C O L L I N G W O O D F O O T B A L L C L U B

ANNUAL FINANCIAL REPORT 2012

Collingwood Football Club Limited

(A COMPANY LIMITED BY GUARANTEE) ACN 006 211 196

31 OCTOBER, 2012

Collingwood Football Club Limited

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Collingwood Football Club Limited

Directors' report

To the Members of the Collingwood Football Club Limited ("the Company").

The directors present their report, together with the financial report of the Group, being the Company and its controlled entities, for the year ended 31 October 2012 and the auditor's report thereon.

Directors

The directors of the Group at any time during or since the end of the financial year were:

Mr E McGuire

President – Appointed 29 October 1998
Experience – Director of McGuire Media Pty Ltd; Director of Victoria Major Events Company; Director of Athletics Australia; Director of Twenty3 Sport and Entertainment; President of Melbourne Stars; (Board & Committee member for numerous charities)

Mr J Kennedy

Vice President/Director – Appointed 11 December 1994
Qualifications – MB.BS (University of Melbourne). F.R.A.C.S F.A.C.S; MS (Iowa) DABO.
Experience – Associate Professor Otolaryngology, head and neck surgery; Director Rostig P/L; Chairman Fees Committee Australian Society of Otolaryngology Head and Neck Surgery

Mr A Waislitz

Vice President/Director – Appointed 29 October 1998
Qualifications – B.Ec., LL,B (Monash University Melbourne). Graduate Harvard Business School OPM Program (Boston USA)
Experience – Executive Chairman Thorney Investment Group, 'Australia's leading private diversified investment company'; Board Member of Zoos Victoria Foundation and Zoological Parks and Gardens

Mr I McMullin

Director – Appointed 29 October 1998
Qualifications – Bachelor of Commerce, (University of Melbourne)
Experience – Director of Operations – Compass Group

Mr M Korda

Director – Appointed 15 May 2007
Qualifications – Bachelor of Business; Registered Company Auditor, Liquidator and Official Liquidator.
Experience – Founder and Principal of the KordaMentha Group; (Director of various companies)

Mr P Leeds

Director – Appointed 13 November 2007
Qualifications – Associate Fellow – Aust Institute of Management
Experience – Director of Victoria Racing Club; Director Radio 3UZ Pty Ltd; Director National Stroke Foundation; Chairman Twenty3 Sport and Entertainment; Chairman Australian made Media; Advisory Board Menzies Art Brands

Ms A Camplin OAM

Director – Appointed 16 December 2009
Qualifications – Bachelor of Information Technology (Swinburne University of Technology)
Experience – Global Technology Services, Strategy Executive, IBM Corporation; Chairman Australian Sports Foundation; Director Australian Sports Commission; Director Olympic Winter Institute of Australia

Directors meetings

The number of directors meetings held and the number of meetings attended by each of the directors during the financial year was as follows:

	Directors Meetings [1]		Finance & Operations Committee Meetings [1]	
Directors	No. of Meetings attended	No. of Meetings eligible to attend	No. of Meetings attended	No. of Meetings eligible to attend
Edward McGuire	11	11	-	-
Jack Kennedy	11	11	8	10
Alex Waislitz	6	11	-	-
Ian McMullin	9	11	8	10
Mark Korda	10	11	9	10
Paul Leeds	10	11	9	10
Alisa Camplin	10	11	-	-

[1] *Shows the number of meetings held and attended by each director during the period the director was a member of the Board or Committee*
Note: E. McGuire, A. Waislitz and A. Camplin attend Finance & Operations Committee meetings from time to time.

Principal activities

The principal activities of the Group during the course of the financial year were to conduct the operations of the Collingwood Football Club, to manage its affairs, and provide a team of footballers bearing the name of the Collingwood Football Club.

The Group owns and operates a travel agency. The Group also owns the leasehold of the Coach and Horses in Ringwood, The Club in Caroline Springs and The Diamond Creek Tavern in Diamond Creek.

Review and result of operations

The Group recorded a profit for the 2012 year of $7,835,080 (2011: profit of $2,141,436).

A detailed review of various aspects of the operations is contained in the President's report published in the "In Black and White 2012 Year Book".

Dividends

The Articles of Association specifically prohibit the payment of dividends to members. No such dividends were declared or paid.

State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year under review. The gaming venue, The International in Lilydale, was closed during the year at the expiry of its lease.

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 Group, the results of those operations, or the state of affairs of the Group, in future financial years.

Likely developments

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years have been referred to in the report of the President published in the "In Black and White 2012 Year Book".

Directors' interests and benefits

Other than as outlined in the notes to and forming part of the financial statements, since the end of the previous financial year no director of the Company has received or become entitled to receive any benefits because of a contract made by the Group with a director or with a firm of which a director is a member, or with an entity in which the director has a substantial interest. Directors are not remunerated by the Group for their services.

Indemnification and insurance of officers

Indemnification

Under the Articles of Association, the Board and all members thereof shall be indemnified by the Group against all costs, losses, expenses and liabilities incurred by the Board or any members thereof in the course of the business and it shall be the duty of the Board to pay and satisfy all such costs, losses, expenses and liabilities out of the funds of the Group.

Insurance premiums

During the financial year, the Group has paid premiums in respect of Directors' and Officers' liability in respect of directors, secretaries and executive officers of the Group for the year ended 31 October 2012. The directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the directors' and officers' liability, as such disclosure is prohibited under the terms of the contract.

Collingwood Football Club Limited

Directors' report (continued)

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the year ended 31 October 2012.

Dated at Melbourne this 4th day of December 2012.

Signed in accordance with a resolution of the Directors:

Edward McGuire
Director

Mark Korda
Director

KPMG

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

To: the directors of Collingwood Football Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2012 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.

KPMG

Tony Romeo
Partner

Melbourne

4 December 2012.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Collingwood Football Club Limited

Consolidated Statement of Comprehensive Income

For the year ended 31 October 2012

	Note	2012	2011 Restated[1]
		$	$
Revenue		69,249,166	71,793,210
Financial income		389,748	317,719
Other income		-	41,609
Total revenue and other income	3	69,638,914	72,152,538
Social club / gaming expenses		(15,388,324)	(15,931,345)
Football expenses		(21,167,238)	(19,412,167)
Administration expenses		(4,623,748)	(5,039,284)
Marketing, merchandise and sponsorship expenses		(12,151,760)	(15,282,650)
Pie in the Sky Travel expenses		(279,957)	(278,493)
Membership expenses		(5,669,207)	(7,090,265)
Depreciation and amortisation expense		(1,921,636)	(1,724,839)
Operating lease rental expenses		(3,411,972)	(3,353,717)
Financial expenses	5	(164,992)	(198,342)
		4,860,080	3,841,436
Impairment on gaming venues and receivables		-	(1,700,000)
Development funding from AFL	14	2,975,000	-
Profit before income tax		7,835,080	2,141,436
Income tax expense	2(g)	-	-
Profit for the year		7,835,080	2,141,436
Other comprehensive income		-	-
Total comprehensive income attributable to:			
Members of Collingwood Football Club		7,835,080	2,141,436

(1) Refer to note 2(d)

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

Collingwood Football Club Limited

Consolidated Statement of Changes in Equity

For the year ended 31 October 2012

	Settled Sum	Retained Earnings	Total Equity
Balance at 1st November 2010	10	8,715,330	8,715,340
Total comprehensive income for the period			
Profit	-	2,141,436	2,141,436
Other comprehensive income	-	-	-
Balance at 31st October 2011	10	10,856,766	10,856,776
Balance at 1st November 2011	10	10,856,766	10,856,776
Total comprehensive income for the period			
Profit	-	7,835,080	7,835,080
Other comprehensive income	-	-	-
Balance at 31st October 2012	10	18,691,846	18,691,856

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

Collingwood Football Club Limited

Consolidated Statement of Financial Position

As at 31 October 2012

	Note	2012 $	2011 $
Assets			
Cash and cash equivalents	6	12,554,391	10,789,546
Trade and other receivables	7	1,896,941	1,579,427
Inventories	8	767,432	1,113,864
Prepayments		836,318	796,328
Total current assets		16,055,082	14,279,165
Property, plant and equipment	9	9,260,434	4,822,850
Intangible assets	10	9,108,639	4,061,656
Total non-current assets		18,369,073	8,884,506
Total assets		34,424,155	23,163,671
Liabilities			
Trade and other payables	11	6,335,424	6,614,007
Loans and borrowings	12	419,530	-
Employee benefits	13	1,388,559	1,467,373
Unearned income		2,378,643	2,134,632
Total current liabilities		10,522,156	10,216,012
Trade and other payables	11	4,071,541	1,049,578
Loans and borrowings	12	328,918	-
Employee benefits	13	222,171	134,282
Unearned income		587,513	907,023
Total non-current liabilities		5,210,143	2,090,883
Total liabilities		15,732,299	12,306,895
Net assets		18,691,856	10,856,776
Equity			
Settled sum		10	10
Retained earnings		18,691,846	10,856,766
Total equity		18,691,856	10,856,776

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

Collingwood Football Club Limited

Consolidated Statement of Cash Flows

For the year ended 31 October 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Cash receipts in the course of operations		80,527,605	84,595,127
Cash paid in the course of operations		(75,814,884)	(79,883,357)
Development funding received		2,975,000	-
Net cash from operating activities		7,687,721	4,711,770
Cash flows from investing activities			
Acquisition of property, plant and equipment		(6,321,398)	(809,985)
Acquisition of software		(63,689)	-
Payment for gaming licences		(310,000)	(305,000)
Payment for gaming entitlements		(349,992)	-
Net cash used in investing activities		(7,045,079)	(1,114,985)
Cash flows from financing activities			
Repayment of borrowings		-	(3,000,000)
Proceeds from bank loans		748,448	-
Interest received		389,748	317,719
Interest paid		(15,993)	(93,867)
Net cash from/(used in) financing activities		1,122,203	(2,776,148)
Net increase/(decrease) in cash and cash equivalents		1,764,845	820,637
Cash and cash equivalents at 1 November		10,789,546	9,968,909
Cash and cash equivalents at 31 October	6	12,554,391	10,789,546

The notes on pages 12 to 31 are an integral part of these consolidated financial statements.

1 Collingwood Football Club Limited

Collingwood Football Club Limited ("the Company"), a not-for-profit entity, is a company limited by guarantee where statutory members guarantee its liabilities to the extent of $10. The registered office of the Company is The Westpac Centre, Olympic Park, Melbourne, Victoria. The consolidated financial statements of the Company as at and for the year ended 31 October 2012 comprise of the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in associates and jointly controlled entities.

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Certain comparative amounts have been reclassified to conform with the current year's presentation.

2 Statement of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(a) Statement of compliance

The consolidated financial statements of the Group are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

The consolidated financial statements were authorised for issue by the directors on 4 December 2012.

(b) Basis of preparation

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency. The consolidated financial statements have been prepared on the historical cost basis, unless otherwise stated.

The preparation of consolidated financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 7 – Trade and other receivables

Provisions are established for bad or doubtful receivables. Actual expenses in future periods may be different from the provisions established and any such differences would affect the future earnings of the Group.

2 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

- Note 10 – Intangible assets

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy for intangible assets. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). The recoverable amounts of cash generating units have been determined by value in use calculations.

The Group early adopted reduced disclosure requirements in AASB 1053 *Application of Tiers of Australian Accounting* Standards at 31 October 2010.

(c) Basis of consolidation

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In accessing control, the Group takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with policies adopted by the Group.

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(d) Revenue recognition

(i) Sales Revenue

Revenues are recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer. Sales revenue comprises revenue earned (net of returns and discounts) from sponsorship, gaming, hospitality, marketing, AFL distributions, membership and the sale of products or services to entities outside the Group.

(ii) Travel Revenue

Commission revenue from the sale of airline tickets and travel packages is recognised on the following basis:

- When deposits are received commission revenue is recognised based on the cancellation fee; or
- When full payment has been received from the consumer and airline tickets or redeemable value vouchers have been issued or when the airline or travel package provider has been paid.

2 Statement of significant accounting policies (continued)

(d) Revenue recognition (continued)

Restatement

During the year the Trustee of Pie in the Sky Trust has reassessed the commission arrangements in place with the airlines/suppliers and have concluded that these arrangements in substance represent agency relationships. Consequently, commission revenue is recognised on a net basis.

The comparatives have been restated for consistency purposes. The 2011 Consolidated Statement of Comprehensive income captions impacted were Revenue (decrease of $3,420,696) and Pie in the Sky Travel Expenses (decrease of $3,420,696).

(iii) AFL distributions and match returns

AFL distributions are recognised as they are received. Match day income is recognised at the conclusion of each AFL home game.

(iv) Membership

Membership income is recognised throughout the duration of the AFL home and away season.

(v) Marketing and sponsorship income

Marketing & sponsorship income is recognised when amounts are due and payable in accordance with the terms and conditions of the sponsorship contract.

(vi) Social and gaming revenue

Sales comprise revenue earned (net of returns, discounts and allowances) from gaming machines and provision of food and beverage. Gaming, bar, bistro and function revenue is recognised as it is earned.

(vii) Members' payments in advance

These contributions relate to 5 and 10 year membership plans introduced in 2010 and are not refundable. Appropriate amounts are included as revenue in the years to which they relate.

Subscriptions received in advance from members that relate to future years are included in unearned revenue. These payments are included as revenue in the years to which they relate.

(viii) Grant income

Grant income, including contributions of assets, is recognised when the Group controls the contribution or right to receive the contribution, and it is probable that the economic benefits comprising the contributions will flow to the Group, and the amount of the contribution can be measured reliably.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

2 Statement of significant accounting policies (continued)

(e) Expenses

(i) Operating lease payments

Payments made under operating leases are recognised in the profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(ii) Finance income and costs

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions. Borrowing costs are expensed as incurred and included in net financing costs.
Finance income comprises interest income on funds invested. Interest income is recognised as it accrued in the profit and loss, using the effective interest method.

(f) Goods and services tax

Revenue, 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.

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 on the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(g) Income tax

The Group is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997.

(h) Property, plant and equipment

(i) Owned assets

Items of property, plant and equipment are measured at cost less accumulated depreciation (see accounting policy (h)(v)) and impairment losses (see accounting policy (n)).

Cost includes expenditures that are directly attributable to the acquisition of the asset. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within other income / other expenses in the profit or loss.

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

(ii) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are classified as operating leases and the leased assets are not recognised in the Group's statement of financial position.

(iii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) Memorabilia

Purchased

Items of memorabilia purchased are recorded at the cost of acquisition and memorabilia is reviewed annually for impairment.

Memorabilia collections are kept under special conditions so that there is no physical deterioration and they are anticipated to have a very long and indeterminate useful life. No amount of depreciation has been recognised in respect of purchased memorabilia collections as their service potential has not, in any material sense, been consumed during the period.

Collected

Over the years the Group has also collected considerable memorabilia. This memorabilia is not recorded in the financial statements, but has been independently valued and will be reviewed on a periodic basis.

(v) Depreciation

Depreciation is based on the cost of an asset less its residual value for items of property, plant and equipment, including building extensions and leasehold property but excluding memorabilia. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that assets, that component is depreciated separately.

Depreciation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

2 Statement of significant accounting policies (continued)

(h) Property, plant and equipment (continued)

The estimated useful lives for the current and comparative year are as follows:

	2012	2011
Building Extensions	5%	5%
Leasehold Improvements	5%	5%
Furniture and Fittings	15%	15%
Plant and Equipment	20%	20%
Motor Vehicles	22.5%	22.5%
Memorabilia	0%	0%

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. The use life and residual value of certain items of plant and equipment and leasehold were revised for the year ended 31 October 2012 (see note 9).

(i) Intangible Assets

Gaming licences and gaming entitlements that are acquired by the Group have finite lives and are measured at cost less accumulated amortisation and accumulated impairment losses (see accounting policy (n)).

The cost of gaming licences and gaming entitlements are calculated based on the present value of future cash flows, discounted at the market rate of interest at reporting date.

Software that is acquired by the Group and has a finite useful life is measured at cost less accumulated amortisation and accumulated impairment loss.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit and loss as incurred.

Amortisation

Except for goodwill, intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives, from the date they are available for use. The estimated useful lives for the current and comparative year are as follows:

	2012	2011
Gaming entitlements	10 years	-
Gaming licence	16 years	16 years
Software	5 years	-

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

2 Statement of significant accounting policies (continued)

(h) *Intangible Assets* (continued)

Goodwill

Goodwill represents the excess of the cost of the acquisition over the Group's interest in the net fair value of the acquired identifiable assets, liabilities and contingent liabilities.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

(j) Non-derivative financial assets

The Group initially recognises loans, receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any direct attributable transactions costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

(k) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

2 Statement of significant accounting policies (continued)

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

(m) Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) on the trade date at which the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classified non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade and other payables.

(n) Impairment – Financial assets (including receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables

The Group considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

2 Statement of significant accounting policies (continued)

(n) Impairment – Financial assets (including receivables) (continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(o) Employee benefits

Short-term benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave represent present obligations resulting from employees' services provided to reporting date, are measured on undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax and are expensed as the related service is provided. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

Other long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

Superannuation plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, 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 the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

2 Statement of significant accounting policies (continued)

(q) Presentation of financial statement and reduced disclosure

The Group early adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-02 Amendments to Australian Standards arising from Reduced Disclosure Requirements. This has resulted in a reduction of disclosures for items such as financial instruments. Comparative information has been re-presented or removed so that it also conforms to the new disclosure requirements.

		2012 $	2011 $
3	**Revenue and other income**		
	Social club and gaming	19,865,492	19,201,114
	Marketing, merchandise and sponsorship	19,120,714	22,170,584
	Membership	16,229,531	16,419,687
	AFL distribution and match returns	13,208,949	12,854,135
	Pie in the Sky travel	433,274	366,676
	Other	391,206	781,014
	Total revenue	69,249,166	71,793,210
	Net gain on sale of assets	-	41,609
	Interest income	389,748	317,719
	Total finance and other income	389,748	359,328
	Total revenue and other income	69,638,914	72,152,538
4	**Auditor's remuneration**		
	KPMG Australia		
	Audit of financial reports	119,500	120,000
	Other services	2,600	2,600
5	**Financial expense**		
	Interest expense	15,993	93,867
	Unwind of discount on gaming entitlements	60,900	-
	Unwind of discount on gaming licence	88,099	104,475
		164,992	198,342
6	**Cash and cash equivalents**		
	Cash on hand	358,884	454,133
	Client trust account [(1)]	261,499	177,698
	Cash at bank	11,934,008	10,157,715
		12,554,391	10,789,546

[(1)] The cash shown as client trust account is held on behalf of customers until suppliers are paid on behalf of these customers.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

		2012 $	2011 $
7	**Trade and other receivables**		
	Current		
	Trade receivables	1,230,978	707,108
	Less: Provision for impairment	(57,000)	(57,000)
		1,173,978	650,108
	Other receivables	722,963	929,319
		722,963	929,319
		1,896,941	1,579,427
	Non current		
	Gaming Venue receivable - unsecured	1,700,000	1,700,000
	Less: Provision for impairment	(1,700,000)	(1,700,000)
		-	-
8	**Inventories**		
	Merchandise, liquor, food, souvenirs and football equipment	767,432	1,113,864

In 2012 the write down of inventory to net realisable value amounted to $35,058 (2011: $100,215)

9 Property, plant and equipment

Collected memorabilia

In addition to purchased memorabilia, the Company has a significant collection of memorabilia which was acquired over the years at no cost. An independent valuation of this memorabilia was performed by Mr R. Milne, certified with the Department of Communications and the Arts on 3 November 2010 for $9,167,255. This amount has not been brought to account.

During the year the Group conducted an operational efficiency review over property, plant and equipment as a result of the internal redevelopment of Olympic Park Stadium and the Westpac Centre that have and will occur in the immediate future. This review resulted in changes in the expected usage of certain items of property, plant and equipment. The effect of these changes on the depreciation expense in the current period was an increase in depreciation expense recognised of $338,606.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

9 Property, plant and equipment (continued)

Cost	Furniture and fittings	Leasehold improvements	Plant and equipment	Purchased memorabilia	Under Construction	Total
Balance as at 1 November 2011	2,030,965	3,819,146	3,467,712	282,022	420,945	10,020,790
Acquisitions	46,909	39,332	1,498,214	10,000	4,726,943	6,321,398
Transfers	503,132	3,740,729	212,859	-	(4,703,395)	(246,675)
Asset retirements	(722,722)	(302,628)	(1,811,180)	-	-	(2,836,530)
Balance as at 31 October 2012	1,858,284	7,296,579	3,367,605	292,022	444,493	13,258,983

Depreciation	Furniture and fittings	Leasehold improvements	Plant and equipment	Purchased memorabilia	Under Construction	Total
Balance as at 1 November 2011	1,324,640	1,538,799	2,334,501	-	-	5,197,940
Depreciation charge for the year	230,148	551,485	901,216	-	-	1,682,849
Transfers	33	(42)	(45,701)	-	-	(45,710)
Asset retirements	(722,722)	(302,628)	(1,811,180)	-	-	(2,836,530)
Balance as at 31 October 2012	832,099	1,787,614	1,378,836	-	-	3,998,549
Carrying amounts						
As at 1 November 2011	706,325	2,280,347	1,133,211	282,022	420,945	4,822,850
As at 31 October 2012	1,026,185	5,508,965	1,988,769	292,022	444,493	9,260,434

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

10 Intangibles

Cost	Software	Gaming Entitlements	Gaming Licence	Goodwill	Total
Balance as at 1 November 2011	-	-	2,604,237	2,711,498	5,315,735
Acquisitions	63,689	5,021,116	-	-	5,084,805
Transfers	246,675	-	-	-	246,675
Asset retirements	-	-	-	-	-
Balance as at 31 October 2012	310,364	5,021,116	2,604,237	2,711,498	10,647,215

Amortisation	Software	Gaming Entitlements	Gaming Licence	Goodwill	Total
Balance as at 1 November 2011	-	-	1,254,079	-	1,254,079
Amortisation for the year	13,356	104,521	120,910	-	238,787
Transfers	45,710	-	-	-	45,710
Asset retirements		-	-	-	-
Balance as at 31 October 2012	59,066	104,521	1,374,989	-	1,538,576
Carrying amounts					
As at 1 November 2011	-	-	1,350,158	2,711,498	4,061,656
As at 31 October 2012	251,298	4,916,595	1,229,248	2,711,498	9,108,639

11 Trade and other payables

	2012 $	2011 $
Current		
Trade payables	2,226,778	4,411,172
Other payables and accruals	2,660,478	1,892,835
Gaming entitlements	1,133,168	-
Gaming licence	315,000	310,000
	6,335,424	6,614,007
Non Current		
Gaming entitlements	3,248,864	-
Gaming licence	822,677	1,049,578
	4,071,541	1,049,578

12 Loans and borrowings

	2012 $	2011 $
Bank Facilities		
Bank overdraft	1,000,000	1,000,000

Bank overdraft

The overdraft facility is secured by registered mortgage debenture over the whole of the Group's assets including all properties and members' payments in advance. Interest on any bank overdraft is charged at prevailing market rates. This facility was not used during the year.

	2012 $	2011 $
Current		
Commercial loan	419,530	-
Non Current		
Commercial loan	328,918	-

The Commercial loans are secured over the electronic gaming machines.

13 Employee benefits

	2012 $	2011 $
Current		
Liability for long service leave	378,497	597,659
Liability for annual leave	1,010,062	869,714
	1,388,559	1,467,373
Non Current		
Liability for long service leave	222,171	134,282

The Group has paid contributions of $1,746,306 to defined contribution plans on behalf of employees for the year ended 31 October 2012 (2011: $1,254,894)

14 Commitments

	2012 $	2011 $
Leases		
Operating leases and plant and equipment contracted but not provided for as payable:		
Within one year	2,908,310	2,940,086
One year or no later than five years	12,318,738	10,099,800
Later than five years	32,640,572	13,903,440
	47,867,620	26,943,326

The Company leases property, plant and equipment under operating leases expiring from one to twenty one years, typically with an option to renew the leases after they expire.

Other commitments

Player Payments
Due to the contract terms varying considerably amongst players, it is not practical to reliably measure the future commitments under player contracts.

14 Commitments (continued)

Guarantees
The nature and the amounts of the guarantees issued by the Group are detailed below:

	2012 $	2011 $
Guarantees issued for lease agreements	1,097,500	1,097,500
Guarantees issued for Pie in the Sky Trust	150,000	-
Guarantees issued for venue/gaming operations	168,500	251,350
	1,416,000	1,348,850

Guarantees issued for Pie in the Sky Trust have been provided to International Air Transport Association (IATA)

Capital expenditure
During the year capital refurbishment works commenced on the Group's office facility with the Group entering into contracts for works. Under these contracts the Group has an obligation to make further payments to the contracted parties.

The development funding received from the AFL relates solely to these capital works and was conditional on achieving progress milestones before funds were provided.

Collingwood Football Club Limited
Notes to the Consolidated Financial Statements
For the year ended 31 October 2012

15 Parent

	Company 2012 $	2011 $
Results of the parent entity		
Profit for the period	7,835,080	2,141,436
Other comprehensive income	-	-
Total comprehensive income	7,835,080	2,141,436
Financial position of parent entity at year end		
Current Assets	15,432,921	13,931,360
Total Assets	33,801,994	23,004,685
Current Liabilities	9,903,091	10,103,373
Total Liabilities	15,110,138	12,191,908
Total Equity of the parent entity comprising of:		
Settled sum	10	10
Retained Earnings	18,691,846	10,812,767
Total Equity	18,691,856	10,812,777

Parent company contingencies

Guarantees
The nature and the amounts of the guarantees issued by the Company are detailed below:

	2012 $	2011 $
Guarantees issued for lease agreements	1,097,500	1,097,500
Guarantees issued for Pie in the Sky Trust	150,000	-
Guarantees issued for venue/gaming operations	168,500	251,350
	1,416,000	1,348,850

Guarantees issued for Pie in the Sky Trust have been provided to International Air Transport Association (IATA)

16 Key Management Personnel disclosures

The key management personnel compensation was $1,986,798 for the year ended 31 October 2012 (2011: $1,858,691)

Directors are not remunerated by the Group for their services.

Other key management personnel disclosures

A number of KMP's of the Group, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

During the year a number of KMP's purchased club membership packages, match day tickets, club merchandise, attended club functions, made donations and contributed towards fundraising auctions. The terms and conditions of the transactions with KMP's and their KMP related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions with non-KMP related entities on an arm's length basis.

The aggregate amounts of significant transactions recognised during the year relating to key management personnel and other related parties, for the Company and Group amounted to:

	2012 $	2011 $
Transactions with KMP		
Sales to KMP	38,355	40,651
Purchases from KMP	658,987	495,918
Receivables from as at 31 October	-	-
Payables to as at 31 October	20,900	35,750

17 Group Entities

Name	*Group interest* 2012 %	 2011 %
Parent Entity		
Collingwood Football Club Limited		
Subsidiaries		
Pie in the Sky Travel Pty Ltd	100	100
Pie in the Sky Trust	100	100
Collingwood Football Club Foundation Limited	100	100

18 Government Grant Income

During the financial year The Company received $10,000,000 from the Australian Federal Government as contribution towards the construction cost of a Community Facility on the Olympic Park site. These funds are held on deposit by The Group in escrow and are not recognised in the financial report of the Group as the Community Facility asset ultimately will not be owned by The Group.

19 Events subsequent to balance date

There have been no matters or circumstances that have arisen since 31 October 2012 that will significantly affect, or may significantly affect the operations of the Group, the results of the operations, or the state of affairs of the Group in subsequent years.

Directors' declaration

In the opinion of the directors of Collingwood Football Club Limited ("the Company"):

(a) the financial statements and notes that are contained in pages 8 to 31, are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Group's financial position as at 31 October 2012 and of its performance, as represented by the results of its operations and its cashflows for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards – reduced disclosure requirements and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Edward McGuire
Director

Mark Korda
Director

Dated at Melbourne this 4th day of December 2012.

Independent auditor's report to the members of Collingwood Football Club Limited

Report on the financial report

We have audited the accompanying financial report of Collingwood Football Club Limited (the Company), which comprises the consolidated statement of financial position as at 31 October 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 19 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards – Reduced Disclosure Requirements, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 October 2012 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

KPMG

Tony Romeo
Partner

Melbourne

4 December 2012

~ NOTES ~

COLLINGWOOD FOOTBALL CLUB

EST 1892

SIDE BY SIDE

Emirates

CGU

STAR ATHLETIC