

Form 388

Corporations Act 2001

294, 295, 298-300, 307, 308, 319, 321, 322

Corporations Regulations

1.0.08

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

31-10-2022

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

17-03-2023

For more help or information

Web

www.asic.gov.au

Ask a question?

www.asic.gov.au/question

Telephone

1300 300 630

**AUSTRALIAN FOOTBALL LEAGUE
AND ITS CONTROLLED ENTITIES**

ANNUAL FINANCIAL REPORT

31 OCTOBER 2022

CONTENTS

Directors' Report	3
Lead Auditor's Independence Declaration	9
Statement of Profit and Loss and Other Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Statement of Cash Flows	13
Notes to the Financial Statements	14
Directors' Declaration	38
Auditor's Report	39

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 2022 and the auditor's report thereon.

Directors

The Directors of the Company for 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

Ms S L Wilkie, AO	<p>Non-Executive Commissioner – Appointed 25th March 2015</p> <p>Member of Remuneration Committee</p> <p>Member of Community Relief Fund Governance Committee</p> <p>Member, AFL Competition Committee</p> <p>Chair, AFLW Competition Committee</p>
Qualifications:	<p>Bachelor of Human Resource Management (University of New England)</p> <p>Graduate Diploma of Telecommunications Systems Management (Swinburne University of Technology)</p> <p>Graduate Diploma of Strategic Studies (Deakin University)</p> <p>Master of Defence Studies (University of Canberra)</p> <p>Advanced Management Program (Harvard Business School)</p>
Experience:	<p>35 years service in the Army</p> <p>Director, AFL SportsReady</p> <p>Member of the Defence Honours and Awards Tribunal</p> <p>Director, The Beaufort Group</p> <p>Senior Advisor, Boston Consulting Group</p>
Mr P A Newbold	<p>Non-Executive Commissioner – Appointed 17th March 2016</p> <p>Chairman of Audit and Risk Committee</p>
Qualifications	<p>Bachelor of Laws (Monash University)</p> <p>Bachelor of Economics (Monash University)</p>
Experience	<p>Chairman, Golf Australia Limited</p> <p>Director, Supra Capital Limited</p> <p>Chairman, Althea Group Holdings Limited</p> <p>President, Hawthorn Football Club 2012-2016</p> <p>Life Member, Hawthorn Football Club</p>
Ms G M Trainor, AO	<p>Non-Executive Commissioner – Appointed 17th March 2016</p> <p>Member of Audit and Risk Committee</p>
Qualifications:	<p>Bachelor of Laws (The University of Melbourne)</p> <p>Master of Arts in Cultural & Creative Practice (Western Sydney University)</p> <p>Fellow, Australian Institute of Company Directors</p>
Experience:	<p>Board Member, Major Transport Infrastructure Authority (VIC)</p> <p>Director, Built</p> <p>Member Advisory Board, Gadens</p> <p>Director, WAM Global Ltd</p> <p>Director, Western Parkland City Authority</p> <p>Member, ACT City Renewal Authority</p> <p>Chair, Construction Industry Culture Taskforce</p> <p>Member, Advisory Board, Sydney Review of Books</p> <p>Member, National Sports Tribunal Panel Selection Committee</p> <p>Trustee, The Charlie Perkins Trust</p> <p>Ambassador, Business Events Sydney</p> <p>Director, Western Sydney University Foundation</p> <p>Member, Dean's Advisory Board, School of Design, Architecture & Building, UTS</p> <p>Member, Executive Committee, Committee for Sydney</p>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

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, AM	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
Ms S L Wilkie, AO	7	8	-	-	1	1
Mr P A Newbold	5	8	3	3	-	-
Ms G M Trainor, AO	8	8	2	2	-	-
Mr R M Bishop	8	8	3	3	1	1
Prof H M Milroy	7	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 have been significantly impacted by the COVID-19 pandemic over a number of years. Season 6 of AFLW was completed with teams periodically on the road due to state border restrictions. The Consolidated Entity has since adapted its processes and was able to deliver its principal activities at elite and community levels across Australia with minimal interruptions. The Consolidated Entity remains committed to delivering its principal activities safely and working closely with State and Federal Governments as health guidelines continue to change.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Objectives

The Company's objective is to promote and encourage Australian Football throughout Australia and to a limited extent outside Australia.

Strategy and performance

The major strategic initiatives of the Company include:

- (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.

Review and results of operations

The Consolidated Entity recorded an underlying operating profit of \$20.7 million, compared with an underlying operating loss of \$46.1 million in 2021. The Consolidated Entity's statutory profit includes grant income from the Victorian State Government for the redevelopment of Marvel Stadium and the surrounding precinct.

	2022 \$'000	2021 \$'000
Underlying operating surplus/(loss)	20,714	(46,077)
Add back: profit from non-controlling interests	4,564	3,076
Add back: government grants for the redevelopment of Marvel Stadium	87,999	13,514
Statutory operating profit/(loss)	<u>113,277</u>	<u>(29,487)</u>

The result includes a profit of \$8.6 million by AFL Stadia Pty Ltd upon consolidation (2021: loss of \$13.2 million).

State of affairs

The impacts of the COVID-19 pandemic have been significant over multiple financial years. Impacts have been disclosed throughout this report and the consolidated financial statements. The Consolidated Entity has adjusted its processes in response to the COVID-19 pandemic and was able to deliver community football nationally, as well as the Men's elite 2022 season and Season 7 of the AFLW competition, with minimal interruptions. The Consolidated Entity continues to work closely with State and Federal Governments to monitor health guidelines.

The Consolidated Entity has also changed the timing of its AFLW Season. The latest season commenced in September 2022 and was completed in November 2022. The financial year included two AFLW Home & Away seasons as a result of the rescheduling.

In the opinion of the Directors there were no other significant changes in the state of affairs of the Consolidated Entity that occurred during the financial year.

The Directors have a reasonable expectation that the Consolidated Entity has adequate resources to adopt the going concern basis of accounting in preparing the financial statements.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

DIRECTORS' REPORT

Events subsequent to balance date

No matter has 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 significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely developments

At the time of preparation of this financial report the Directors are not aware of 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 18 and 20 of the annual financial report.

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

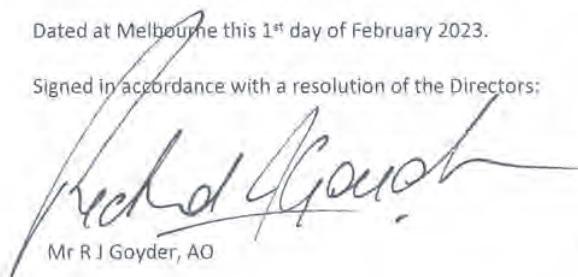
The Lead Auditor's Independence Declaration is set out on Page 9 and forms part of the Directors' report for the year ended 31 October 2022.

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 1st day of February 2023.

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 2022 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.

The KPMG logo, consisting of the letters 'KPMG' in a bold, blue, sans-serif font, with a stylized graphic of four vertical bars of increasing height to the left of the letters.

KPMG

A handwritten signature in blue ink, appearing to read 'Dean Waters', with a long horizontal stroke extending to the right.

Dean Waters
Partner
Melbourne
1 February 2023

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

STATEMENT OF PROFIT & LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2022

	Note	2022 \$'000	2021 \$'000
Revenue	3	944,370	738,137
Expenses from operating activities	4	(825,202)	(757,318)
Net financing expense	5	(3,973)	(8,988)
Profit/(loss) from operating activities before related income tax expense		115,195	(28,169)
Income tax expense relating to operating activities	7	(1,918)	(1,318)
Profit/(loss) for the year		113,277	(29,487)
Other comprehensive income for the year		-	-
Total comprehensive income/(loss) for the year		113,277	(29,487)
Profit/(loss) attributable to:			
Owners of the Company		110,949	(31,010)
Non-controlling interests		2,328	1,523
Profit/(loss) for the year		113,277	(29,487)
Total comprehensive income/(loss) attributable to:			
Owners of the Company		110,949	(31,010)
Non-controlling interests		2,328	1,523
Total comprehensive income/(loss) for the year		113,277	(29,487)

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 2022**

	Note	2022 \$'000	2021 \$'000
Assets			
Cash and cash equivalents	17(a)	178,214	249,313
Restricted cash	17(a)	77,918	43,586
Trade and other receivables	8	82,099	46,339
Other assets		7,494	10,343
Total current assets		<u>345,725</u>	<u>349,581</u>
Trade and other receivables	8	23,418	28,567
Property, plant and equipment	11	366,373	258,053
Intangible assets	11	11,822	15,450
Other assets		7,256	7,056
Total non-current assets		<u>408,869</u>	<u>309,126</u>
Total assets		<u><u>754,594</u></u>	<u><u>658,707</u></u>
Liabilities			
Trade and other payables	9	170,616	121,727
Deferred income	12	127,293	98,615
Provisions	13	29,759	27,562
Interest-bearing loans and borrowings	14	5,630	5,216
Total current liabilities		<u>333,298</u>	<u>253,120</u>
Deferred income	12	13,470	22,072
Provisions	13	22,479	17,766
Interest-bearing loans and borrowings	14	71,108	164,787
Total non-current liabilities		<u>107,057</u>	<u>204,625</u>
Total liabilities		<u><u>440,355</u></u>	<u><u>457,745</u></u>
Net assets		<u><u>314,239</u></u>	<u><u>200,962</u></u>
Equity			
Reserves	16	10,000	-
Retained earnings	15	293,337	192,388
Total equity attributable to equity holders of the Company		<u>303,337</u>	<u>192,388</u>
Non-controlling interest	15	10,902	8,574
Total equity		<u><u>314,239</u></u>	<u><u>200,962</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 2022**

	Retained Earnings \$'000	Reserves \$'000	Total Equity \$'000
Balance at 1 November 2020	230,449	-	230,449
Total comprehensive income			
Loss for the period	(29,487)	-	(29,487)
Total comprehensive income for the period	(29,487)	-	(29,487)
Balance at 31 Oct 2021	200,962	-	200,962
Total comprehensive income			
Profit for the period	113,227	-	113,227
Total comprehensive income for the period	113,227	-	113,227
Transactions with owners of the Company			
Transfers to reserves	(10,000)	10,000	-
Total transactions with owners of the Company			
Balance at 31 Oct 2022	304,239	10,000	314,239

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 2022**

	Note	2022 \$'000	2021 Restated* \$'000
Cash flows from operating activities			
Cash receipts in the course of operations		875,314	835,113
Cash payments in the course of operations		(826,486)	(738,286)
Net cash from operating activities	17(b)	<u>48,828</u>	<u>96,827</u>
Cash flows from investing activities			
Interest received		1,482	1,256
Proceeds from Stadium Redevelopment grants		122,954	43,075
Payments for property, plant and equipment		(105,300)	(27,346)
Net cash used in investing activities		<u>19,136</u>	<u>16,985</u>
Cash flows from financing activities			
Interest paid		(5,455)	(10,244)
Drawdown of external borrowings		-	90,000
Repayments of external borrowings		(90,000)	(116,800)
Payment of lease liabilities		(9,276)	(7,338)
Net cash used in financing activities		<u>(104,731)</u>	<u>(44,382)</u>
Net increase/(decrease) in cash and cash equivalents		(36,767)	69,430
Cash and cash equivalents at the beginning of the financial year		<u>292,899</u>	<u>223,469</u>
Cash and cash equivalents at the end of the financial year	17(a)	<u><u>256,132</u></u>	<u><u>292,899</u></u>

* The 2021 statement of cash flows has been restated to reclassify proceeds from the Marvel Stadium redevelopment grant from operating activities to investing activities. The restatement has resulted in net cash from operating activities being adjusted from \$139.902 million to \$96.827 million.

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 2022

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 2022 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 1st February 2023.

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 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 2022

3. Revenue

	2022 \$'000	2021 \$'000
Revenue from operating activities		
Broadcasting and AFL media	396,543	366,647
Commercial operations	350,652	252,036
Football operations	15,075	15,041
Game development	28,752	35,121
Stadium redevelopment grant revenue	87,999	13,514
Other revenue	49,349	30,431
Revenue from JobKeeper Payment scheme	-	9,347
Contra advertising revenue	16,000	16,000
	<u>944,370</u>	<u>738,137</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 2022**

4. Expenses from operating activities

	2022 \$'000	2021 \$'000
(a) Expenses from operating activities		
<u>Operating expenditure</u>		
Broadcasting and AFL media	29,752	25,811
Commercial operations	113,288	86,208
Football operations	85,269	64,517
Game development	53,982	46,872
Finance and administration	103,865	84,293
Marketing expenditure	21,630	25,811
Shared services expenditure	11,276	10,972
Expenses from JobKeeper Payment scheme	-	9,347
Other expenditure	16,614	12,294
 <u>Distributions</u>		
Distributions to AFL clubs	337,523	300,990
Distributions to the AFLPA	27,144	60,156
Elite facilities and stadia	10,500	16,131
Development grants	6,814	6,087
Community facilities	6,889	6,896
Donations	656	933
	<u>825,202</u>	<u>757,318</u>

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

Bad and doubtful debts	673	(258)
Depreciation of leasehold improvements	257	449
Depreciation of property, plant and equipment	25,931	28,067
Amortisation of intangibles	3,628	4,970
Operating lease rental expense	4,955	2,555

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 2022**

5. Net financing expenses

	2022 \$'000	2021 \$'000
Interest income	1,482	1,256
Interest expenses	<u>(5,455)</u>	<u>(10,244)</u>
	<u><u>(3,973)</u></u>	<u><u>(8,988)</u></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	99,557	84,708
Payments to employees through JobKeeper Payment scheme	-	9,347
Superannuation expense	9,648	7,949
Annual leave expense	1,262	2,439
Long service leave expense	<u>961</u>	<u>270</u>
	<u><u>111,428</u></u>	<u><u>104,713</u></u>

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 2022 financial year the Consolidated Entity received no Jobkeeper revenue (2021: \$9.3 million). The JobKeeper subsidy was 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 2022

7. Taxation

	2022 \$'000	2021 \$'000
Prima facie tax expense/(benefit) calculated at 30% on profit/loss from activities	29,097	(8,450)
Exemption from income tax	(27,179)	9,768
Income tax expense relating to operating activities	<u>1,918</u>	<u>1,318</u>

Deferred tax assets of \$76.8 million at 31 October 2022 (2021: \$77.0 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 substantially 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.

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 2022

8. Trade and other receivables

	2022 \$'000	2021 \$'000
Current		
Trade and other receivables	83,192	46,473
Receivables due from AFL clubs (i)	-	286
	<u>83,192</u>	<u>46,759</u>
Less: provision for doubtful debts	(1,093)	(420)
	<u>82,099</u>	<u>46,339</u>
Non-current		
Loans due from AFL clubs (i)	23,418	28,567

- (i) Receivables from AFL clubs are presented net of amounts owing to AFL clubs.

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.

9. Trade and other payables

	2022 \$'000	2021 \$'000
Trade payables	157,504	108,411
Other payables	10,309	10,438
Payables due to AFL clubs	372	-
State of Origin for Bushfire Relief	2,431	2,878
Carrying amount at end of year	<u>170,616</u>	<u>121,727</u>

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.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

9. Trade and other payables (continued)

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 \$4.0 million to 31 October 2022.

10. Financial instruments, fair values and risk management

The Consolidated Entity's financial assets & liabilities include cash and cash equivalents, trade and other receivables, trade and 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 expires, 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.

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.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

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

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.

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:

	2022	2021
	\$'000	\$'000
Floating rate instruments		
Financial assets	256,132	292,886
Financial liabilities	(76,738)	(170,003)
Net financial assets	<u>179,394</u>	<u>122,883</u>

An increase/(decrease) of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the Consolidated Entity by \$1.8 million (2021: \$1.2 million).

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

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 2022, \$19.4 million of the Consolidated Entity's trade and other receivables are past due (2021: \$8.6 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:

	2022 \$'000	2022 \$'000	2021 \$'000	2021 \$'000
	Gross	Impairment	Gross	Impairment
Current	63,779	(3)	38,181	-
Past due 31-60 days	10,171	-	1,761	-
Past due 61-90 days	3,696	-	1,253	-
Past due 91 + days	5,546	(1,090)	5,564	(420)
	<u>83,192</u>	<u>(1,093)</u>	<u>46,759</u>	<u>(420)</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:

	2022 \$'000	2021 \$'000
Total cash and cash equivalents (including restricted cash)	256,132	292,899
Trade and other receivables	82,099	46,339
Loans due from AFL Clubs	<u>23,418</u>	<u>28,567</u>
	<u>361,649</u>	<u>367,805</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 2022 the cash outflows from trade and other payables due within 60 days were \$170.7 million (2021: \$48.7 million).

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 2022**

11. Property, plant and equipment and intangible assets

	2022	2021
	\$'000	\$'000
<i>Property, plant and equipment</i>		
AFL House – Docklands at cost	8,507	8,507
Less accumulated depreciation	<u>(8,399)</u>	<u>(5,566)</u>
	<u>108</u>	<u>2,941</u>
 Furniture and fittings at cost	 6,653	 3,268
Less accumulated depreciation	<u>(3,298)</u>	<u>(3,241)</u>
	<u>3,355</u>	<u>27</u>
 IT equipment at cost	 25,697	 24,716
Less accumulated depreciation	<u>(20,118)</u>	<u>(18,771)</u>
	<u>5,579</u>	<u>5,945</u>
 Leasehold improvements at cost	 20,764	 20,764
Less accumulated depreciation	<u>(18,753)</u>	<u>(18,496)</u>
	<u>2,011</u>	<u>2,268</u>
 Paintings at cost	 415	 415
 Stadium redevelopment in progress	 128,030	 27,885
 Plant and equipment at cost	 29,319	 28,933
Less accumulated depreciation	<u>(24,789)</u>	<u>(24,593)</u>
	<u>4,530</u>	<u>4,340</u>
 Motor vehicles at cost	 991	 861
Less accumulated depreciation	<u>(720)</u>	<u>(678)</u>
	<u>271</u>	<u>183</u>
 Marvel Stadium at cost	 279,694	 253,899
Less accumulated depreciation	<u>(132,505)</u>	<u>(114,915)</u>
	<u>147,189</u>	<u>138,984</u>
 Right of use assets	 77,802	 77,040
Less accumulated depreciation	<u>(2,917)</u>	<u>(1,975)</u>
	<u>74,885</u>	<u>75,065</u>
	<u>366,373</u>	<u>258,053</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

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

<i>Intangible assets</i>	2022 \$'000	2021 \$'000
Medallion Club licenses		
Carrying amount at beginning of year	14,321	19,010
Cost of licenses sold	(3,395)	(4,689)
Carrying amount at end of year	<u>10,926</u>	<u>14,321</u>
Stadium supplier relationships		
Carrying amount at beginning of year	1,129	1,410
Amortisation	(233)	(281)
Carrying amount at end of year	<u>896</u>	<u>1,129</u>
	<u>11,822</u>	<u>15,450</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	2,941	3,492
Additions	-	64
Depreciation	(2,833)	(2,834)
Carrying amount at end of year	<u>108</u>	<u>2,941</u>
Furniture and fittings		
Carrying amount at beginning of year	27	180
Additions	3,386	138
Reclassifications	-	(54)
Depreciation	(58)	(74)
Disposals	-	(69)
Carrying amount at end of year	<u>3,355</u>	<u>27</u>
IT equipment		
Carrying amount at beginning of year	5,945	3,197
Additions	1,929	5,407
Depreciation	(2,295)	(1,253)
Disposals	-	(779)
Carrying amount at end of year	<u>5,579</u>	<u>5,945</u>
Leasehold improvements		
Carrying amount at beginning of year	2,268	2,746
Reclassifications	-	(29)
Depreciation	(257)	(449)
Carrying amount at end of year	<u>2,011</u>	<u>2,268</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022

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

Property, plant and equipment reconciliations (continued)

	2022 \$'000	2021 \$'000
Paintings		
Carrying amount at beginning of year	415	415
Stadium redevelopment in progress		
Carrying amount at beginning of year	27,885	14,370
Additions	100,145	13,515
Carrying amount at end of year	<u>128,030</u>	<u>27,885</u>
Plant and equipment		
Carrying amount at beginning of year	4,340	6,986
Additions	1,461	1,249
Disposals	(1,075)	(3,257)
Depreciation	(196)	(638)
Carrying amount at end of year	<u>4,530</u>	<u>4,340</u>
Motor vehicles		
Carrying amount at beginning of year	183	139
Additions	130	-
Reclassifications	-	84
Depreciation	(42)	(40)
Carrying amount at end of year	<u>271</u>	<u>183</u>
Marvel Stadium		
Carrying amount at beginning of year	138,984	153,264
Additions	25,795	6,973
Depreciation	(17,590)	(21,253)
Carrying amount at end of year	<u>147,189</u>	<u>138,984</u>
Right of use asset		
Carrying amount at beginning of year	75,065	79,863
Modification of lease	2,737	(2,823)
Depreciation	(2,917)	(1,975)
Carrying amount at end of year	<u>74,885</u>	<u>75,065</u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

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 26 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 (including Marvel Stadium assets), for the current and previous financial years are as follows:

	2022	2021
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%	2.5%
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 2022

12. Deferred income

	2022 \$'000	2021 \$'000
Current		
Stadium redevelopment funding (i)	75,478	40,523
Other deferred income (ii)	51,815	58,092
	<u>127,293</u>	<u>98,615</u>
Non-current		
Other deferred income (ii)	13,470	22,072

- (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 \$191.0 million to the Company to date and \$115.5 million of expenditure 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	13,795	12,368
Facilities development	13,864	15,053
Other	2,100	141
	<u>29,759</u>	<u>27,562</u>
Non-current		
Employee benefits	1,667	3,800
Facilities development	20,812	13,966
	<u>22,479</u>	<u>17,766</u>

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 2022**

14. Interest-bearing borrowings

	2022	2021
	\$'000	\$'000
Current		
Lease liability	5,630	5,216
Non-current		
Lease liability	71,108	74,290
External loans and borrowings	-	90,497
	<u>71,108</u>	<u>164,787</u>

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	192,388	223,377
Member interest transfer	-	21
Transfer to reserves	(10,000)	-
Net profit for the year attributable to the owners of the Company	110,949	(31,010)
Retained earnings at end of year attributable to owners of the Company	<u>293,337</u>	<u>192,388</u>
Retained earnings at beginning of year attributable to non-controlling interest	8,574	7,051
Net profit for the year attributable to non-controlling interest	2,328	1,523
Retained earnings at end of year attributable to non-controlling interest	<u>10,902</u>	<u>8,574</u>
Total retained earnings at the end of the year	<u>304,239</u>	<u>200,962</u>

The Company is a company limited by guarantee to the extent of \$0.10 for each member. As at 31 October 2022, there were 321 members (including 303 life members). The Constitution prevents the distribution of retained profits or payment of dividends to members.

16. Reserves

Amount at beginning of year	-	-
Current year allocation	10,000	-
Carrying amount at end of year	<u>10,000</u>	<u>-</u>

The reserves represent profits transferred to separate reserves to strengthen the Group's balance sheet and allocate funds for long-term programs to be expended over a number of years. Monies are allocated on an annual basis from retained earnings directly to the applicable reserve and payments made to these programs are expensed to the profit and loss as incurred.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

17. Cash and cash equivalents

	2022 \$'000	2021 \$'000
(a) Reconciliation of cash		
Cash at bank	49,532	47,454
Cash on deposit	128,682	201,859
Total available cash (i)	178,214	249,313
Restricted cash (ii)	77,918	43,586
Total cash	256,132	292,899

- (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 \$191.0 million from the Victorian Government as at 31 October 2022 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

	2022 \$'000	2021 Restated* \$'000
Profit / (loss) from operating income activities after income tax	113,277	(29,487)
Add/(less) items classified as investing/financing activities:		
Interest paid	5,455	10,244
Interest received	(1,482)	(1,256)
Adjustments for:		
Loss on sale of non-current assets	1,075	4,105
Payment of leases	6,011	7,810
AASB16 lease modification	(2,737)	-
Accounting from Stadium Redevelopment grant	(135,100)	(43,075)
Gifted assets	(15,400)	-
Depreciation and amortisation	29,816	33,486
Bad debts (written off) / provided for	673	(3,961)
Movement in fair value of derivatives	-	(6,734)
Cash provided by operating activities before change in assets and liabilities	1,588	(28,868)
Change in assets and liabilities:		
(Increase) / decrease in prepayments and other assets	2,649	(6,351)
(Increase) / decrease in trade debtors	(36,433)	34,515
Decrease in other debtors	5,149	1,548
Increase in deferred income	19,495	52,525
Increase in payables	48,889	23,552
Increase in provisions	7,491	19,906
Net cash from operating activities	48,828	96,827

* The 2021 reconciliation of profit from operating activities has been restated to reclassify proceeds from the Marvel Stadium redevelopment grant from operating activities to investing activities. The restatement has resulted in net cash from operating activities being adjusted from \$139.902 million to \$96.827 million.

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

18. 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, 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 R A Auld, Mr T J Auld, Ms T L Hosch, Mr W J Lee, Ms S E Fair, Ms K S Rogers and Mr B F Walsh.

Details of Directors' and Executive Officers' remuneration are set out in Note 20.

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 (2021: \$411,500), 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 \$674,144 (2021: \$4,499,362), an organisation that Mr R M Bishop, a Director of the Company, has an interest as a Director.

The Consolidated Entity engaged Champion Data Pty Ltd to provide statistical services totalling \$3,576,569 (2021: \$2,858,858), an organisation that Mr A J Dillon and Mr W J Lee have an interest as Directors.

During the year the Company received rent and commercial revenue totalling \$28.5 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 (2021: \$10.7 million). The Company also spent \$25.8 million on capital expenditure for the Marvel Stadium group of companies (2021: \$3.0 million).

During the year the Company provided grants totalling \$30.3 million to controlled state entities (2021: \$21.5 million).

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

19. Parent entity disclosures

As at, and throughout, the financial year ended 31 October 2022 the parent entity of the Consolidated Entity was Australian Football League.

	2022 \$'000	2021 \$'000
<i>Result of the parent entity</i>		
Revenue for the period	838,667	655,217
Net financing income/(expense)	1,241	(3,611)
Expenses from operating activities	<u>(731,739)</u>	<u>(655,355)</u>
Profit/ (loss) for the period	108,169	(3,749)
Other comprehensive income	-	-
Total comprehensive income / (loss)	<u><u>108,169</u></u>	<u><u>(3,749)</u></u>
<i>Financial position of the parent entity at year end</i>		
Current assets	<u>278,790</u>	<u>304,389</u>
Total assets	<u>758,719</u>	<u>671,695</u>
Current liabilities	<u>281,804</u>	<u>206,662</u>
Total liabilities	<u>375,412</u>	<u>396,599</u>
<i>Total equity of the parent entity</i>		
Retained earnings	373,307	275,136
Reserves	10,000	-

Parent entity contingent liabilities

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

20. 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	2022 \$'000	2021 \$'000
Short-term employee benefits	11,623	9,598
Post-employment benefits	<u>220</u>	<u>203</u>
	<u><u>11,843</u></u>	<u><u>9,801</u></u>

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

21. 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 2022 is set out as follows:

Statement of profit or loss and other comprehensive income

	2022 \$'000	2021 \$'000
Revenue	855,559	663,901
Net financing income/(expense)	(3,973)	(8,898)
Expenses from operating activities	(745,023)	(687,867)
Profit/ (loss) from operating activities before related income tax expense	106,563	(32,864)
Income tax relating to operating activities	-	-
Profit/ (loss) for the year	106,563	(32,864)
Other comprehensive income/ (loss) for the year	-	-
Total comprehensive income/ (loss)	106,563	(32,864)

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2022**

21. Deed of Cross Guarantee (continued)

Statement of financial position

	2022 \$'000	2021 \$'000
Assets		
Cash and cash equivalents	157,384	231,988
Restricted cash	77,918	43,586
Trade and other receivables	69,575	38,066
Other assets	7,149	10,108
Total current assets	312,026	323,748
Non-current assets		
Trade and other receivables	23,418	28,567
Property, plant and equipment	362,538	253,699
Intangible assets	11,822	15,450
Other assets	7,250	7,050
Total non-current assets	405,028	304,766
Total assets	717,054	628,514
Liabilities		
Trade and other payables	162,789	114,547
Deferred income	122,076	96,158
Interest-bearing loans and borrowings	5,454	5,134
Provisions	25,673	25,206
Total current liabilities	315,992	241,045
Non-current liabilities		
Deferred income	13,470	22,072
Interest-bearing loans and borrowings	71,108	174,456
Loans to parent entity	12,110	-
Provisions	22,479	15,602
Total non-current liabilities	119,167	212,130
Total liabilities	435,159	453,175
Net assets	281,895	175,339
Equity		
Retained earnings	271,895	175,339
Reserves	10,000	-
Total equity attributable to equity holders of the Company	281,895	175,339

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

22. Consolidated entities ⁽¹⁾

	2022	2021
	%	%
<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

(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.

23. Auditor's remuneration

Audit services	2022	2021
	\$	\$
Audit and review of financial reports		
KPMG Australia	299,080	266,000
Taxation, legal and other assurance services		
KPMG Australia	88,066	189,804

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

24. Contingent liabilities

The Company entered into an agreement with the AFL Players' Association Inc. for a period of six years from 1 November 2016 to 31 October 2022 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. The Company and the AFL Players' Association are working through an extension of this agreement and the obligations under the previous agreement are still in place as at the date of signing the accounts.

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 2022, the Company has provided guarantees as follows:

Borrower	Bank	Amount	Expiry
Essendon Football Club	NAB	\$4.00 million	30 November 2023
Port Adelaide Football Club	Bank SA	\$5.00 million	31 October 2024
GCFC Limited	NAB	\$1.19 million	30 April 2023
Western Sydney Football Club Limited	NAB	\$1.57 million	30 April 2023
Sydney Swans Limited	NAB	\$1.71 million	30 April 2023
Carlton Football Club	Westpac	\$3.00 million	31 January 2024
North Melbourne Football Club	Westpac	\$3.00 million	31 January 2024
St Kilda Football Club	Westpac	\$6.75 million	31 January 2024
Footscray Football Club	Westpac	\$1.50 million	31 January 2024
Brisbane Bears-Fitzroy Football Club	Westpac	\$8.00 million	31 January 2024

AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2022

25. Events subsequent to balance date

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.

26. 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 2022**

26. 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).

	2022 \$'000
Balance at 1 November 2021	75,065
Lease modification for the year ended 31 October 2022	2,737
Depreciation	(2,917)
	<u>74,885</u>

Lease liabilities

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

Maturity analysis – undiscounted cash flows

Less than one year	8,885
One to five years	41,919
More than five years	54,583
Total undiscounted lease liabilities at 31 October 2022	<u>105,387</u>
Lease liabilities included in the Statement of Financial Position at 31 October 2022	<u>76,738</u>

Amounts recognised in profit & loss

Interest on lease liabilities	3,678
Depreciation charge on right-of-use asset	2,917
	<u>6,595</u>

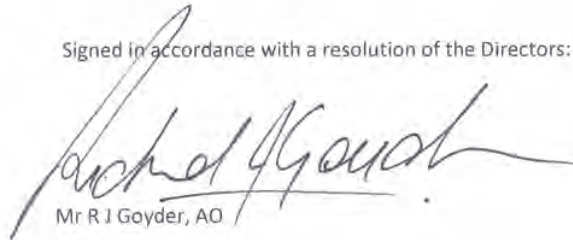
AUSTRALIAN FOOTBALL LEAGUE AND ITS CONTROLLED ENTITIES

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 2022 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 21 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 21.

Dated at Melbourne this 1st day of February 2023.

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 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's** financial position as at 31 October 2022 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 2022
- 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 these requirements.

Other Information

Other Information is financial and non-financial information in 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's 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

KPMG

Dean Waters

Partner

Melbourne

1 February 2023