

## Copy of financial statements and reports

### Company details

Company name

**GCFC LIMITED**

ACN

**144 555 822**

### 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

**31-10-2017**

### 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 **19-01-2013**

Name of auditor

**KPMG**

Address

**'LEVEL 11 CNR BUNDALL RD &  
SLATYER**

**AVENUE'  
KPMG - GOLD COAST CORPORATE  
CENTRE ONE  
BUNDALL QLD 4217**

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**Certification**

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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**

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**Signature**

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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**

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**Authentication**

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This form has been submitted by

Name	Michael Richard MALLINSON
Date	31-01-2018

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**GCFC Limited**  
**ABN 47 144 555 822**

**Annual Financial Report**

**31 October 2017**

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## Directors' report

The Directors present their report together with the financial report of GCFC Limited ('the Club') for the year ended 31 October 2017 and the auditor's report thereon.

### Directors

The Directors of the Club at any time during or since the end of the year and to the date of the report are:

Mr Anthony John Cochrane (Chairman)

Mr Kerry Robert East

Mr Alan Graham Mackenzie

Mr Paul Darren Scurrah

Mr Simon Gordon Bennett

Mr Martin Conway Rowland

Mrs Brooke Louise Hanson-Clarke OAM

Ms Samantha Linette Pearl Riley

Ms Leschen Leah Smaller

### Information on Directors

Mr Anthony John Cochrane

Experience	Chairman Director appointed 29 March 2014
Qualifications	Founding Director of IEC Director of IEC UK Director of Backstage Australia Non-Executive Chairman of AUS-X Holdings Founding Executive Chairman of V8 Supercars Australia – retired Founding Director of Sports & Entertainment Limited - retired
Special Responsibilities	Chairman of Board of Directors from 27 March 2016 Ex Member Football Sub Committee

Mr Kerry Robert East

Experience	Director appointed 10 June 2010
Qualifications	CEO Mantra Group Limited Chair of Tourism Australia Holds a Master of Business Administration
Special Responsibilities	Deputy Chair Member Audit & Risk Committee (appointed November 2016)

Mr Alan Graham Mackenzie

Experience	Director appointed 10 June 2010
Qualifications	President of Southport Football Club for more than 43 years Former Club Doctor, selector and match committee chairman of Brisbane Bears / Lions A life member of AFL Queensland Member QAFL Hall of Fame Recipient of AFL Jack Titus award
Special Responsibilities	Chairman Football Sub Committee

## Directors' report

Mr Paul Darren Scurrah

Experience Director appointed 6 July 2010  
Qualifications Managing Director and Chief Executive Officer of DP World Australia Limited  
Non-Executive Director Australia Post  
Over 20 years experience in transport, tourism and customer service  
Special Responsibilities Ex member Audit and Risk Committee (resigned November 2016)  
Member of Football Sub Committee

Mr Simon Gordon Bennett

Experience Director appointed 26 April 2016  
Qualifications LLB (Hons), Dip Leg Prac, Accredited Specialist Property law (Qld)  
Chair of TSS Audit & Risk Committee  
Board member Gold Coast Community Fund  
Special Responsibilities Chair of Audit & Risk Committee  
Member of Football Sub Committee (appointed November 2016)

Mr Martin Conway Rowland

Experience Director appointed 26 April 2016  
Qualifications Director Sector 4 Management Pty Ltd  
Director Water Engineers Pty Ltd  
Director Intelligent Infrastructure Solutions Pty Ltd  
Director SafeCam Technology Pty Ltd  
Director PSIS Pty Ltd  
Special Responsibilities -

Mrs Brooke Hanson-Clarke OAM

Experience Director appointed 18 August 2016  
Qualifications Olympic Gold and Silver Medallist  
Order of Australia recipient  
Member of Australian Swimming Team 1994-2008  
B.A (Major Journalism, minors in Women's Studies and Sociology)  
Partner of Hanson Media Group  
Director of Lane 6 Australia  
Television Presenter  
Corporate Motivational Speaker  
Key Note Presenter  
Special Responsibilities -

Ms Samantha Riley

Qualifications Director appointed 18 August 2016  
Olympic Silver and Bronze Medallist  
Medal of the Order of Australia  
Ambassador Royal Life Saving Association Keep Watch Program  
Co-founder of Sam Riley Swim Schools  
Co-owner of 7 SNAP Fitness Gyms  
Special Responsibilities -

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## Directors' report

Ms Leschen Smaller

Experience Director appointed 24 November 2016  
 Qualifications BCom, BArts, CA, FCPA,  
 Director Surfers Paradise Alliance  
 Director Gold Coast Mayoress Charity Foundation Ltd  
 Director Element SMSF & Advisory Pty Ltd  
 Director Element Business & Accounting Solutions Pty Ltd

Special Responsibilities Member of Audit and Risk Committee

### Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Club during the year are:

	Board Meetings	
	A	B
Mr Anthony Cochrane	11	10
Mr Kerry Robert East	11	11
Mr Alan Graham Mackenzie	11	11
Mr Paul Darren Scurrah	11	10
Ms Brooke Hanson-Clarke	11	11
Mr Simon Bennett	11	10
Mr Martin Rowland	11	11
Ms Samantha Riley	11	9
Ms Leschen Smaller	11	11

A Number of meetings held during the time the Director held office during the year

B Number of meetings attended

## **Directors' report**

### **Environmental regulations**

As a result of information provided by management the Director's believe that the Club has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Club.

### **Principal activities and objectives**

The principal activity of the Club is the promotion, administration and development of Australian Rules Football and management of the Gold Coast Football Club.

The Club's short term objectives are to:

- Maintain a high performance football program to deliver on-field success
- Commence the development of the Club's female football program
- Conducting male and female Academy programs to grow and develop talent both in South East Queensland and North Queensland
- Grow the membership base and increase the supporter base of the Club
- Enhance and grow the level of commercial returns
- Continue to engage, invest and deliver quality outcomes within the community
- Develop and maintain a high performing workforce
- Maintain a commitment to policies and practices that ensure a high standard of corporate governance
- Maintain a commitment to the safety of our people and patrons of Metricon Stadium
- Attract more events to Metricon Stadium
- Integrate and support the successful delivery of the 2018 Commonwealth Games

The Club's longer term objectives are to:

- Maintain a high performance male and female football programs to deliver sustained on-field success
- Launch the Club's AFLW team in the 2020 AFLW season
- Conducting male and female Academy programs to grow and develop talent both in South East Queensland and North Queensland
- Grow membership, supporter base and match day attendances
- Develop a platform for ongoing financial stability through maximising existing revenues and identifying new revenue streams
- Maximise returns from Metricon Stadium through AFL and non-AFL events
- Continue to engage, invest and deliver quality outcomes within the community with a focus on key Gold Coast social issues, diversity and growing the game of AFL

The Club continually monitors the performance of its objectives and strategies within its business plan.

### **Operating and financial review**

The net profit of the Club for the year ended 31 October 2017 was \$19,219 (2016: loss (\$2,941,965)).

The Club derived its revenue mainly from grants received from the Australian Football League, corporate sponsorships, corporate hospitality, membership and ticket sales.

The Club's strategy is to build a high performance team that achieves on-field success in the Australian Football League. The Club also aims to assist in increasing participation and support for Australian Rules Football within the Queensland region.



## Directors' report

### State of affairs

In the opinion of the Directors there were no significant changes in the state of affairs of the Club that occurred during the year under review not otherwise disclosed in this report or the financial statements.

The Club will continue to be financially dependent upon the support of the AFL (Australian Football League) in the future.

### Events subsequent to balance date

There has not arisen in the interval between the end of the year and the date of this report any other item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Club, to affect significantly the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years, except as disclosed in this report.

### Likely developments

The Club will continue to focus its efforts on achieving its short and long term objectives.

### Directors' benefits & interests

During the year, the Club used the accommodation at various Mantra Group hotels, of which Kerry East is Group CEO. Amounts were billed based on normal market rates for these types of services and were due and payable under normal payment terms.

During this financial year, no other Director of the Club has received or become entitled to receive any benefit by reason of a contract made by the Club, 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.

### Members' Guarantee

The Club is a company limited by guarantee to the extent of \$2.00 for each member. As at 31 October 2017, there was 1 voting member.

### Dividends

The constitution of the Club prohibits it from payment of dividends and accordingly no dividends were paid during the year.

### 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 2017.

### Indemnification and insurance of officers and auditors

#### *Indemnification*

The Club has not, during or since the end of the year, in respect of any person who is or has been an auditor of the Club or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings.

The Club has, in respect of any person who is or has been an officer or director of the Club, indemnified against a liability incurred as an officer or director, including costs and expenses in successfully defending legal proceedings, to the extent permitted by law and the prohibitions in section 199A of the *Corporations Act 2001*.

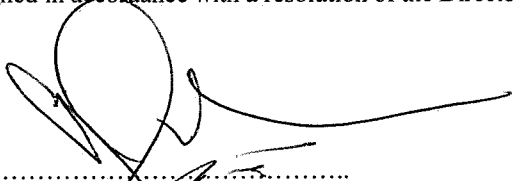
**Directors' report**

***Insurance premiums***

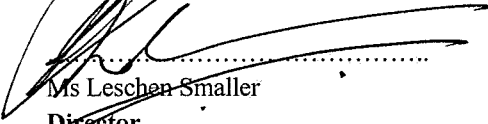
The insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former Directors and Officers including executive officers of the Club and Directors have been paid by the Club.

Signed at Carrara this 30<sup>th</sup> day of January 2018.

Signed in accordance with a resolution of the Directors.



.....  
Mr Anthony Cochrane  
**Chairman**



.....  
Ms Leschen Smaller  
**Director**



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

To the Directors of GCFC Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 October 2017 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

KPMG

Adam Twemlow  
*Partner*

Gold Coast  
30 January 2018

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 OCTOBER 2017**

	Note	2017 \$	2016 \$
<b>Revenue</b>	2	39,656,365	35,657,581
<b>Non-operating revenue</b>	2a	959,355	-
<b>Expenses</b>			
Administration expenses		3,718,017	3,934,528
Cost of goods sold		272,191	264,699
Depreciation & amortisation expenses		673,004	561,690
Employee expenses	3	26,918,507	24,669,190
Football operations expenses		1,623,099	1,659,025
Advertising & promotion expenditure		875,396	739,434
Sponsor & match day activation		3,345,160	3,676,917
Travel expenses		676,333	617,416
Lease expense		1,755,920	1,730,313
Maintenance expenses		782,707	816,578
Other expenses		-	-
<b>Net profit / (loss) before net finance income</b>		<u>(24,614)</u>	<u>(3,012,209)</u>
Finance income	4	95,964	120,289
Finance expenses	4	(52,131)	(50,045)
<b>Net finance income</b>		<u>43,833</u>	<u>70,244</u>
Other comprehensive income for the year		-	-
<b>Total comprehensive income / (loss) for the year</b>		<u>19,219</u>	<u>(2,941,965)</u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 23.

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 OCTOBER 2017**

	Note	2017	2016
		\$	\$
<b>Current Assets</b>			
Cash and cash equivalents	5	100,701	208,487
Trade and other receivables	6	3,095,109	563,720
Inventory – Merchandise	7	111,994	193,317
Prepayments	9	206,515	259,513
<b>Total current assets</b>		<b>3,514,319</b>	<b>1,225,037</b>
<b>Non - current Assets</b>			
Property, plant and equipment	8	2,372,881	2,029,440
Prepayments	9	450,000	450,000
Other assets	10	3,826,716	4,243,903
<b>Total non-current assets</b>		<b>6,649,597</b>	<b>6,723,343</b>
<b>Total assets</b>		<b>10,163,916</b>	<b>7,948,380</b>
<b>Current Liabilities</b>			
Trade and other payables	11	4,138,100	2,652,348
Borrowings	12	-	1,590,000
Deferred income	13	363,278	86,262
Provisions	14	434,391	473,029
<b>Total current liabilities</b>		<b>4,935,769</b>	<b>4,801,639</b>
<b>Non- current Liabilities</b>			
Borrowings	12	1,590,000	-
Provisions	14	5,220,362	4,748,175
<b>Total non-current liabilities</b>		<b>6,810,362</b>	<b>4,748,175</b>
<b>Total liabilities</b>		<b>11,746,131</b>	<b>9,549,814</b>
<b>Net assets / (liabilities)</b>		<b>(1,582,215)</b>	<b>(1,601,434)</b>
<b>Equity</b>			
Retained earnings / (accumulated losses)		<b>(1,582,215)</b>	<b>(1,601,434)</b>
<b>Total equity / (deficiency)</b>		<b>(1,582,215)</b>	<b>(1,601,434)</b>

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 23.

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**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 OCTOBER 2017**

	2017	2016
	\$	\$
<b>Total equity at the beginning of the financial year</b>	(1,601,434)	1,340,531
Total comprehensive income for the year	19,219	(2,941,965)
<b>Total equity at the end of the financial year</b>	<u>(1,582,215)</u>	<u>(1,601,434)</u>

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 23.

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 OCTOBER 2017**

	2017	2016
	\$	\$
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	40,182,196	37,927,099
Cash payments in the course of operations	(40,321,774)	(38,379,372)
<b>Net cash provided by/(used in) operating activities</b>	<u>(139,578)</u>	<u>(452,273)</u>
<b>Cash flows from investing activities</b>		
Payments for property plant and equipment	(64,172)	(232,860)
Interest received	95,964	120,289
<b>Net cash provided by/(used in) investing activities</b>	<u>31,792</u>	<u>(112,571)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	-	-
<b>Net cash provided by financing activities</b>	<u>-</u>	<u>-</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<u>(107,786)</u>	<u>(564,844)</u>
<b>Cash and cash equivalents at the beginning of the financial period</b>	208,487	773,331
<b>Cash and cash equivalents at end of the financial period</b>	<u>100,701</u>	<u>208,487</u>

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 23.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

The financial report for GCFC Ltd (“the Club”), a not-for-profit entity, is for the year ended 31 October 2017 and the financial report was authorised for issue by the Board of Directors on 30 January 2018.

**1 Statement of significant accounting policies**

**(a) Statement of compliance**

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

**(b) Basis of preparation**

The financial report is presented in Australian dollars and on the historical cost basis.

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

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in the following note:

- Note 6 – Trade and other receivables (impairment losses);
- Note 14 – Provisions

The accounting policies set out below have been applied consistently to all period presented in the financial report.

***Going Concern***

The Club has reported a profit of \$19,219 for the year ended 31 October 2017 (2016: loss of \$2,941,965). As at 31 October 2017 the Club has Accumulated losses of \$1,582,215 (2016: Retained loss deficit of \$1,601,434) and a net current asset deficiency of \$1,421,450 (2016: deficiency of \$3,576,602).

The ability of the Club to continue as a going concern, including the ability to pay its debts as and when they fall due is dependent on the Club being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other sources, including the Australian Football League’s (‘AFL’) contributions. In addition, the Club has principal debt repayments totalling \$1,590,000 due on 31 December 2018.



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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**1 Statement of significant accounting policies (continued)**

**(b) Basis of preparation (continued)**

***Going Concern (continued)***

If the Club is unable to successfully generate sufficient funds from its revenue sources to continue to fund its ongoing operations there is uncertainty whether the Club will be able to continue as a going concern and therefore, whether it will be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

The Club has prepared cash flow projections that support the ability of the Club to continue as a going concern. These cash flow projections assume:

- o The Club generates sufficient funds from its revenue sources; and
- o Ongoing support from the AFL

The Club's current trade and other payables include an amount of \$2,221,241 owing to the AFL.

Whilst these amounts are due and payable on demand by the AFL, the Club expects that the AFL will continue to support the Club and will not demand repayment if the Club does not have sufficient available funds to pay.

As outlined in Note 18, the Club remains economically dependent on the continued support of the AFL.

**(c) Revenue recognition**

Revenues are recognised at fair 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 at the notional fair value of the goods or services.

***Trading Operations***

Sales revenue comprises revenue earned (net of returns, discounts and allowances) for the provision of products or services to entities outside the Club. Sales revenue is recognised within the period to which it contractually relates or when the fee in respect of services provided is receivable.

***Interest Revenue***

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

***AFL Grants***

AFL grants are recognised as revenue in the income statement in accordance with the period to which the AFL funding agreement relates.

***Sponsorship & Supply Rights Revenue***

Sponsorship revenue is recognised within the period to which it contractually relates or when the fee in respect of services provided is receivable.

***Deferred Income***

Deferred income is initially recognised at fair value. Deferred income is recognised in the profit or loss as income on a systematic basis in the same period in which the expenses are recognised or the accounting period to which the income relates to.

***Membership Income***

Membership income is recognised in the period to which the membership relates.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017

1 Statement of significant accounting policies (continued)

(d) 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 Australian Taxation Office (ATO). 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 amount of GST recoverable from and payable to, the Australian Taxation Office ("ATO") is included as a current asset and liability in the Statement of Financial Position.

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 that are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Taxation

The Club is 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 Rules Football.

(f) Receivables

Trade and other receivables are stated at their amortised cost less any impairment loss.

(g) Property, plant and equipment

*Recognition and measurement*

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

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

*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 Club, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

*Depreciation and amortisation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in 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 Club will obtain ownership by the end of the lease term. Land is not depreciated.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**1 Statement of significant accounting policies (continued)****(g) Property, plant and equipment (continued)**

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

Straight line method	
Plant and equipment	10% to 20%
Furniture and fittings	10%
Leasehold Improvements	5% to 20%

**(h) Trade and Other Payables**

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

**(i) Contributed equity / retained earnings**

The Club is a company limited by guarantee to the extent of \$2.00 for each member. As at 31 October 2017, there was 1 voting member.

The Memorandum of Association prevents the distribution of retained profits or payment of dividends to members.

**(j) Employee benefits***Short-term employee benefits*

Short-term benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

*Other long term employee benefits*

The Club'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. That benefit is discounted to determine its present value. Remeasurements are recognised in profit & loss in the period in which they arise.

*Defined Contribution Superannuation fund*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

**(k) Impairment****(i) Non-derivative financial assets**

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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**1 Statement of significant accounting policies (continued)**

**(k) Impairment (continued)**

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 Club on terms that the Club 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 Club considers evidence of impairment for receivables.

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. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**(ii) Non-financial assets**

The carrying amounts of the Club's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU.

The Club's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (or group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(l) Inventory**

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, production or conversion costs 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.

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**1 Statement of significant accounting policies (continued)**

**(m) Leases**

Leases in terms of which the Club 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 operating leases and are not recognised in the Club's statement of financial position.

**(n) Provisions**

A provision is recognised if, as a result of a past event, the Club 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 a finance cost.

**(o) New standards and interpretations not yet adopted**

A number of new standards, amendments to standards and interpretations are effective for annual reporting periods beginning after 1 November 2016 and earlier application is permitted; however, the Club has not early applied these in preparing these financial statements. Those which may be relevant to the Club are set out below. The Club does not plan to adopt these standards early.

*AASB 9 Financial Instruments*

AASB 9, published in July 2014, replaces the existing guide in AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from AASB 139. AASB 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Club is assessing the potential impact on its financial statements resulting from the application of AASB 9.

*AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Club is currently assessing the potential impact on its financial statements resulting from the application of AASB 15.

*AASB 16 Leases*

AASB 16 Leases was issued and introduced changes to lease accounting. It requires recognition of lease liabilities and assets other than short-term leases of leases of low-value assets on the statement of financial position. This will replace the operating/finance lease distinction and accounting requirements prescribed in AASB 117 Leases. This standard will become mandatory for the Club's 2020 financial statements. The potential effects of adoption of the standard are currently being assessed.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

	2017	2016
	\$	\$
<b>2 Revenue</b>		
Grant income	24,670,807	19,101,579
Sponsorship & supply rights income	5,919,083	8,010,663
Membership & ticketing income	6,219,235	5,911,475
Merchandise sales	409,975	449,103
Other trading operations	2,437,265	2,184,761
	<u>39,656,365</u>	<u>35,657,581</u>
<b>2a Non-operating revenue</b>		
Training & Administration Facility contribution	<u>959,355</u>	<u>-</u>
<b>3 Employee expenses</b>		
Wages and salaries	25,345,346	23,019,649
Superannuation expenses	1,548,643	1,457,635
Annual leave expense	12,721	65,600
Long service leave expense	11,797	126,306
	<u>26,918,507</u>	<u>24,669,190</u>
<b>4 Finance income and expense</b>		
Finance income on bank deposits	95,964	120,289
Finance expenses	<u>(52,131)</u>	<u>(50,045)</u>
	<u>43,833</u>	<u>70,244</u>
<b>5 Cash and cash equivalents</b>		
Cash on hand	3,077	2,100
Cash at bank	97,624	206,387
	<u>100,701</u>	<u>208,487</u>
<b>6 Trade and other receivables</b>		
Trade receivables	3,282,700	610,604
Less: provision for impairment losses	(198,096)	(294,751)
GST receivable	-	21,379
Other trade receivables	10,505	226,488
	<u>3,095,109</u>	<u>563,720</u>

During the year the Director's assessed the recoverability of trade and other receivables and recorded impairment losses of \$198,096 in respect of debtors outstanding at 31 October 2017 (2016: \$294,751).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

		2017	2016
		\$	\$
7	<b>Inventory – merchandise</b>	<u>111,994</u>	<u>193,317</u>
8	<b>Property, plant and equipment</b>		
	Plant and equipment		
	<i>At cost</i>	1,711,221	1,467,933
	<i>Less: accumulated depreciation</i>	<u>(1,179,280)</u>	<u>(1,021,213)</u>
	Net book value	<u>531,941</u>	<u>446,720</u>
	 Furniture and fittings		
	<i>At cost</i>	728,462	34,472
	<i>Less: accumulated depreciation</i>	<u>(108,100)</u>	<u>(21,764)</u>
	Net book value	<u>620,362</u>	<u>12,708</u>
	 Leasehold Improvements		
	<i>At cost</i>	2,007,000	2,007,000
	<i>Less: accumulated depreciation</i>	<u>(786,422)</u>	<u>(436,988)</u>
	Net book value	<u>1,220,578</u>	<u>1,570,012</u>
	 Carrying amount at end of period	<u>2,372,881</u>	<u>2,029,440</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

		2017	2016
		\$	\$
<b>8</b>	<b>Property, plant and equipment (continued)</b>		
	Plant and equipment		
	<i>Carrying amount at beginning of period</i>	446,720	560,006
	<i>Additions/transfers</i>	315,467	94,482
	<i>Disposals</i>	(72,178)	-
	<i>Depreciation</i>	(158,068)	(207,768)
	Carrying amount at end of period	531,941	446,720
	Furniture and fittings		
	<i>Carrying amount at beginning of period</i>	12,708	15,409
	<i>Additions</i>	708,061	-
	<i>Disposals</i>	(14,071)	-
	<i>Depreciation</i>	(86,336)	(2,701)
	Carrying amount at end of period	620,362	12,708
	Leasehold Improvements		
	<i>Carrying amount at beginning of period</i>	1,570,012	267,208
	<i>Additions/transfers</i>	-	1,654,025
	<i>Disposals</i>	-	-
	<i>Depreciation</i>	(349,434)	(351,221)
	Carrying amount at end of period	1,220,578	1,570,012
		2,372,881	2,029,440

During the 2017 year the ownership of property, plant and equipment with a value of \$0.96m was transferred from the Training & Facility project to the Club (refer Note 2a).

During the 2016 year the Club transferred \$1.65m of previously incurred expenditure from a total of \$2.26m spent on stadium infrastructure in the prior year (refer Note 9).



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

		2017	2016
		\$	\$
<b>9</b>	<b>Prepayments</b>		
	<b>Current</b>		
	Operational prepayments	206,515	259,513
		<u>206,515</u>	<u>259,513</u>
	<b>Non-current</b>		
	Stadium Infrastructure	450,000	450,000
		<u>450,000</u>	<u>450,000</u>

During the 2016 year the Club transferred \$1.65m of previously incurred expenditure of \$2.26m in relation to capital investment on stadium infrastructure at Metricon Stadium from non-current prepayments to leasehold assets.

<b>10</b>	<b>Other assets</b>		
	Stadium sinking fund bank account	3,826,716	4,243,903
		<u>3,826,716</u>	<u>4,243,903</u>

As outlined in Note 14, the Club is required to provide through a sinking fund for annual commitments not paid during the period as outlined in the Venue Management Agreement. This Other Asset represents funds deposited into a sinking fund account that will be required to satisfy the provision as detailed in Note 14. As such, these funds are not considered part of the Club's working capital and will not be used for any other purpose other than to satisfy the Club's obligations under the Venue Management Agreement, which have been fully provided for at year end.

<b>11</b>	<b>Trade and other payables</b>		
	Trade payables	2,924,786	1,977,416
	GST payable	240,302	-
	Other payables and accruals	973,012	674,932
		<u>4,138,100</u>	<u>2,652,348</u>

Included within trade and other payables is an amount of \$2,221,241 (2016: \$1,396,776) owing to the AFL. Whilst these amounts are due and payable on demand by the AFL, the Club expects that the AFL will continue to support the Club and will not demand repayment if the Club does not have sufficient available funds to pay (refer to Note 1(b) *Going Concern*).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

		2017	2016
		\$	\$
<b>12</b>	<b>Borrowings</b>		
	<b>Current</b>		
	NAB Corporate Markets Loan	-	1,590,000
		<u>-</u>	<u>1,590,000</u>
	<b>Non-current</b>		
	NAB Corporate Markets Loan	1,590,000	-
		<u>1,590,000</u>	<u>-</u>
<p>The club has a \$1.59m commercial corporate markets loan from the National Australia Bank which was extended in 2017 to have a maturity date of 31 December 2018 with the principal fully repayable on that date.</p> <p>The loan is secured by a guarantee provided by the AFL and has an average interest rate of 3.26%.</p>			
<b>13</b>	<b>Deferred Income</b>		
	Deferred income	360,466	84,198
	Merchandise gift vouchers	2,812	2,064
		<u>363,278</u>	<u>86,262</u>
<b>14</b>	<b>Provisions</b>		
	<b>Current</b>		
	Provision for annual and long service leave	364,718	325,582
	Stadium sinking fund provision	69,673	147,447
		<u>434,391</u>	<u>473,029</u>
	<b>Non-current</b>		
	Provision for long service leave	476,061	490,679
	Stadium sinking fund provision	4,744,301	4,257,496
		<u>5,220,362</u>	<u>4,748,175</u>

As venue manager of Metricon Stadium, the Club is committed to provide through a sinking fund for annual commitments not paid during the period as outlined in the Venue Management Agreement which expires on 30 May 2031. Refer Note 10.

**15 Member's Guarantee**

The Club is limited by guarantee. The Club's constitution states that if the Club is wound up, the current members and those who have resigned within one year will be required to contribute a maximum of \$2.00 each towards meeting any outstanding obligations of the Club contracted before the time at which he or she ceased to be a member. At 31 October 2017 there was one voting member.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 OCTOBER 2017**

**16 Key management personnel remuneration**

Key management personnel of the Club include the Chief Executive Officer and departmental General Managers appointed to the executive management team.

	2017	2016
	\$	\$
Total remuneration provided	3,034,927	2,613,008

**17 Related parties****Directors' transactions with the Club**

No directors have elected to receive any remuneration for their services as a director of the Club during the current or previous financial periods.

***Transactions with related parties***

The Club used accommodation services from Mantra Group hotels, of which Kerry East is Group CEO. Amounts paid to the Mantra Group during the year were \$17,437 (2016: \$22,325), of which there was nil outstanding at year end (2016: nil).

**18 Economic dependency**

The Club's ongoing operations are dependent upon the receipt of further funding from the AFL through receipts of distributions and other financial assistance. Refer Note 1 (b).

**19 Contingent Liabilities**

As at 31 October 2017 there were no contingent liabilities.

**20 Lease Commitments**

As venue manager of Metricon Stadium, the Club is committed to stadium financial commitments over the period of the venue management agreement to 30 May 2031.

	2017	2016
	\$	\$
<b>Leasehold</b>		
Less than one year	1,650,000	1,650,000
Between one and five years	6,600,000	6,600,000
More than five years	14,850,000	16,500,000
	23,100,000	24,750,000


**Directors' declaration**

In the opinion of the directors of GCFC Limited ('the Club'):

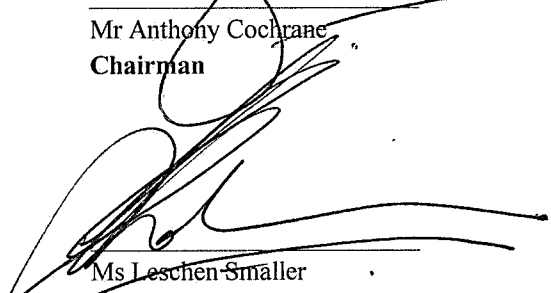
- (a) the financial statements and notes, set out on pages 8 to 23 are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Club as at 31 October 2017 and of its performance, for the financial year ended on that date; and
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Dated at Carrara this 30th day of January 2018.

Signed in accordance with a resolution of the directors;



Mr Anthony Cochrane  
Chairman



Ms Leschen Smaller  
Director

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# Independent Auditor's Report

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To the members of GCFC Limited

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report** of GCFC Limited (the Club).

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 Club's financial position as at 31 October 2017 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards- Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The **Financial Report** comprises:

- Statement of financial position as at 31 October 2017;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

### 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 Club 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* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.



## Other Information

Other Information is financial and non-financial information in GCFC Limited'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 - Reduced Disclosure Requirements* 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 Club'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 Club 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 this 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/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our Auditor's Report.

KPMG

KPMG

Adam Twemlow  
*Partner*

Gold Coast  
30 January 2018