

Copy of financial statements and reports

Company details

Company name

AUSTRALIAN FOOTBALL LEAGUE

ACN

004 155 211

Reason for lodgement of statement and reports

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

Dates on which financial
year ends

Financial year end date

31-10-2021

Auditor's report

Were the financial statements audited?

Yes

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

No

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

No

Details of current auditor or auditors

Current auditor

Date of appointment **12-09-1991**

Name of auditor

KPMG

Address

**'TOWER TWO COLLINS SQUARE'
727 COLLINS STREET**

MELBOURNE VIC 3000

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.

Yes

Signature

Select the capacity in which you are lodging the form

Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.

Yes

Authentication

This form has been submitted by

Name Travis James AULD

Date 10-03-2022

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**AUSTRALIAN FOOTBALL LEAGUE
AND ITS CONTROLLED ENTITIES**

ANNUAL FINANCIAL REPORT

31 OCTOBER 2021

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AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

The Directors present their report together with the financial report of the Australian Football League ("the Company") and Consolidated Entity, being the Company and its controlled entities, for the year ended 31 October 2021 and the auditor's report thereon.

Directors

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

Mr R J Goyder, AO	Chairman – Appointed Commissioner 21 st November 2011 Chairman from March 2017 Chairman of Remuneration Committee Member of Audit and Risk Committee
Qualifications:	Bachelor of Commerce (The University of Western Australia)
Experience:	Chair, Woodside Chair, Qantas Airways Chair, Channel 7 Telethon Trust Chair, West Australian Symphony Orchestra Former Director, Wesfarmers Ltd Former Director, Fremantle Football Club
Mr G A McLachlan	Chief Executive Officer – Appointed 5 th June 2014
Qualifications:	Bachelor of Laws (Hons.) (The University of Melbourne) Bachelor of Commerce (The University of Adelaide)
Experience:	AFL Deputy CEO 2012-2014 AFL Chief Operating Officer 2008-2012 AFL General Manager Broadcasting & Major Projects 2006-2008 AFL General Manager Commercial Operations 2003-2006 Patron, Children's Cancer Foundation
Mr P M Bassat	Non-Executive Commissioner – Appointed 20 th February 2012 Member of Remuneration Committee
Qualifications:	Bachelor of Laws (The University of Melbourne) Bachelor of Commerce (The University of Melbourne)
Experience:	Co-founder and former CEO, SEEK Ltd 1997-2011 Director, Square Peg Capital Pty Ltd Director, Peter MacCallum Cancer Foundation Director, Zeller Holdings Pty Ltd Advisory Board Member, Evans & Partners Global Disruption Fund Member, Mount Scopus College Foundation Director, Athena Financial Pty Ltd Alternate Director, ROKT Pte Ltd Director, HealthMatch Holdings Pty Ltd Director, Retrain.ai Inc.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Mr K L Williams, AM	Non-Executive Commissioner – Appointed 4 th March 2014 until 10 th March 2021
Qualifications:	Bachelor of Music (The University of Sydney) Honorary Doctorate of Letters (Macquarie University)
Experience:	Chair, Thomson Reuters Founders Share Company Chair, The Copyright Agency Chair, Vidcorp Co - Chair, NSW State Library Foundation Director, Myer Family Investments Director, Australian Music Foundation Director, Executive Channel International Board Member, University of Western Sydney Foundation Director, Australian Schools Plus
Mr J A Ball	Non-Executive Commissioner – Appointed 25 th March 2015 until 10 th March 2021 Member of Audit and Risk Committee
Qualifications	Graduate, Australian Institute of Company Directors
Experience:	Senior Relationship Manager, Ord Minnett Ltd Senior Relationship Manager, Macquarie Group 2000 – 2018 Director, Sydney Swans Football Club 2007-2015 Player, Sydney Swans Football Club 2000-2005 Player, West Coast Eagles Football Club 1992-1999
Ms S L Wilkie, AO	Non-Executive Commissioner – Appointed 25 th March 2015 Member of Remuneration Committee Member of Community Relief Fund Governance Committee Member, AFL Competition Committee Chair, AFLW Competition Committee
Qualifications:	Bachelor of Human Resource Management (University of New England) Graduate Diploma of Telecommunications Systems Management (Swinburne University of Technology) Graduate Diploma of Strategic Studies (Deakin University) Master of Defence Studies (University of Canberra) Advanced Management Program (Harvard Business School)
Experience:	35 years service in the Army Director, AFL SportsReady Member of the Defence Honours and Awards Tribunal Director, The Beaufort Group Senior Advisor, Boston Consulting Group
Mr P A Newbold	Non-Executive Commissioner – Appointed 17 th March 2016 Chairman of Audit and Risk Committee
Qualifications	Bachelor of Laws (Monash University) Bachelor of Economics (Monash University)
Experience	Chairman, Golf Australia Limited Director, Supra Capital Limited Chairman, Althea Group Holdings Limited President, Hawthorn Football Club 2012-2016 Life Member, Hawthorn Football Club

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Ms G M Trainor, AO	Non-Executive Commissioner – Appointed 17 th March 2016
Qualifications:	Bachelor of Laws (The University of Melbourne) Master of Arts in Cultural & Creative Practice (Western Sydney University) Fellow, Australian Institute of Company Directors
Experience:	Board Member, Major Transport Infrastructure Authority (VIC) Director, Built Member Advisory Board, Gadens Director, Zurich Australia Ltd: One Path Life & General Insurance Director, WAM Global Ltd Director, Western Parkland City Authority Member, ACT City Renewal Authority Chair, Construction Industry Culture Taskforce Member, Advisory Board, Sydney Review of Books Member, National Sports Tribunal Panel Selection Committee Trustee, The Charlie Perkins Trust Director, Whitlam Institute Ambassador, Business Events Sydney Director, Western Sydney University Foundation Member, Dean's Advisory Board, School of Design, Architecture & Building, UTS Member, Executive Committee, Committee for Sydney Member, Monash Commission 2020
Mr R M Bishop	Non-Executive Commissioner – Appointed 21 st April 2017 Member of Audit and Risk Committee Member of Remuneration Committee
Qualifications:	Bachelor of Laws (Hons.) (The University of Melbourne) Bachelor of Commerce (The University of Melbourne) Bachelor of Arts (The University of Melbourne)
Experience:	Managing Partner and Founder, BGH Capital Non-Executive Director, Burnet Institute Member, Takeovers Panel
Prof H M Milroy	Non-Executive Commissioner – Appointed 14 th March 2019
Qualifications:	Bachelor of Medicine, Bachelor of Surgery (The University of Western Australia) FRANZCP: CATCAP
Experience:	Stan Perron Professor Child Psychiatry, Perth Children's Hospital and University of Western Australia Honourary Research Fellow, Telethon Kids Institute Board Member, Beyond Blue

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Directors' Meetings

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

Director	Directors' Meetings		Audit and Risk Committee Meetings		Remuneration Committee Meetings	
	No. of meetings attended	No. of meetings held*	No. of meetings attended	No. of meetings held*	No. of meetings attended	No. of meetings held
Mr R J Goyder, AO	8	8	3	3	1	1
Mr G A McLachlan	8	8	3	3	1	1
Mr P M Bassat	8	8	-	-	1	1
Mr K L Williams, AM	3	3	-	-	-	-
Mr J A Ball	3	3	1	1	-	-
Ms S L Wilkie, AO	8	8	-	-	1	1
Mr P A Newbold	8	8	3	3	-	-
Ms G M Trainor, AO	8	8	-	-	-	-
Mr R M Bishop	8	8	3	3	1	1
Prof H M Milroy	8	8	-	-	-	-

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

The role of the Audit and Risk Committee is to give the Commission assurance regarding the preparation and integrity of financial reports, internal controls, policies and procedures that are used to identify and manage business risks and compliance with legal and regulatory requirements. The AFL's Integrity and Security function also reports to the Audit and Risk Committee on a periodic basis.

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

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

Principal activities

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

The activities of the Consolidated Entity were significantly impacted by the COVID-19 pandemic in the year ended 31 October 2021. Both the AFL and AFLW seasons were completed with teams periodically on the road due to state border restrictions. Community football was also impacted, with shortened seasons and suspended programs in Victoria and New South Wales.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Objectives

While the impacts of COVID-19 have been significant, the major objectives of the Company remain unchanged, and include the following:

- (i) To manage competitions at all levels to ensure that they remain the most exciting in Australian sport.
- (ii) To build a stronger relationship with the supporters at all levels of the game.
- (iii) To progress the game to be accessible and inclusive to all.
- (iv) To help ensure that AFL clubs are financially secure and competitive.
- (v) To provide the best possible benefits for AFL players and to drive the next generation of elite athletes to choose our game.

Strategy and performance

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

The COVID-19 pandemic has caused a sudden and major financial disruption to all levels of football, resulting in the relocation of AFL and AFLW teams, restrictions on crowds and cancellation of some community and school football competitions.

The Company made several key decisions that have ensured financial stability, including a cost reduction plan to significantly reduce the financial exposure of the Consolidated entity in 2020, which was maintained in 2021. The AFL also secured \$660 million in additional borrowing facilities with NAB and ANZ to support industry liquidity. These facilities have since been extinguished.

Review and results of operations

The Consolidated Entity recorded an underlying operating loss of \$43.0 million, compared with an underlying operating loss of \$22.7 million in 2020. The 2021 result was impacted by grant income from the Victorian State Government for the redevelopment of Marvel Stadium and the surrounding precinct.

	2021 \$'000	2020 \$'000
Underlying operating loss	(43,001)	(22,748)
Add back: government grants for the redevelopment of Marvel Stadium	13,514	14,370
Statutory operating loss	<u>(29,487)</u>	<u>(8,378)</u>

The result includes a loss of \$13.2 million by AFL Stadia Pty Ltd upon consolidation (2020: loss of \$18.0 million).

State of affairs

The impacts of the COVID-19 pandemic were significant and have been disclosed throughout this report and the consolidated financial statements. Other than the impacts of the COVID-19 pandemic, in the opinion of the Directors any other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year under review have been disclosed in this report or the consolidated financial statements.

Events subsequent to balance date

The Directors note that the impacts of COVID-19 are ongoing. The risk of further outbreaks, new strains and Government restrictions may have a significant impact on the 2022 financial year as it did in 2020 and 2021.

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

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Likely developments

The impacts of the COVID-19 pandemic have been significant and are disclosed throughout this report and the consolidated financial statements. The Consolidated Entity has executed its objectives while navigating through the implications of the COVID-19 pandemic on the delivery of football at both the elite and community levels. The Consolidated Entity will leverage its learnings from the last two years as vaccination rates increase and State Government restrictions change to continue to provide a safe and inclusive environment for players, staff, volunteers and fans of football at all levels.

Other than the above, the Directors do not anticipate any major changes in the basis of operations of the Consolidated Entity and the future results of those operations in subsequent financial years.

Insurance premiums

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

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

Directors' benefit

Since the end of the previous financial year no Director of the Company has received or become entitled to receive any benefit (other than the fixed salary of a full time employee of the Company or of a related body corporate) by reason of a contract made by the Company, its controlled entities, or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest other than as disclosed in Notes 17 and 19 of the annual financial report.

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

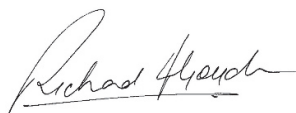
The Lead Auditor's Independence Declaration is set out on Page 9 and forms part of the Directors' report for the year ended 31 October 2021.

Rounding off

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Dated at Melbourne this 7th day of February 2022.

Signed in accordance with a resolution of the Directors:



Mr R J Goyder, AO

Chairman



Mr G A McLachlan

Director



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

To the Directors of the Australian Football League

I declare that, to the best of my knowledge and belief, in relation to the audit of Australian Football League for the financial year ended 31 October 2021 there have been:

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

A smaller version of the KPMG logo, with the letters 'KPMG' in a blue, sans-serif font.

KPMG

A handwritten signature in blue ink, appearing to read 'Dean Waters'.

Dean Waters
Partner
Melbourne
7 February 2022

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2021

	Note	2021 \$'000	2020 \$'000
Revenue	3	738,137	674,816
Expenses from operating activities	4	(757,318)	(663,517)
Net financing expense	5	(8,988)	(19,098)
Loss from operating activities before related income tax expense		(28,169)	(7,799)
Income tax expense relating to operating activities	7	(1,318)	(579)
Loss for the year		(29,487)	(8,378)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		(29,487)	(8,378)
Profit/(loss) attributable to:			
Owners of the Company		(31,010)	(8,711)
Non-controlling interests		1,523	333
Profit/(loss) for the year		(29,487)	(8,378)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		(31,010)	(8,711)
Non-controlling interests		1,523	333
Total comprehensive income/(loss) for the year		(29,487)	(8,378)

The Statement of Profit & Loss and Other Comprehensive Income is to be read in conjunction with the notes to the financial statements set out on pages 14 to 37.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2021**

	Note	2021 \$'000	2020 \$'000
Assets			
Cash and cash equivalents	16(a)	249,313	209,101
Restricted cash	16(a)	43,586	14,368
Trade and other receivables	8	46,339	76,895
Other assets		10,343	4,158
Total current assets		<u>349,581</u>	<u>304,522</u>
Trade and other receivables	8	28,567	30,115
Property, plant and equipment	11	258,053	266,150
Intangible assets	11	15,450	20,420
Other assets		7,056	6,890
Total non-current assets		<u>309,126</u>	<u>323,575</u>
Total assets		<u><u>658,707</u></u>	<u><u>628,097</u></u>
Liabilities			
Trade and other payables	9	121,727	72,255
Deferred income	12	98,615	53,300
Fair value of derivatives		-	6,734
Provisions	13	27,562	17,304
Interest-bearing loans and borrowings	14	5,216	7,252
Total current liabilities		<u>253,120</u>	<u>156,845</u>
Trade and other payables	9	-	25,920
Deferred income	12	22,072	14,862
Provisions	13	17,766	8,118
Interest-bearing loans and borrowings	14	164,787	191,903
Total non-current liabilities		<u>204,625</u>	<u>240,803</u>
Total liabilities		<u><u>457,745</u></u>	<u><u>397,648</u></u>
Net assets		<u><u>200,962</u></u>	<u><u>230,449</u></u>
Equity			
Member Contributions		-	21
Retained earnings	15	192,388	223,377
Total equity attributable to equity holders of the Company		<u>192,388</u>	<u>223,398</u>
Non-controlling interest	15	8,574	7,051
Total equity		<u><u>200,962</u></u>	<u><u>230,449</u></u>

The Statement of Financial Position is to be read in conjunction with the notes to the financial statements set out on pages 14 to 37.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENT OF CHANGES IN EQUITY
AS AT 31 OCTOBER 2021**

	2021	2020
	\$'000	\$'000
Total equity at the beginning of the year	230,449	238,827
Total comprehensive loss for the year	(29,487)	(8,378)
Total equity at the end of the year	<u>200,962</u>	<u>230,449</u>
Equity attributable to:		
Owners of the Company	192,388	223,398
Non-controlling interests	8,574	7,051
Total equity at the end of the year	<u>200,962</u>	<u>230,449</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 14 to 37.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2021**

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		878,188	704,309
Cash payments in the course of operations		<u>(738,286)</u>	<u>(642,591)</u>
Net cash from operating activities	16(b)	<u>139,902</u>	<u>61,718</u>
Cash flows from investing activities			
Interest received		1,256	2,450
Payments for property, plant and equipment		<u>(27,346)</u>	<u>(21,954)</u>
Net cash used in investing activities		<u>(26,090)</u>	<u>(19,504)</u>
Cash flows from financing activities			
Interest paid		(10,244)	(21,548)
Drawdown of external borrowings		90,000	18,090
Repayments of external borrowings		(116,800)	-
Payment of lease liabilities		<u>(7,338)</u>	<u>(8)</u>
Net cash used in financing activities		<u>(44,382)</u>	<u>(3,466)</u>
Net increase in cash and cash equivalents		69,430	38,748
Cash and cash equivalents at the beginning of the financial year		<u>223,469</u>	<u>184,721</u>
Cash and cash equivalents at the end of the financial year	16(a)	<u><u>292,899</u></u>	<u><u>223,469</u></u>

The Statement of Cash Flows is to be read in conjunction with the notes to the financial statements set out on pages 14 to 37.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

1. Statement of significant accounting policies

The Australian Football League (“the Company”) is a not-for-profit company domiciled in Australia and is a company limited by guarantee. The consolidated financial report of the Company for the financial year ended 31 October 2021 comprises the Company and its subsidiaries (together referred to as the “Consolidated Entity”).

The nature of the operations and principal activities of the Consolidated Entity are described in the Directors’ report.

2. Basis of preparation

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The financial report was authorised for issue by the Directors on 7th February 2022.

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

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191* and in accordance with that Instrument, amounts in the financial report and Directors’ report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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

The financial report has been prepared on an accruals basis.

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

These accounting policies have been consistently applied by each entity in the Consolidated Entity and are consistent with those of the previous year.

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (“AASB”) that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

3. Revenue

	2021 \$'000	2020 \$'000
Revenue from operating activities		
Broadcasting and AFL media	366,647	352,670
Commercial operations	252,036	194,481
Football operations	15,041	15,793
Game development	35,121	22,282
Other revenue	43,945	39,826
Revenue from JobKeeper Payment scheme	9,347	33,764
Contra advertising revenue	16,000	16,000
	<u>738,137</u>	<u>674,816</u>

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

Trading Operations

Sales Revenue

Sales revenue comprises revenue earned (net of returns, discounts and allowances) for the provision of products or services to entities outside the economic entity. Sales revenue is recognised based on the consideration specified in a contract with a customer. The Consolidated Entity recognises revenue when it transfers control over a good or service to a customer.

Sale of non-current assets

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

Government grants

The Consolidated Entity assesses each grant agreement as to whether it is a donation and falls under the scope of AASB 1058 *Income of Not-for-Profit Entities* or is a contract with a customer under AASB 1058.

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

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

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

4. Expenses from operating activities

	2021	2020
	\$'000	\$'000
(a) Expenses from operating activities		
<u>Operating expenditure</u>		
Broadcasting and AFL media	25,811	20,009
Commercial operations	86,208	63,612
Football operations (i)	64,517	109,023
Game development	46,872	25,234
Finance and administration	84,293	96,775
Strategy and marketing expenditure	25,811	25,077
Shared services expenditure	10,972	10,620
Expenses from JobKeeper Payment scheme	9,347	30,588
Other expenditure	12,294	12,119
<u>Distributions</u>		
Distributions to AFL clubs	300,990	230,803
Distributions to the AFLPA	60,156	18,902
Elite facilities and stadia	16,131	9,101
Development grants	6,087	6,730
Community facilities	6,896	2,818
Donations	933	2,106
	757,318	663,517

- (i) In 2020, the AFL covered the costs for moving teams into High Performance Centres, largely comprising Club travel (flights and accommodation). Similar costs were covered in 2021 where clubs were temporarily relocated due to state border restrictions. Further to this, the AFL covered the majority of match day costs for the 2020 Home & Away season. In 2021 match day arrangements reverted to existing stadium agreements whereby clubs would incur related costs.

(b) Profit from operating activities before income tax has been arrived at after charging the following items:

Bad and doubtful debts	(258)	3,196
Depreciation of leasehold improvements	449	462
Depreciation of property, plant and equipment	28,067	35,226
Amortisation of intangibles	4,970	4,842
Operating lease rental expense	2,555	1,585

Grants and distributions to clubs

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

Goods and services tax

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

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

5. Net financing expenses

	2021	2020
	\$'000	\$'000
Interest income	1,256	2,450
Interest expenses	<u>(10,244)</u>	<u>(21,548)</u>
	<u>(8,988)</u>	<u>(19,098)</u>

Interest revenue

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

Interest expenses

Interest expenses include interest and loan establishment costs, as well as interest incurred on operating leases. Interest is expensed as incurred.

6. Personnel expenses

Wages and salaries	84,708	59,910
Payments to employees through JobKeeper Payment scheme	9,347	30,588
Superannuation expense	7,949	6,790
Annual leave expense	2,439	539
Long service leave expense	270	1,287
	<u>104,713</u>	<u>99,114</u>

In 2020, all AFL employees were either stood down or worked reduced hours in response to the COVID-19 pandemic. For the majority of the 2021 financial year, AFL employees were returned to normal hours.

Payments to employees through JobKeeper Payment scheme

The Consolidated Entity qualified for and complied with the conditions to receive JobKeeper wage subsidy grants from the Federal Government through to March 2021. Payments to employees through Jobkeeper Payment scheme have been presented in a separate line above. During 2021 the Consolidated Entity has recognised \$9.3 million in revenue (2020: \$33.8 million) and \$9.3 million in expenses (2020: \$30.6 million). The JobKeeper subsidy was largely used to cover the salaries of staff who had their ordinary hours reduced or were placed on stand down.

Superannuation Fund

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

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

7. Taxation

	2021	2020
	\$'000	\$'000
Prima facie income tax (benefit) calculated at 30% on the loss from activities	(8,450)	(2,338)
Exemption from income tax	9,768	2,917
Income tax expense relating to operating activities	1,318	579

Deferred tax assets of \$77.0 million at 31 October 2021 (2020: \$74.4 million) have not been recognised in respect of tax losses accumulated within the AFL Stadia Pty Ltd tax-consolidated group because it is not probable that future taxable profit will be available against which the AFL Stadia Pty Ltd tax-consolidated group can use the benefits therefrom.

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

AFL Stadia Pty Ltd, a fully owned subsidiary, is subject to income tax based on the applicable income tax rate for Australia, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. AFL Stadia Pty Ltd is the parent entity of the tax-consolidated group. The tax sharing agreement entered requires each company to make contributions to the head of the tax-consolidated group for tax liabilities and deferred tax balances arising from transactions occurring after the implementation of tax consolidation excluding intercompany dividends. The contributions are calculated as a percentage of the tax-consolidated group's current tax liability.

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

Sports Wagering Integrity Management, a joint venture, is subject to income tax based on the applicable income tax rate for Australia, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on business plans for individual subsidiaries in the tax-consolidated group and the reversal of temporary differences. Deferred tax assets are reviewed at each reporting date.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

8. Trade and other receivables

	2021	2020
	\$'000	\$'000
Current		
Trade and other receivables	46,473	74,756
Receivables due from AFL clubs (i)	286	6,518
	46,759	81,274
Less: provision for doubtful debts	(420)	(4,379)
	46,339	76,895
Non-current		
Loans due from AFL clubs (i)	28,567	30,115

- (i) Receivables from AFL clubs are presented net of amounts owing to AFL clubs. The amount owing to AFL clubs was \$2.8 million (2020: \$7.3 million).

Receivables

Trade and other receivables are stated at their amortised cost less impairment loss. The ability to collect debts is assessed at reporting date and specific provision is made for any doubtful accounts. Where amounts owing are due over more than one year these amounts are discounted to their present value.

On initial recognition of trade and other receivables an assessment of lifetime expected credit losses is performed based on historical credit loss experience adjusted for forward-looking factors specific to the debtors and the economic environment. Amounts are then provided for where required with the impairment charge recognised in profit or loss. These lifetime expected credit losses are then assessed on an ongoing basis. Balances are written off when the AFL has stopped pursuing the recovery. If the amount to be written off is greater than the amount provided for, the difference will first be treated as an increase in the provision that is applied against the gross carrying amount. Any subsequent recoveries are credited to profit or loss. The receivables that were written off during the reporting period were insignificant, and therefore there has been no change to the provision for expected credit losses associated with trade and other receivables.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

9. Trade and other payables

	2021	2020
	\$'000	\$'000
Current		
Trade payables	108,411	61,138
Other payables	10,438	7,712
State of Origin for Bushfire Relief	2,878	3,405
Carrying amount at end of year	121,727	72,255
Non-current		
Other payables	-	25,920

Payables

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

Goods and services tax

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

State of Origin for Bushfire Relief

The Company in February 2020 raised \$6.4 million for Bushfire Relief through a combination of the State of Origin double header event and contributions from the AFL, AFL clubs and the AFL Players Association. These funds are distributed exclusively to community football clubs and leagues in bushfire affected areas. The Company has distributed \$3.6 million to 31 October 2021.

10. Financial instruments, fair values and risk management

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

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

Recognition, initial measurement and derecognition

Financial assets and liabilities are recognised when the Consolidated Entity becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

10. Financial instruments, fair values and risk management (continued)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- They are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Consolidated Entity's cash and cash equivalents, trade and other receivables fall into this category of financial instrument that were previously classified as loans and receivables under AASB 139.

On initial recognition of an equity investment that is not held for trading, the Consolidated Entity may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Consolidated Entity may irrevocably designate a financial asset that otherwise meets the requirements to be at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Classification and measurement of financial liabilities

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Consolidated Entity designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within interest expenses or interest income.

Interest rate risk

The Consolidated Entity's major financial assets are short term deposits set on a floating interest rate basis and non-interest-bearing receivables. The Consolidated Entity's major financial liabilities are long-term bank debt. The Consolidated Entity uses Interest Rate Swaps to manage its interest rate risks on these facilities. Such derivative financial instruments are initially recognised at fair value on the date in which the contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and financial liabilities when the fair value is negative.

Cash flow sensitivity analysis for variable rate financial assets

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

	2021	2020
	\$'000	\$'000
Floating rate instruments		
Financial assets	292,886	223,469
Financial liabilities	(170,003)	(199,155)
Net financial assets	122,883	24,314

An increase/(decrease) of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the Consolidated Entity by \$1.2 million (2020: \$0.2 million).

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

10. Financial instruments, fair values and risk management (continued)

Credit risk

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The credit risk on financial assets of the Consolidated Entity which have been recognised on the statement of financial position is the carrying amount net of any provision for doubtful debts.

The majority of the Consolidated Entity's credit exposures are to AFL clubs, its subsidiaries and corporate partners. The Consolidated Entity monitors these exposures on a regular basis to assess recoverability of amounts owing. For receivables with a remaining life of less than one year, the notional amount is deemed to reflect the fair value.

As at 31 October 2021, \$8.6 million of the Consolidated Entity's trade and other receivables are past due (2020: \$18.8 million). The AFL Commission have assessed the recoverability of past due receivables and are satisfied as to the collectability of these amounts. The ageing of trade receivables at reporting date is:

	2021 \$'000	2021 \$'000	2020 \$'000	2020 \$'000
	Gross	Impairment	Gross	Impairment
Current	38,181	-	62,511	-
Past due 31-60 days	1,761	-	4,176	(91)
Past due 61-90 days	1,253	-	5,087	-
Past due 91 + days	5,564	(420)	9,500	(4,288)
	<u>46,759</u>	<u>(420)</u>	<u>81,274</u>	<u>(4,379)</u>

The carrying amount of the Consolidated Entity's financial assets represent the maximum credit exposure. The Consolidated Entity's maximum exposure to credit risk at the reporting date was:

	2021 \$'000	2020 \$'000
Total cash and cash equivalents (including restricted cash)	292,899	223,469
Trade and other receivables	46,339	76,895
Loans due from AFL Clubs	<u>28,567</u>	<u>30,115</u>
	<u>367,805</u>	<u>330,479</u>

The Consolidated Entity's policy is to provide financial guarantees on behalf of AFL clubs and AFL Affiliated associates.

Liquidity risk

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

The Consolidated Entity also monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 October 2021 the cash outflows from trade and other payables due within 60 days were \$48.7 million (2020: \$68.9 million). In addition, the Consolidated Entity maintains a revolving multi-option facility of up to \$20 million that can be drawn down to meet short term financing needs. Interest would be payable at a market rate. As at 31 October 2021 the facility is undrawn.

Foreign exchange risk

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

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

11. Property, plant and equipment and intangible assets

	2021 \$'000	2020 \$'000
<i>Property, plant and equipment</i>		
AFL House – Docklands at cost	8,507	8,507
Less accumulated depreciation	(5,566)	(2,796)
	<u>2,941</u>	<u>5,711</u>
Furniture and fittings at cost	3,268	4,259
Less accumulated depreciation	(3,241)	(4,173)
	<u>27</u>	<u>86</u>
IT equipment at cost	24,716	23,400
Less accumulated depreciation	(18,771)	(20,830)
	<u>5,945</u>	<u>2,570</u>
Leasehold improvements at cost	20,764	36,997
Less accumulated depreciation	(18,496)	(34,251)
	<u>2,268</u>	<u>2,746</u>
Paintings at cost	415	415
Stadium redevelopment in progress	27,885	14,370
Plant and equipment at cost	28,933	31,009
Less accumulated depreciation	(24,593)	(24,023)
	<u>4,340</u>	<u>6,986</u>
Motor vehicles at cost	861	841
Less accumulated depreciation	(678)	(702)
	<u>183</u>	<u>139</u>
Marvel Stadium at cost	253,899	251,935
Less accumulated depreciation	(114,915)	(98,671)
	<u>138,984</u>	<u>153,264</u>
Right of use assets	77,040	81,872
Less accumulated depreciation	(1,975)	(2,009)
	<u>75,065</u>	<u>79,863</u>
	<u>258,053</u>	<u>266,150</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

11. Property, plant and equipment and intangible assets (continued)

<i>Intangible assets</i>	2021 \$'000	2020 \$'000
Medallion Club licenses		
Carrying amount at beginning of year	19,010	23,443
Cost of licenses sold	(4,689)	(4,433)
Carrying amount at end of year	<u>14,321</u>	<u>19,010</u>
Stadium supplier relationships		
Carrying amount at beginning of year	1,410	1,819
Amortisation	(281)	(409)
Carrying amount at end of year	<u>1,129</u>	<u>1,410</u>
	<u>15,450</u>	<u>20,420</u>
 Property, plant and equipment reconciliations		
Reconciliations of the carrying amounts for each class of property, plant and equipment are set out below:		
AFL House - Docklands		
Carrying amount at beginning of year	5,711	4,470
Additions	64	490
Reclassifications	-	3,484
Depreciation	(2,834)	(2,733)
Carrying amount at end of year	<u>2,941</u>	<u>5,711</u>
Furniture and fittings		
Carrying amount at beginning of year	86	3,797
Additions	138	23
Reclassifications	(54)	(3,541)
Depreciation	(74)	(193)
Disposals	(69)	-
Carrying amount at end of year	<u>27</u>	<u>86</u>
IT equipment		
Carrying amount at beginning of year	2,570	1,960
Additions	5,407	614
Reclassifications	-	2,763
Depreciation	(1,253)	(2,767)
Disposals	(779)	-
Carrying amount at end of year	<u>5,945</u>	<u>2,570</u>
Leasehold improvements		
Carrying amount at beginning of year	2,746	3,164
Additions	-	44
Reclassifications	(29)	-
Depreciation	(449)	(462)
Carrying amount at end of year	<u>2,268</u>	<u>2,746</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

11. Property, plant and equipment and intangible assets (continued)

Property, plant and equipment reconciliations (continued)

	2021 \$'000	2020 \$'000
Paintings		
Carrying amount at beginning of year	415	415
Stadium redevelopment in progress		
Carrying amount at beginning of year	14,370	-
Additions	13,515	14,370
Carrying amount at end of year	<u>27,885</u>	<u>14,370</u>
Plant and equipment		
Carrying amount at beginning of year	6,986	7,592
Additions	1,249	3,269
Reclassifications	-	1,308
Disposals	(3,257)	(3,074)
Depreciation	(638)	(2,109)
Carrying amount at end of year	<u>4,340</u>	<u>6,986</u>
Motor vehicles		
Carrying amount at beginning of year	139	120
Additions	-	92
Reclassifications	84	-
Depreciation	(40)	(73)
Carrying amount at end of year	<u>183</u>	<u>139</u>
Marvel Stadium		
Carrying amount at beginning of year	153,264	179,561
Additions	6,973	3,052
Reclassifications	-	(4,007)
Depreciation	(21,253)	(25,342)
Carrying amount at end of year	<u>138,984</u>	<u>153,264</u>
Right of use asset		
Carrying amount at beginning of year	79,863	-
Initial measurement	-	76,330
Modification of lease	(2,823)	5,542
Depreciation	(1,975)	(2,009)
Carrying amount at end of year	<u>75,065</u>	<u>79,863</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

11. Property, plant and equipment and intangible assets (continued)

Acquisition of assets

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

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

Owned assets

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and impairment losses.

Leased assets

Leases of property, plant and equipment under which the Company or its controlled entities assume substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating. Refer to Note 25 for the impact of Lease accounting on Financial Statements.

Depreciation

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

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

	2021	2020
Buildings	2.5%	2.5%
Furniture and fittings	10%	10%
IT equipment	33%	33%
Leasehold improvement	2.5%	2.5%
Paintings	0%	0%
Plant and equipment	10%	10%
Motor vehicles	20%	20%
Marvel Stadium	2.5% - 33%	2.5% - 33%
Right of use asset	Lease term	Lease term

Goodwill

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

Stadium-related rights

Stadium-related rights relating to Marvel Stadium, including Medallion Club licences, Marvel Stadium naming rights and supplier relationships that are acquired by the Consolidated Entity and have finite useful lives are measured at fair value less accumulated amortisation and any accumulated impairment losses.

Stadium-related rights are expensed/amortised as follows:

- Each Medallion Club licence is expensed over a period of nine years.
- Supplier relationships are amortised over the term of the sub-lease of nine years.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

12. Deferred income

	2021	2020
	\$'000	\$'000
Current		
Stadium redevelopment funding (i)	40,523	10,963
Other deferred income (ii)	58,092	42,337
	98,615	53,300
Non-current		
Other deferred income (ii)	22,072	14,862

- (i) The Company announced in April 2018 it had reached an agreement with the Victorian Government to invest \$225 million into redeveloping Marvel Stadium and the surrounding precinct. The Victorian Government has paid \$68.4 million to the Company to date and \$27.9 million of expense has been incurred.
- (ii) The Consolidated Entity and the Company receives a number of government grants as contributions towards the promotion and development of sporting programs and facilities across Australia. These grants have varying conditions to fulfil and are initially recognised as deferred income when received and are then recognised as other revenue on a stage of completion basis. Melbourne Stadiums Limited has also received revenue in advance from commercial arrangements.

13. Provisions

Current		
Employee benefits	12,368	11,268
Facilities development	15,053	6,036
Other	141	-
	27,562	17,304
Non-current		
Employee benefits	3,800	1,977
Facilities development	13,966	6,141
	17,766	8,118

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

Wages, Salaries and Annual Leave

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, calculated at undiscounted amounts based on remuneration wage and salary rates that the Consolidated Entity expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Long Service Leave

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

Facilities development provisions

Facilities development provisions are recognised in the statement of financial position where the Consolidated Entity commits to contributing to a facility redevelopment for Elite and Community clubs.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

14. Interest-bearing borrowings

	2021	2020
	\$'000	\$'000
Current		
Lease liability	5,216	7,252
Non-current		
Lease liability	74,290	78,103
External loans and borrowings	90,497	113,800
	164,787	191,903

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

15. Retained earnings

Retained earnings at the beginning of year attributable to owners of the Company	223,377	172,088
Member interest transfer	21	-
Transfer to capital reserve	-	60,000
Net profit for the year attributable to the owners of the Company	(31,010)	(8,711)
Retained earnings at end of year attributable to owners of the Company	192,388	223,377
Retained earnings at beginning of year attributable to non-controlling interest	7,051	6,718
Net profit for the year attributable to non-controlling interest	1,523	333
Retained earnings at end of year attributable to non-controlling interest	8,574	7,051
Total retained earnings at the end of the year	200,962	230,428

The Company is a company limited by guarantee to the extent of \$0.10 for each member. As at 31 October 2021, there were 318 members (including 300 life members). The Constitution prevents the distribution of retained profits or payment of dividends to members.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

16. Cash and cash equivalents

	2021	2020
	\$'000	\$'000
(a) Reconciliation of cash		
Cash at bank	47,454	32,297
Cash on deposit	201,859	176,804
Total available cash (i)	249,313	209,101
Restricted cash (ii)	43,586	14,368
Total cash	292,899	223,469

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

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities are classified as operating cash flows.

- (ii) The Consolidated Entity has received \$68.4 million from the Victorian Government as at 31 October 2021 as part of the redevelopment of Marvel Stadium and the surrounding precinct. These funds are held in a separate interest-bearing bank account until expended in accordance with the Funding deed.

(b) Reconciliation of profit from operating activities after income tax to net cash provided by operating activities

Profit / (loss) from operating income activities after income tax	(29,487)	(8,378)
Add/(less) items classified as investing/financing activities:		
Interest paid	10,244	21,548
Interest received	(1,256)	(2,450)
Adjustments for:		
Loss on sale of non-current assets	4,105	3,074
Payment of leases	7,810	-
Depreciation and amortisation	33,486	40,530
Bad debts (written off) / provided for	(3,961)	3,549
Movement in fair value of derivatives	(6,734)	2,590
 Net cash provided by operating activities before change in assets and liabilities	 14,207	 60,463
 Change in assets and liabilities:		
(Increase) / decrease in prepayments and other assets	(6,351)	569
(Increase) / decrease in trade debtors	34,515	(32,642)
(Increase) / decrease in other debtors	1,548	(13,107)
Increase in deferred income	52,525	23,968
Increase in payables	23,552	19,786
Increase / (decrease) in provisions	19,906	(744)
Net cash from operating activities	139,902	61,718

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

17. Related parties

Directors

The names of each person holding the position of Director of the Company during the year are Mr R J Goyder AO, Mr G A McLachlan, Mr P M Bassat, Mr K L Williams AM, Mr J A Ball, Ms S L Wilkie AO, Mr P A Newbold, Ms G M Trainor AO, Mr R M Bishop and Prof H M Milroy.

The names of each person holding the position of Executive Officer of the Company during the year are Mr G A McLachlan, Mr A J Dillon, Mr T J Auld, Ms T L Hosch, Mr W J Lee, Ms S E Fair, Mr S J Hocking, Ms K S Rogers and Mr B F Walsh.

Details of Directors' and Executive Officers' remuneration are set out in Note 19.

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

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

Other transactions with the Company or its controlled entities

The Consolidated Entity provided a grant of \$411,500 to AFL SportsReady (2020: \$587,826), an organisation that Ms S L Wilkie AO, a Director of the Company, has an interest as a Director. This grant has been in operation since 1994.

The Consolidated Entity engaged CyberCX Pty Ltd to provide cyber security services totalling \$4,499,362 (2020: Nil), an organisation that Mr R M Bishop, a Director of the Company, has an interest as a Director.

During the year the Company received rent and commercial revenue totalling \$10.7 million from the Marvel Stadium group of companies, being AFL Stadia Pty Ltd, AFL Stadia (Docklands) Pty Ltd, AFL Developments Pty Ltd, Stadium Operations Limited, Melbourne Stadiums Limited and Medallion Club (Melbourne) Pty Ltd (2020: \$12.0 million). The Company also spent \$3.0 million on capital expenditure for the Marvel Stadium group of companies (2020: \$10.1 million).

During the year the Company provided grants totalling \$21.5 million to controlled state entities (2020: \$27.6 million).

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

18. Parent entity disclosures

As at, and throughout, the financial year ended 31 October 2021 the parent entity of the Consolidated Entity was Australian Football League.

	2021 \$'000	2020 \$'000
<i>Result of the parent entity</i>		
Revenue for the period	655,217	599,755
Net financing expense	(3,611)	(14,377)
Expenses from operating activities	<u>(655,355)</u>	<u>(562,439)</u>
Profit/ (loss) for the period	(3,749)	22,939
Other comprehensive income	-	-
Total comprehensive income / (loss)	<u><u>(3,749)</u></u>	<u><u>22,939</u></u>
 <i>Financial position of the parent entity at year end</i>		
Current assets	<u>304,389</u>	<u>259,355</u>
Total assets	<u>671,695</u>	<u>635,397</u>
Current liabilities	<u>206,662</u>	<u>113,869</u>
Total liabilities	<u>396,599</u>	<u>356,531</u>
 <i>Total equity of the parent entity</i>		
Retained earnings	275,136	278,866

Parent entity contingent liabilities

Refer to Note 23 for a full list of contingent liabilities held by the parent entity.

19. Directors' and Executive Officers' remuneration

Details of the nature and amount of each major element of remuneration of the Directors of the Company and the Company Executives is as follows:

Directors and Executive Officers' remuneration	2021 \$'000	2020 \$'000
Short-term employee benefits	9,598	6,853
Post-employment benefits	203	248
	<u>9,801</u>	<u>7,101</u>

The remuneration for Executive and Directors were reviewed as part of the AFL's response to the ongoing COVID-19 pandemic; 2021 Executive and Director remuneration remains below pre-COVID levels. Non-executive directors of the Company did not receive a fee in 2021.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

20. Deed of Cross Guarantee

Pursuant to *ASIC Corporations (Wholly owned Companies) Instrument 2016/785*, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgements of financial reports, and Directors' reports.

It is a condition of the Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

The subsidiaries subject to the Deed are:

- AFL Stadia Pty Ltd
- AFL Stadia (Docklands) Pty Ltd
- AFL Developments Pty Ltd
- Stadium Operations Limited
- Melbourne Stadiums Limited
- Medallion Club (Melbourne) Pty Ltd

The above companies represent a 'closed group' for the purposes of the Instrument, and as there are no other parties to the Deed of Cross Guarantee that are controlled by the Company, they also represent the 'extended closed group'.

These entities became a party to the Deed on 24 May 2021, by virtue of a Deed of Assumption. A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, for the year ended 31 October 2021 is set out as follows:

Statement of profit or loss and other comprehensive income

	2021
	\$'000
Revenue	663,901
Net financing income/(expense)	(8,898)
Expenses from operating activities	<u>(687,867)</u>
Profit/ (loss) from operating activities before related income tax expense	(32,864)
Income tax relating to operating activities	<u>-</u>
Profit/ (loss) for the year	<u>(32,864)</u>
Other comprehensive income/ (loss) for the year	-
Total comprehensive income/ (loss)	<u><u>(32,864)</u></u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

20. Deed of Cross Guarantee (continued)

Statement of financial position

	2021 \$'000
Assets	
Cash and cash equivalents	231,988
Restricted cash	43,586
Trade and other receivables	38,066
Other assets	10,108
Total current assets	<u>323,748</u>
Non-current assets	
Trade and other receivables	28,567
Property, plant and equipment	253,699
Intangible assets	15,450
Other assets	7,050
Total non-current assets	<u>304,766</u>
Total assets	<u>628,514</u>
Liabilities	
Trade and other payables	114,547
Deferred income	96,158
Interest-bearing loans and borrowings	5,134
Provisions	25,206
Total current liabilities	<u>241,045</u>
Non-current liabilities	
Deferred income	22,072
Interest-bearing loans and borrowings	174,456
Provisions	15,602
Total non-current liabilities	<u>212,130</u>
Total liabilities	<u>453,175</u>
Net assets	<u>175,339</u>
Equity	
Retained earnings	175,339
Total equity attributable to equity holders of the Company	<u>175,339</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

21. Consolidated entities ⁽¹⁾

	2021	2020
	%	%
<u>Parent entity</u>		
Australian Football League ⁽²⁾	100	100
<u>Subsidiaries</u>		
AFL (NSW/ACT) Commission Limited	100	100
AFL Queensland Limited	100	100
AFL Northern Territory Limited	100	100
AFL Cape York Limited	100	100
AFL Greater Sydney Juniors Inc.	100	100
Australian Football League (Victoria) Limited	100	100
Football Tasmania Limited	100	100
Champion Data Pty Ltd ⁽³⁾	49	49
AFL Stadia Pty Ltd ⁽⁴⁾	100	100
AFL Stadia (Docklands) Pty Ltd	100	100
AFL Developments Pty Ltd	100	100
Stadium Operations Limited	100	100
Melbourne Stadiums Limited	100	100
Medallion Club (Melbourne) Pty Ltd	100	100
TD Goal Pty Ltd	100	100
TD Goal Properties Pty Ltd	100	100
TD Goal Stadiums Pty Ltd	100	100
Southern Retail Unit Trust No. 1	100	100
<u>Joint ventures</u>		
Sports Wagering Integrity Management Pty Ltd ⁽⁵⁾	50	50

(1) All incorporated in Australia.

(2) A company limited by guarantee. Registered office: AFL House, 140 Harbour Esplanade, Docklands, Victoria, 3008.

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

(4) AFL Stadia Pty Ltd was formed as part of the acquisition of Stadium Operations Limited on 2 November 2016. AFL Stadia Pty Ltd acts as the head of the Tax Consolidated Group that owns Stadium Operations Limited. AFL Stadia Pty Ltd acts as the parent entity to the entities listed below it in the above table.

(5) Sports Wagering Integrity Management Pty Ltd was formed as a joint venture with Racing Victoria Limited on 25 July 2018.

22. Auditor's remuneration

Audit services	2021	2020
	\$	\$
Audit and review of financial reports		
KPMG Australia	266,000	309,000
Taxation, legal and other services		
KPMG Australia	189,804	207,397

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021**

23. Contingent liabilities

The Company has entered into an agreement with the AFL Players' Association Inc. for a period of six years commencing on 1 November 2016 whereby the Company has an obligation to assume liability for all amounts due to players of a club where the club has lost its licence to compete in the AFL Competition and is suspended from or loses its right to representation in the League. The amounts payable in these circumstances will be offset by any amounts payable to the players in respect of future employment as a player.

Bank Guarantees

The Company has entered into a number of agreements with banks, whereby the Company guarantees the financial obligations of AFL clubs. As at 31 October 2021, the Company has provided guarantees as follows:

Borrower	Bank	Amount	Expiry
Essendon Football Club	NAB	\$4.0 million	30 November 2022
Port Adelaide Football Club	Bank SA	\$5.0 million	6 December 2022
GCFC Limited	NAB	\$1.19 million	30 April 2022
Western Sydney Football Club Limited	NAB	\$1.53 million	30 April 2022
Sydney Swans Limited	NAB	\$1.705 million	30 April 2022
Carlton Football Club	Westpac	\$5.0 million	31 January 2023
Melbourne Football Club	Westpac	\$3.5 million	31 January 2023
North Melbourne Football Club	Westpac	\$3.0 million	31 January 2023
St Kilda Football Club	Westpac	\$6.75 million	31 January 2023
Footscray Football Club	Westpac	\$4.55 million	31 January 2023
Brisbane Bears-Fitzroy Football Club	Westpac	\$8.0 million	31 January 2023

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

24. Events subsequent to balance date

The Directors note that the impacts of COVID-19 are ongoing. The risk of further outbreaks, new strains and Government restrictions may have a significant impact on the 2022 financial year as it did in 2020 and 2021.

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

25. Other significant accounting policies

Economic dependency

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

Impairment

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

Business combinations

The Company accounts for business combinations using the acquisition method when control is transferred. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or goodwill that arises upon the acquisition of business combinations is included in intangible assets. Goodwill is measured as the fair value of the consideration transferred plus the net recognised amount at fair value of the identifiable assets acquired and the liabilities assumed.

Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2021

25. Other significant accounting policies (continued)

Leases

The Consolidated Entity recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term. The lease liability is subsequently measured at amortised cost using the effective interest rate method. The nature of expenses related to these leases will now change because the Consolidated Entity will recognise an amortisation charge for the right-of-use asset and interest expense on lease liabilities.

Right-of-use assets

Right-of-use assets are presented as property, plant and equipment (see Note 11).

	2021 \$'000
Balance at 1 November 2020	79,863
Lease modification at 31 October 2021	(2,823)
Depreciation	(1,975)
	<u>75,065</u>

Lease liabilities

Lease liabilities are presented as interest-bearing liabilities (see Note 14).

Maturity analysis – undiscounted cash flows

Less than one year	8,250
One to five years	33,003
More than five years	69,225
Total undiscounted lease liabilities at 31 October 2021	<u>110,478</u>
Lease liabilities included in the Statement of Financial Position at 31 October 2021	<u>79,506</u>

Amounts recognised in profit & loss

Interest on lease liabilities	3,757
Depreciation charge on right-of-use asset	1,975
	<u>5,732</u>

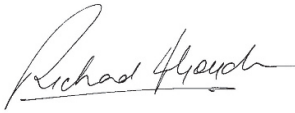
AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Australian Football League:
 - (a) The Consolidated Entity's financial statements and notes, set out on pages 10 to 37 are drawn up in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Company's and Consolidated Entity's financial position as at 31 October 2021 and of their performance, for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - (b) there are reasonable grounds to believe that the Company and the Consolidated Entities will be able to pay its debts as and when they become due and payable;
 - (c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 20 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 20.

Dated at Melbourne this 7th day of February 2022.

Signed in accordance with a resolution of the Directors:



Mr R J Goyder, AO

Chairman



Mr G A McLachlan

Director



Independent Auditor's Report

To the members of Australian Football League

Opinion

We have audited the **Financial Report** of the Australian Football League (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the **Group** financial position as at 31 October 2021 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Consolidated statement of financial position as at 31 October 2021
- Consolidated statement of profit or loss and other comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended
- Notes including a summary of significant accounting policies
- Directors' Declaration.

The **Group** consists of the Company and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

Other Information is financial and non-financial information in the Australian Football League's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.



In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
- assessing the Group and Company ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our Auditor's Report.

KPMG

Dean Waters
Partner
Melbourne
7 February 2022