment at \$753,575 (2013: \$671,944). The Club continues to invest in the Carlton Football Club Community Fund, delivering community, educational, multicultural and environmental programs to over 20,000 young people per annum.

**CARLTON FOOTBALL CLUB LIMITED**

**DIRECTORS' REPORT (CONT.)**

***4. Operating Results and Review of Operations (cont.)***

*Debt Arrangements*

During the year the Football Club repaid a further \$1,100,000 of debt (\$600,000 of Westpac loan and \$500,000 of AFL loan) to reduce the historic debt position. At 31 October 2014, the Football Club had \$4,300,000 of Commercial Bills with Westpac.

*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***

In October 2014, the Football Club borrowed \$518,947 from SME Finance to fund the purchase of EGM's for its existing member venues. These loans are repayable over a five year term. The total balance at 31 October 2014 is \$1,949,728.

On 23 June 2014 Stephen Kernahan stepped down as President of the Club and Mark LoGiudice was appointed President by the Board.

Greg Swann resigned as Chief Executive Officer on 10 June 2014 and Steven Trigg was appointed as Chief Executive Officer on 18 August 2014.

***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 2015.

***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 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 2014.

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.)**

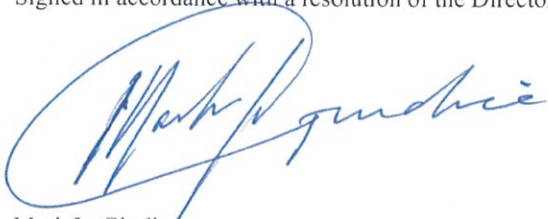
*10. Indemnification and Insurance of Directors and Officers*

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.

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed in accordance with a resolution of the Directors at Carlton this 24th day of November 2014.



Mark LoGiudice  
President



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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 financial year ended 31 October 2014, 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 'Ernst &amp; Young' in black ink.

Ernst & Young

A handwritten signature of 'Kester C Brown' in black ink, written in a cursive style.

Kester C Brown  
Partner  
24 November 2014

**CARLTON FOOTBALL CLUB LIMITED**  
**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 OCTOBER 2014**

	Notes	2014 \$	2013 \$
Revenue	5	56,641,156	57,144,954
Membership related expenses		(3,627,872)	(3,395,196)
Administration expenses		(2,925,854)	(2,701,981)
Operating expenses	6(b)	(49,922,799)	(48,696,484)
Borrowing costs	6(a)	(362,856)	(329,090)
Depreciation and lease amortisation	6(a)	(1,757,968)	(2,093,898)
Amortisation of intangible	6(a)	(153,714)	(153,698)
Loss on disposal of non current assets		(55,871)	(14,207)
Other income – ASF grants		560,325	767,695
Net Profit/(Loss)		<u>(1,605,453)</u>	<u>528,095</u>
Other Comprehensive Income/(Loss)		-	-
Total Comprehensive Income/(Loss) for the period		<u>(1,605,453)</u>	<u>528,095</u>

The accompanying notes form an integral part of these accounts.

## CARLTON FOOTBALL CLUB LIMITED

## CONSOLIDATED BALANCE SHEET

AS AT 31 OCTOBER 2014

	Notes	2014 \$	2013 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	1,969,289	4,123,840
Trade and other receivables	7	2,004,326	1,545,746
Inventories	8	390,157	345,099
Other assets	9	401,744	493,211
<b>TOTAL CURRENT ASSETS</b>		<b>4,765,516</b>	<b>6,507,896</b>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	19,332,807	19,769,798
Intangible assets	11	1,197,558	1,351,272
<b>TOTAL NON CURRENT ASSETS</b>		<b>20,530,365</b>	<b>21,121,070</b>
<b>TOTAL ASSETS</b>		<b>25,295,881</b>	<b>27,628,966</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	4,486,170	3,431,193
Income received in advance	13	818,928	1,237,260
Interest bearing liabilities	14	707,093	5,802,815
Provisions	15	1,085,639	1,171,294
<b>TOTAL CURRENT LIABILITIES</b>		<b>7,097,830</b>	<b>11,642,562</b>
<b>NON CURRENT LIABILITIES</b>			
Trade and other payables	12	543,417	796,681
Interest bearing liabilities	14	5,966,818	1,705,475
Provisions	15	59,280	250,259
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>6,569,515</b>	<b>2,752,415</b>
<b>TOTAL LIABILITIES</b>		<b>13,667,345</b>	<b>14,394,977</b>
<b>NET ASSETS</b>		<b>11,628,536</b>	<b>13,233,989</b>
Accumulated surplus		11,628,536	13,233,989
<b>TOTAL ACCUMULATED FUNDS</b>		<b>11,628,536</b>	<b>13,233,989</b>

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 OCTOBER 2014**

	Notes	2014 \$	2013 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		61,150,480	63,384,905
Payments to suppliers and employees		(61,637,846)	(62,452,811)
Interest received		52,314	67,479
Borrowing costs paid		(337,710)	(297,973)
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES</b>		(772,762)	701,600
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for property, plant and equipment		(608,749)	(224,745)
Payment for gaming entitlements		(291,154)	(277,822)
Receipt of Govt., AFL & other grants		560,325	767,695
Receipts for related party loans		-	48,000
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES</b>		(339,578)	313,128
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		518,947	1,880,454
Repayment of venue manager loans		-	(1,764,371)
Repayment of interest bearing liabilities		(1,437,375)	(1,112,298)
Repayment of finance lease principal		(123,783)	(83,291)
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY /(USED IN) FINANCING ACTIVITIES</b>		(1,042,211)	(1,079,506)
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held		(2,154,551)	(64,778)
Cash and cash equivalents at the beginning of the year		4,123,840	4,188,618
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	4(b)	1,969,289	4,123,840
		<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 2014**

	Retained Profits \$
<b>BALANCE AS AT 1 November 2012</b>	12,705,894
Changes in equity:	
Total Comprehensive Income for the year	<u>528,095</u>
<b>BALANCE AS AT 31 OCTOBER 2013</b>	<u>13,233,989</u>
Changes in equity:	
Total Comprehensive Income for the year	<u>(1,605,453)</u>
<b>BALANCE AS AT 31 OCTOBER 2014</b>	<u>11,628,536</u>

The accompanying notes form an integral part of these accounts

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2014**

**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:  
Princes 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 2014 was authorised for issue in accordance with a resolution of the directors on 24 November 2014.

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 has adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure*.

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 2013.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2014**

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

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

The Football Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2013:

- AASB 13 *Fair Value Measurement*
- AASB 19 *Employee Benefits (Revised 2011)*

The changes in accounting policy were applied prospectively.

**(c) Going Concern**

As at 31 October 2014 the Carlton Football Club Limited has a current asset deficiency of \$2,332,314 (2013: \$5,134,666). This gives rise to 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 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 facility from Westpac is in the form of a commercial bill facility (balance at 31 October 2014 of \$4,300,000) with a fixed term that expires on 31 October 2016. The AFL provides a guarantee for the full amount of the Westpac facility which also expires on 31 October 2016. The Football Club repaid \$600,000 of these facilities during the year.
- The Football Club has access to a Westpac transaction negotiation authority facility of \$700k for uncleared funds. The facility is undrawn at 31 October 2014. Any funds drawn in respect of the facility are repayable on demand.
- The Football Club has operated profitably in four of the past six years.
- Management and the Board have secured the continued support of major sponsors Hyundai, Mars, Nike and other corporate supporters.

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 2014**

**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 2014****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:	2014	2013
• 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.

Lease payments are apportioned between finance charges and reduction of the lease liability so that a constant rate of interest is recognised on the remaining balance of the liability.

**(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 2014**

**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 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 was recorded as an intangible asset and a liability recorded for payment for the entitlements which are to be made over the remaining 4 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 2014**

**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 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 asset or liability in the Balance Sheet.

Cash flows from operating activities are included in the Statement of Cash Flows 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 2014**

**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 22) 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 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. 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 2014**

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

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

When the Group acquires a business, it assesses the 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.

**NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Football Club's principal financial instruments comprise receivables, payables, bank commercial bill facility, AFL loan, other loans, 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 regularly analyses its interest rate exposure, cash and debt levels. The Football Club has a Commercial Bill Facility of \$4,300,000. 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 2014****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**

	2014 \$	2013 \$
<b>(a) Reconciliation of cash</b>		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows comprise the following items:		
Cash on hand	565,762	515,934
Cash at bank	<u>1,403,527</u>	<u>3,607,906</u>
Cash and cash equivalents	<u>1,969,289</u>	<u>4,123,840</u>
<b>(b) Non cash financing activities</b>		
Acquisition of assets by means of finance lease	<u>207,833</u>	<u>72,402</u>
Cash and cash equivalents	<u>207,833</u>	<u>72,402</u>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2014****NOTE 5 REVENUES**

<b>Revenues</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Included in the operating profit are the following revenues:		
Sponsorship and hospitality	13,602,675	12,217,695
AFL income	9,558,559	9,631,244
Membership and reserved seating	9,184,262	9,429,125
Member venue revenue	18,357,199	19,703,387
Gate receipts	2,517,758	3,147,904
Merchandise	1,980,904	1,844,250
Fundraising	561,703	530,500
Interest income	52,314	107,493
Other football operations income	825,782	533,356
	<hr/>	<hr/>
<b>Total revenues</b>	<b>56,641,156</b>	<b>57,144,954</b>
	<hr/>	<hr/>

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

<b>(a) Expenses</b>	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Cost of merchandise sold	1,015,091	989,860
Mechandise Inventory write off	146,301	3,767
	<hr/>	<hr/>
Depreciation of non-current assets		
-Plant and equipment	1,651,596	2,044,736
-Leased assets	106,372	49,162
	<hr/>	<hr/>
	<b>1,757,968</b>	<b>2,093,898</b>
Amortisation of non-current assets		
-Intangible assets	153,714	153,698
	<hr/>	<hr/>
<b>Total depreciation and amortisation expenses</b>	<b>1,911,682</b>	<b>2,247,596</b>
	<hr/>	<hr/>
Lease payments – operating lease	88,121	88,121
	<hr/>	<hr/>
Borrowing costs expensed		
Interest expense		
-Finance lease	25,146	31,117
-Gaming entitlement	49,014	63,169
-Commercial Bill, AFL Facility, other loans	288,696	234,804
	<hr/>	<hr/>
<b>Total borrowing costs expensed</b>	<b>362,856</b>	<b>329,090</b>
	<hr/>	<hr/>

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

YEAR ENDED 31 OCTOBER 2014

**NOTE 6 EXPENSES AND LOSSES/(GAINS) (CONT)****(b) Operating Expenses**

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Football department costs	21,816,452	21,056,938
Member venue costs	15,172,340	17,059,105
Marketing and other department costs	12,934,007	10,580,441
	<u>49,922,799</u>	<u>48,696,484</u>

**(c) Personnel Expenses \***

Wages and salaries	21,787,747	20,548,578
Contributions to superannuation	1,279,947	1,188,546
Movement in employee entitlements	58,661	141,774
	<u>23,126,355</u>	<u>21,878,898</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>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	1,074,608	542,312
Provision for doubtful debts	(27,656)	(29,410)
	<u>1,046,952</u>	<u>512,902</u>
Trade receivables	1,046,952	512,902
Other receivables	908,002	731,883
Related party loans	49,372	300,961
	<u>957,374</u>	<u>1,032,844</u>
Total trade receivables	<u>2,004,326</u>	<u>1,545,746</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 2014****NOTE 7 TRADE AND OTHER RECEIVABLES (CONT)**

Movements in the allowance for impairment loss were as follows:

	31 October 2014 \$	31 October 2013 \$
Allowance for impairment losses opening balance	(29,410)	-
Amounts provided for	(27,656)	(29,410)
Amounts written off	29,410	-
<b>Allowance for impairment losses closing balance</b>	<b>(27,656)</b>	<b>(29,410)</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.

**NOTE 8 INVENTORIES**

	2014 \$	2013 \$
Merchandise stock		
At lower of cost and net realisable value	320,332	272,897
Other inventory		
At cost	69,825	72,202
	<u>390,157</u>	<u>345,099</u>

**NOTE 9 OTHER ASSETS**

	2014 \$	2013 \$
<b>Current</b>		
Prepayments	401,744	493,211
	<u>401,744</u>	<u>493,211</u>

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

YEAR ENDED 31 OCTOBER 2014

**NOTE 10 PROPERTY, PLANT AND EQUIPMENT**

	2014	2013
	\$	\$
Plant & equipment		
At cost	6,910,540	7,587,280
Accumulated depreciation	(4,171,245)	(4,997,480)
Net carrying amount	<u>2,739,295</u>	<u>2,589,800</u>
Furniture and fittings		
At cost	311,172	235,221
Accumulated depreciation	(159,384)	(150,829)
Net carrying amount	<u>151,788</u>	<u>84,392</u>
Leased assets		
At cost	670,974	463,141
Accumulated amortisation	(238,093)	(131,419)
Net carrying amount	<u>432,881</u>	<u>331,722</u>
Leasehold improvements & buildings		
At cost	19,631,080	19,631,080
Accumulated depreciation	(3,622,237)	(2,867,196)
Net carrying amount	<u>16,008,843</u>	<u>16,763,884</u>
Total plant and equipment	<u>19,332,807</u>	<u>19,769,798</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.

2014	Plant & Equipment \$	Furniture & Fittings \$	Leased Assets \$	Leasehold Improvements & Buildings \$	Total \$
Carrying amount at the beginning of the year	2,589,800	84,392	331,722	16,763,884	19,769,798
Additions	1,065,973	107,588	207,833	-	1,381,394
Disposals	(55,226)	(5,191)	-	-	(60,417)
Depreciation expense	(861,252)	(35,001)	(106,674)	(755,041)	(1,757,968)
Carrying amount at year end	<u>2,739,295</u>	<u>151,788</u>	<u>432,881</u>	<u>16,008,843</u>	<u>19,332,807</u>

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

Leased kitchen equipment and motor vehicles are pledged as security for the related finance lease, and EGM's are pledged as security for related loan with SME Finance.

## CARLTON FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2014

## NOTE 11 INTANGIBLE ASSETS

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

	2014 \$	2013 \$
Gaming entitlement		
At cost	1,536,971	1,536,971
Accumulated amortisation	(339,413)	(185,699)
Net carrying amount	1,197,558	1,351,272

Gaming Entitlements	2014 \$
Carrying amount at the beginning of the year	1,351,272
Amortisation	<u>(153,714)</u>
Carrying amount at the end of the year	<u>1,197,558</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 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.

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

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2014****NOTE 12 TRADE AND OTHER PAYABLES**

		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Trade creditors		1,246,256	767,976
Other Loans – VCGR	(a)	254,082	291,974
Other creditors		<u>2,985,832</u>	<u>2,371,243</u>
		<u>4,486,170</u>	<u>3,431,193</u>
<b>Non Current</b>			
Other Loans – VCGR	(a)	<u>543,417</u>	<u>796,681</u>
		<u>543,417</u>	<u>796,681</u>

- a) Loans - Victorian Commissioner of Gaming Regulation  
The current and non-current loans totaling \$797,499 relate to amounts payable to the Victorian Commissioner of Gaming Regulation for the remainder of gaming entitlements over the next 3 years.

**NOTE 13 INCOME RECEIVED IN ADVANCE**

		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Current</b>			
Membership		224,804	907,266
Sponsorship and hospitality		<u>594,123</u>	<u>329,994</u>
		<u>818,927</u>	<u>1,237,260</u>

The Football Club launched its 2015 membership campaign on 15th October 2014. Memberships received prior to 31 October 2014 are recorded as income received in advance.



**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****NOTE 14 INTEREST BEARING LIABILITIES**

<b>Current</b>		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
Commercial bills	(a)	-	4,900,000
Loan – AFL	(b)	-	500,000
Lease liability	(c)	263,963	75,629
Other loans	(d)	443,130	327,186
		<u>707,093</u>	<u>5,802,815</u>
<b>Non Current</b>			
Commercial bills	(a)	4,300,000	-
Lease liability	(c)	147,941	252,225
Unsecured – notes		12,279	12,279
Other loans	(d)	1,506,598	1,440,971
		<u>5,966,818</u>	<u>1,705,475</u>

## a) Commercial Bill facilities

The Football Club has \$4,300,000 in Commercial Bill facilities provided by Westpac which are secured by a guarantee limited to \$4,300,000 given by the Australian Football League (the guarantee expires on 31 October 2016). As at 31 October 2014, the facility is fully utilised. A Westpac 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. The facility is undrawn as at 31 October 2014.

## b) AFL Loan - Terms &amp; Conditions

The AFL provided a loan of \$1,500,000 with interest payable at or below market rates from 1 November 2008. This loan was repaid in full at 31 October 2014.

## c) Finance Leases

The current and non-current lease liabilities totaling \$411,904 (2013: \$327,854) represents finance leases maturing between 2013 and 2017 with fixed interest rates between 4% and 9.9%.

## d) Other loans

In June 2013, the Club borrowed \$1,878,954 from SME Finance to settle the venue manager loan that was used to purchase EGM's. A further \$518,947 was borrowed in October 2014 to purchase further EGM's. These loans, secured against EGM's, are repayable over a five year term. The total balance at 31 October 2014 is \$1,949,728 (2013: \$1,768,156).

**NOTE 15 PROVISIONS**

		<b>2014</b>	<b>2013</b>
		<b>\$</b>	<b>\$</b>
<b>Employee benefits</b>			
Annual leave:		559,667	725,676
Long service leave (current)		525,972	445,618
		<u>1,085,639</u>	<u>1,171,294</u>
Long service leave (non current)		<u>59,280</u>	<u>250,259</u>

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

YEAR ENDED 31 OCTOBER 2014

**NOTE 16 COMMITMENTS**

	2014 \$	2013 \$
<b>Player Contracts</b>		
Amounts contracted to AFL players		
Not later than one year	10,089,750	10,169,408
Later than one year but not later than two years	6,335,000	3,700,000
Later than two years but not later than five years	5,930,000	1,710,000
	<u>22,354,750</u>	<u>15,579,408</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 \$88,121 (2013: \$88,121) 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, EGM's and motor vehicles with a carrying amount of \$432,881 (2013 \$331,722). These lease contracts expire within three to five years.

	2014 \$	2013 \$
<b>Finance lease commitments</b>		
Within one year	279,153	100,775
After one year but not more than five years	151,115	263,301
Less future finance charges	<u>(18,364)</u>	<u>(36,221)</u>
Carrying amount of finance lease liabilities	<u>411,904</u>	<u>327,855</u>

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

YEAR ENDED 31 OCTOBER 2014

**NOTE 16 COMMITMENTS (CONT)****Rent and Management Fees:**

The Football Club has entered into lease agreements and management agreements payable to ALH and Michael O'Brien pertaining to the Football Club's member venues which are effective through to 2022. The Football Club's commitments under these agreements are as follows:

	<b>2014 Rent \$</b>	<b>2013 Rent \$</b>
Within one year	3,406,655	3,608,090
After one year but not more than five years	14,679,782	15,547,750
After five years	16,245,496	17,101,113
Total rental payments	<u>34,331,942</u>	<u>36,256,953</u>
	<b>Management Fee \$</b>	<b>Management Fee \$</b>
Within one year	1,683,075	1,670,145
After one year but not more than five years	7,252,599	7,196,882
After five years	7,884,355	7,815,742
Total management fee payments	<u>16,820,030</u>	<u>16,682,769</u>

**NOTE 17 CONTINGENCIES**

There are no material contingent liabilities or contingent assets as at 31 October 2014.

**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 2014****NOTE 21 PARENT ENTITY**

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

	<b>2014</b>	<b>2013</b>
	<b>\$</b>	<b>\$</b>
Current assets	4,764,740	6,508,126
Total assets	25,295,105	27,629,196
Current liabilities	7,097,615	11,642,155
Total liabilities	<u>13,667,131</u>	<u>14,394,570</u>
Net assets	<u>11,627,974</u>	<u>13,234,626</u>
Accumulated Surplus	<u>11,627,974</u>	<u>13,234,626</u>
Profit/(loss) of the Parent Entity	(1,606,651)	528,149
Total Comprehensive Income/(loss) of the Parent Entity	(1,606,651)	528,149

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

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2014**

**NOTE 22 RELATED PARTY**

Key Management personnel are determined to be:

- Chief Executive Officer – Steven Trigg (appointed 18/8/2014)
- Former Chief Executive Officer – Greg Swann (resigned 10/6/2014)
- Senior Coach – Michael Malthouse
- Chief Financial Officer – Jason Reddick
- General Manager Commercial Operations – Anthony Barham
- General Manager Football – Andrew McKay
- General Manager Digital, Media and Brand – Jay Allen
- General Manager Operations – Martin Shannon
- General Manager Consumer Business and Fan Development – Clinton Bown

During the period 10/6/2014 to 18/8/2014 Jason Reddick and Andrew McKay acted as interim Chief Executive Officers.

During the year, a total of \$3,528,236 (2013: \$3,278,903) of total remuneration was paid or was payable to these key personnel for services to the Football Club.

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 did not loan Premier Finance any funds. \$208 is owing to the Football Club by Premier Finance at 31 October 2014 (2013: \$208). The loan has been eliminated on consolidation.

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, resigned 10/6/2014), and Jason Reddick (Football Club CFO/Company Secretary). During the year, the Foundation made a donation of \$160,000 to the Australian Sports Foundation indicating its preference that the gift benefits the Carlton Football Club Elite Training Facilities Project. No funds were loaned by The Football Club to The Carlton Football Club Foundation during the year. \$3,916 is owing to the Football Club by the Carlton Football Club Foundation at 31 October 2014 (2013: \$3,916).

During the year, the Football Club established a subsidiary Carlton FC Foundation Pty Ltd on 11/8/2014. The subsidiary is intended to be appointed the corporate trustee of Carlton FC Foundation Pty Ltd. No transactions have occurred within this entity during the year.

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), former CEO (resigned 10/6/2014), 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 \$14,169 during the year to cover operational costs. \$29,179 is owing to the Football Club by the Carlton Football Community Fund at 31 October 2014 (2013: \$76,498).

The Carlton Football Club Foundation and Carlton Football Club Community Fund are not controlled entities of Carlton Football Club Limited and have not been consolidated.

At 31 October 2013, Blue Boys Unit Trust, a wholly owned subsidiary of the Football Club had loans receivable totalling \$220,335 from Selpam (Australia) Pty Ltd (a related entity of former director Richard Newton) including loans on behalf of the former Football Club CEO and General Manager - Commercial Operations. The outstanding loans were been subject to a market rate of interest.

During the year, the Football Club received \$53,852 from the former Football Club CEO and \$166,483 from Selpam (Australia) Pty Ltd in full settlement of all outstanding loans associated with Blue Boys Unit Trust.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2014****NOTE 22 RELATED PARTY (CONT)**

Following settlement of the loans the Blue Boys Unit Trust was deregistered on 15 June 2014.

**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) 2014 (GST Exclusive)	Receivable/(Payable) 2014	Income/(Expense) 2013 (GST Exclusive)	Receivable/(Payable) 2013
M Clarke	Corp Sales	4,275	-	2,827	-
A Fahour	Corp Sales Postage	18,845 (210,876)	-	1,106 (254,061)	-
I Fried	Corp Sales Stock	14,300	-	12,568	-
R Geminder	Corp Sales	239,962	-	59,222	-
A Gleeson	Corp Sales	20,302	-	16,513	-
S Kernahan	Corp Sales Printing	6,427 (153,751)	(36,421)	54,590 (107,598)	(2,812)
G Lee	Corp Sales	7,159	-	8,419	-
M LoGiudice	Corp Sales	34,583 (4,399)	-	49,027	-
C Mathieson	Corp Sales	47,600	-	43,565	-
R Newton	Corp Sales	4,173	-	17,396	-
J Pratt AC	Sponsorship Goods	1,040,628 (25,062)	- (2,336)	1,141,867 (512,447)	-
L Sayers	Corp Sales	30,332	-	53,794	-
R Trainor	Corp Sales	15,618	-	1,385	-

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2014****NOTE 22 RELATED PARTY (CONT)****Director transactions with the Football Club (cont)**

Ahmed Fahour won a Hyundai vehicle in the Club's 150<sup>th</sup> Year event raffle. Ahmed donated the vehicle back to the Club to auction, which raised \$40,000.

Refer Note 23 for Particulars of Directors.

**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>2014 Donation</b>	<b>2013 Donation</b>
M Clarke	5,000	10,000
I. Fried	-	30,000
R Geminder	15,000	15,000
A Gleeson	-	15,000
M LoGuidice	28,000	28,000
C Mathieson	20,500	28,000
R Newton	15,000	15,000
L Sayers	20,000	15,000
R Trainor	21,500	21,500

**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>2014 Donation</b>	<b>2013 Donation</b>
I Fried	20,000	-
A Fahour	50,000	-

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2014**

**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	24.01.1961 Melbourne	Continuing	7 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	Continuing	2 years	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); Executive Director and CEO of National Australia Bank (Australia and Asia); and a Non-Executive director of Pro-Pac and Methodist Ladies College.	BEcon (Hons), MBA
FRIED, Isaac Jacob Director	20.06.1972 Melbourne	Continuing	7 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.	



**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2014**

**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
GEMINDER, Raphael Director	24.03.1960 Spring Hill	Continuing	4 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)
GLEESON, Adrian Paul. Director	29.04.1967 Koroit	Continuing	8 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
KERNAHAN, Stephen Scott Director	01.09.1963 Adelaide SA	Resigned 29/09/2014	16 years, 11 months	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	26.11.1955 Melbourne	Continuing	8 years, 7 months	Managing Director of United Recruitment which he started in 1994. 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 2014**

**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
LOGIUDICE, Mark Director	16.05.1969 Melbourne	Continuing	4 years, 6 Months	Mark has been in the property industry since 1986 and is Managing Director of Crawford's 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	14.05.1968 Melbourne	Continuing	2 years	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)
NEWTON, Richard Gordon Director	31.10.1959 Melbourne	Resigned 10/12/2013	7 years, 7 months	Chairman of Selpam 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 2014**

**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>
PRATT, Jeanne AC Director	01.02.1936 Lowicz, Poland	Continuing	3 years, 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	Continuing	2 years	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 2014**

**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
TRAINOR, Ryan Franklyn Director	21.09.1973 Melbourne	Resigned 19/5/2014	1 year, 7 months	<p>Founder of Crosby &amp; Prince Ventures, a boutique private equity investor.</p> <p>In 2010, became the Ernst &amp; 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.</p> <p>On the Board of the Mirabel Foundation, and the I-India Project Australia.</p>	

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2014****NOTE 23 PARTICULARS OF DIRECTORS (CONT.)****Directors Attendances at Board and Sub-Committee Meetings  
November 2013 – October 2014**

<b>Name</b>	<b>Board (Total 11)</b>
M Clarke	11
A Fahour	9
I Fried	10
R Geminder	8
A Gleeson	10
S Kernahan	8 of 10
G Lee	10
M LoGiudice	11
C Mathieson	8
R Newton	1 of 2
J Pratt AC	7
L Sayers	10
R Trainor	7 of 7

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

- 1) Finance, Audit and Risk – L Sayers (Chair), I Fried, M LoGiudice, M Clarke
- 2) Club Member Venues – M LoGiudice (Chair), I Fried, C Mathieson
- 3) Independent Nominations Committee – M LoGiudice (Chair), Andrew Mansour & John Davies (non-director members)

**CARLTON FOOTBALL CLUB LIMITED**

**DIRECTORS' DECLARATION**

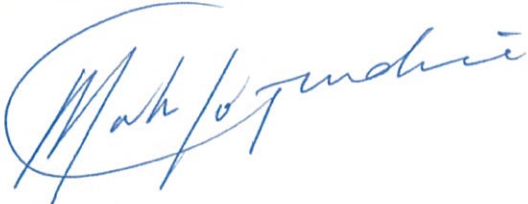
**AT 31 October 2014**

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 2014 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



**MARK LOGIUDICE**  
President

24 November 2014

## **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 statements of financial position as at 31 October 2014, the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal 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.

## 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 2014 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*.



Ernst & Young



Kester C Brown  
Partner

Melbourne  
24 November 2014