



**CARLTON FOOTBALL CLUB LIMITED**

A.C.N. 005 449 909

(Company Limited by Guarantee)

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

**FOR THE YEAR ENDED 31 OCTOBER 2011**

## **CARLTON FOOTBALL CLUB LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report on the results of the Carlton Football Club Ltd ("the Football Club") for the year ended 31 October 2011, and the state of affairs at that date.

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

The Directors in office during the year were:

M Clarke, Z Fried, R. Geminder, A Gleeson, M Harrison, S Kernahan, G Lee, Mark LoGiudice, S Moulton, R Newton, J Pratt (appointed 21 March 2011), A Suss, S Wilson QC (resigned 10 Nov 2010).

All Directors, unless otherwise indicated, were in office from the beginning of the year until the date of this report. Particulars of Directors in office are disclosed in Note 24 of these accounts.

#### ***2. Company Secretary***

The Company Secretary at the date of this report is Mr Jason Reddick (BEC, CA).

Mr Reddick has been the Company Secretary and Chief Financial Officer of Carlton Football Club Ltd for 11 years. He has been employed by the Club since 1994 and has been a Chartered Accountant for over 19 years.

#### ***3. Principal Activities***

The principal activities of the Football Club during the year were to promote and play Australian Rules Football in the Australian Football League ("AFL"), in which Carlton holds one of the eighteen licenses.

#### ***4. Operating Results and Review of Operations***

The Football Club made a net profit of \$742,401 for the year ended 31 October 2011. This compared to an operating profit of \$2,248,294 for the year ended 31 October 2010. Excluding government grants received the Club's profitability improved by \$216,005.

#### ***Dividends***

No dividends were paid or declared during the financial year. The Football Club is precluded from paying dividends by its Constitution.

In March 2011, the Board and management launched a five year Strategic Plan to set the focus for the Club from 2011 to 2015. An extract of that document titled "The Blue Print" was released on the Club's website. The five key objectives were identified as Premierships, Supporter & Stakeholders, Brand, People, and Financial.

The team played in finals for the third consecutive year, ending in 5<sup>th</sup> position after a narrow semi-final loss to the West Coast Eagles in Perth.

The Club achieved records for both match attendances and television ratings. Carlton's 22 regular season games and 2 finals games were attended by over 1.2 million patrons. Again Carlton was the second most watched football team on TV with an average audience of over 700,000 watching each of Carlton's 11 home games.

The Club achieved a record Membership level of 44,136, up 9% on the prior year.

On 30 May 2011, the Club acquired two businesses, the Royal Oak Club in Richmond and the Vic Inn Club in Williamstown.

In August 2011, Optus signed on to continue as a Platinum sponsor of the Club for a further two year term. This contract extends Optus' continuous support of the Club to 21 years.

The Club launched the 'I AM CARLTON' brand in September 2011, with the purpose of expanding both the Club's fan base and membership.

## **CARLTON FOOTBALL CLUB LIMITED**

### **DIRECTORS' REPORT (CONT.)**

In accordance with the requirements of Federal, State and local government funding partners, the Club continued to provide the Visy Park facilities for Community use in 2011. Through its "Visy Enviromaniacs" program, the Club increased the number of its environmental sustainability education sessions from 73 to 83 for primary school groups. It also provided facility and oval use for the Carlton Football Community Fund's Multi-Cultural program.

#### ***5. Significant Changes in the State of Affairs***

In October 2011, the Club repaid \$550,000 of the \$1.5m borrowed from Westpac in relation to the redevelopment of Visy Park.

In the same month, the Club also repaid \$150,000 of AFL Loan to reduce the outstanding loan amount to \$1.2m.

AFL Victoria and the AFL umpires commenced a tenancy at Visy Park on 1 January 2011, involving shared occupation of Heroes Stand offices and Pratt Stand change rooms alongside the other Visy Park tenant, the Melbourne Rebels Rugby Union Club. The initial tenancy term is until 31 October 2016, followed by options for three further terms of five years each.

#### ***6. Subsequent Events***

In the period between the end of the financial year and the date of this report, no matter or circumstance has arisen that has significantly or may significantly affect the operations of the Football Club, the results of those operations or the state of affairs of in subsequent financial years.

#### ***7. Likely Developments***

Carlton's alignment with Victorian Football League team, the Northern Bullants, has developed further with the VFL Club confirming a name change to the Northern Blues and the team playing more games at Visy Park in 2012.

The Club has begun the process of procuring electronic gaming machines for the relevant gaming venues by May 2012.

The Club is continuing to explore further community use of the facilities with a number of community organizations.

#### ***8. Environmental Regulation***

The Directors believe that the operations of the economic entity are not subject to any particular or significant environmental regulation.

Environmentally Sustainable Design (ESD) initiatives have been incorporated into the new facilities at Visy Park.

#### ***9. Auditor Independence and Non-Audit Services***

The directors have received an Independence Declaration from the auditor of the Football Club as set out on page 5 and it forms part of the director's report for the year ended 31 October 2011.

Ernst & Young received or are due to receive \$15,000 for the provision of non-audit services. These services have not compromised Ernst & Young's independence.

**CARLTON FOOTBALL CLUB LIMITED**

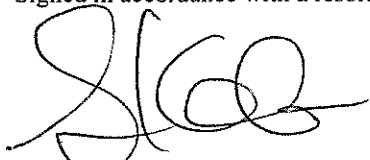
**DIRECTORS' REPORT (CONT.)**

*10. Indemnification and Insurance of Directors and Officers*

During the financial year the Football Club paid premiums to insure each of the Football Club's Directors and Officers against liabilities for costs that may arise out of their conduct while acting in the capacity of Director or Officer of the Football Club.

The Directors have not included details of the nature of the liabilities covered or the amount of the premiums paid in respect of the Directors and Officers Liability insurance contract, as such disclosure is prohibited under the terms of the contract.

Signed in accordance with a resolution of the Directors at Carlton this 21st day of November 2011.

A handwritten signature in black ink, appearing to read 'S. Kernaahan', with a stylized, cursive script.


**STEPHEN SCOTT KERNAHAN**  
Director

## **Auditor's Independence Declaration to the Directors of Carlton Football Club Limited**

In relation to our audit of the financial report of Carlton Football Club Limited for the financial year ended 31 October 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Kester C Brown  
Partner

21 November 2011

**CARLTON FOOTBALL CLUB LIMITED****CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED 31 OCTOBER 2011**

	Notes	2011 \$	2010 \$
Revenue	5	39,950,939	35,103,570
Membership related expenses		(3,057,353)	(2,548,564)
Administration expenses		(2,374,857)	(2,464,691)
Operating expenses	6(b)	(32,603,072)	(27,946,569)
Borrowing costs expense	6(a)	(410,005)	(395,785)
Depreciation and lease amortisation	6(a)	(1,379,833)	(1,070,388)
Amortisation of intangible		(174,018)	(673,266)
Loss on disposal of non current assets		-	(145,144)
Other income – government grants		-	1,721,898
Other income – ASF grants		790,600	667,233
		<hr/>	<hr/>
Net Profit		<u>742,401</u>	<u>2,248,294</u>
Other Comprehensive Income		-	-
Total Comprehensive Income for the period		<u><u>742,401</u></u>	<u><u>2,248,294</u></u>

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED****CONSOLIDATED BALANCE SHEET****AS AT 31 OCTOBER 2011**

	Notes	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4a	2,438,744	861,115
Trade and other receivables	7	1,113,562	778,990
Inventories	8	321,106	418,658
Other assets	9	326,225	261,274
<b>TOTAL CURRENT ASSETS</b>		<u>4,199,637</u>	<u>2,320,037</u>
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	10	20,056,432	20,853,739
Intangible assets	11	108,226	282,244
<b>TOTAL NON CURRENT ASSETS</b>		<u>20,164,658</u>	<u>21,135,983</u>
<b>TOTAL ASSETS</b>		<u>24,364,295</u>	<u>23,456,020</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	2,374,422	1,555,525
Income received in advance	13	110,865	91,241
Interest bearing liabilities	14	6,296,707	6,677,899
Provisions	15	901,961	891,362
<b>TOTAL CURRENT LIABILITIES</b>		<u>9,683,955</u>	<u>9,216,027</u>
<b>NON CURRENT LIABILITIES</b>			
Interest bearing liabilities	14	1,171,150	1,486,201
Provisions	15	119,497	106,500
<b>TOTAL NON CURRENT LIABILITIES</b>		<u>1,290,647</u>	<u>1,592,701</u>
<b>TOTAL LIABILITIES</b>		<u>10,974,602</u>	<u>10,808,728</u>
<b>NET ASSETS</b>		<u>13,389,693</u>	<u>12,647,292</u>
Retained profits		<u>13,389,693</u>	<u>12,647,292</u>
<b>TOTAL ACCUMULATED FUNDS</b>		<u>13,389,693</u>	<u>12,647,292</u>

The accompanying notes form an integral part of these accounts.

**CARLTON FOOTBALL CLUB LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31 OCTOBER 2011**

	Notes	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from football related activities		43,650,312	38,795,111
Payments to suppliers and employees		(41,062,191)	(36,108,035)
Interest received		83,898	64,621
Borrowing costs		(410,005)	(395,785)
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES</b>		2,262,014	2,355,912
		<hr/>	<hr/>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(578,770)	(5,649,388)
Receipt of Govt., AFL & other grants		790,600	2,389,131
Loans granted - related parties		(349,961)	(55,774)
Loan repayments received - related parties		153,746	-
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES</b>		15,615	(3,316,031)
		<hr/>	<hr/>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds/(Repayment) of interest bearing liabilities		(700,000)	1,236,074
		<hr/>	<hr/>
<b>NET CASH PROVIDED BY /(USED IN) FINANCING ACTIVITIES</b>		(700,000)	1,236,074
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents held		1,577,629	275,955
Cash and cash equivalents at the beginning of the year		861,115	585,160
		<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR</b>	4(b)	2,438,744	861,115
		<hr/> <hr/>	<hr/> <hr/>

The accompanying notes form an integral part of these accounts.



**CARLTON FOOTBALL CLUB LIMITED**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 OCTOBER 2011**

	Accumulated Funds /(Deficiencies) \$
<b>BALANCE AS AT 31 OCTOBER 2009</b>	10,398,998
Changes in equity:	
Profit/(loss) for the year	<u>2,248,294</u>
<b>BALANCE AS AT 31 October 2010</b>	<u>12,647,292</u>
Changes in equity:	
Profit/(loss) for the year	<u>742,401</u>
<b>BALANCE AS AT 31 OCTOBER 2011</b>	<u>13,389,693</u>

The accompanying notes form an integral part of these accounts

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

**NOTE 1 CLUB INFORMATION**

The Football Club was formed in 1864 and incorporated in Melbourne, Australia, on 20th June 1978.

The registered office of the Football Club is located at:  
Visy Park, Royal Parade, Carlton North, 3054.

The principal activities of the Football Club during the year were to promote and play Australian Rules Football in the Australian Football League ("AFL"), in which Carlton holds one of the eighteen licences.

The financial report of the Football Club for the year ended 31 October 2011 was authorised for issue in accordance with a resolution of the directors on 21 November 2011.

**NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) Basis of accounting**

This general purpose financial report has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

The financial report has been prepared in accordance with the historical cost convention.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

**(b) Statement of Compliance**

The Group has early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements* for the financial year beginning on 1 November 2010.

The adoption of AASB 1053 and AASB 2010-2 allowed the Club to remove a number of disclosures. There was no other impact on the current or prior year financial statements.

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

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Football Club for the annual reporting period ended 31 October 2011. These are outlined in the table below.

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

The Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2010:

- ▶ AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]* effective 1 January 2010
- ▶ AASB 2009-8 *Amendments to Australian Accounting Standards — Group Cash-settled Share-based Payment Transactions [AASB 2]* effective 1 January 2010
- ▶ AASB 2009-10 *Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]* effective 1 February 2010

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

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

▶ AASB 2010-3 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, 7, 121, 128, 131, 132 & 139]* effective 1 July 2010

▶ AASB Interpretation 19: *Extinguishing financial liabilities with equity instruments*

The changes in accounting policy were applied prospectively.

**(c) Going Concern**

As at 31 October 2011 the Carlton Football Club Limited has a current asset deficiency of \$5,484,318. This gives rise to significant uncertainty about the ability of the company to continue to operate as a going concern.

Notwithstanding the current asset deficiency of the Football Club, the accounts have been prepared on the basis that the Carlton Football Club Limited is a going concern. The appropriateness of adopting this basis is dependent on the Football Club being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other revenue sources in addition to receiving AFL distributions, to meet its debts as and when they become due and payable and to continue to fund its ongoing operations.

The directors also note the following mitigating factors:

- The Football Club's banker ("Westpac") and the Australian Football League ("AFL") have continued to provide financial support through to the date of this report. The AFL support is in the form of a \$1,500,000 loan (balance at 31 October 2011 of \$1,200,000) which is due and payable over the period to 31 October 2014. The facility from Westpac is in the form of a commercial bill facility with no fixed term but is subject to annual reviews with the next review due in October 2012.
- Profitable business performance for the year ended 31 October 2011 and the expectation of profitable operations for the year ending 31 October 2012.
- Management and the Board have secured the continued support of major sponsors Hyundai, Mars, Visy and other corporate supporters.

Should the Football Club not continue as a going concern it may be required to realise assets other than in the ordinary course of operations and at amounts other than those recorded in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

**(d) Significant accounting judgments, estimates and assumptions**

**(i) Impairment of Intangible Assets**

The Football Club assesses impairment of intangible assets at each reporting date by evaluating conditions specific to the Football Club and to the particular asset that may lead to impairment. In reviewing potential impairment of intangible assets reference is made to factors including forecast future cash flows and discount rates. To the extent that intangible assets are determined not to be recoverable in the future, profits and net assets will be reduced in the period in which this determination is made.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

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

**(e) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

Sales revenue is detailed in note 5 and comprises revenue earned from sponsorships & hospitality, AFL dividends & distributions, membership & reserved seating, gaming, gate receipts, merchandise and fundraising. Revenues are recognised at the fair value of the consideration received, net of the amount of goods and services tax (GST). The following specific recognition criteria must also be met before revenue is recognised:

*Sponsorship Income*

In accordance with a payment schedule upon receipt of a signed sponsorship agreement. Sponsorship involving contra arrangements are recognised as revenue equivalent to the fair value of services provided by the sponsor.

*Sale of Goods*

Control of the goods has passed to the buyer.

*Interest*

Control of a right to receive consideration for the provision of, or investment in, assets has been attained.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

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

**(f) Plant and Equipment**

Cost

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

Depreciation

Depreciation is provided on a diminishing value basis on all new plant and equipment over their estimated useful lives.

Major depreciation periods are:	2011	2010
• Equipment	3-10 years	3-10 years
• Furniture and fittings	7 years	7 years

Leases

Leases are classified at their inception as either operating or finance leases based in the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating Leases

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased term to the Football Club are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

**(g) Inventories**

Inventories are valued in the accounts at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business.

**(h) Trade and Other Receivables**

Trade Receivables, which generally have 30-90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An allowance for impairment is made when there is objective evidence that the Football Club will not be able to collect the debts. Bad debts are written-off when identified.

Receivables from related parties are initially recognised at fair value and carried at amortised cost. Interest is taken up as income on an accrual basis.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

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

**(i) Trade and Other Payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the Football Club prior to the end of the financial year that are unpaid and arise when the Football Club becomes obliged to make future payments in respect of the purchase of these goods and services.

Payables to related parties are initially recognised at fair value and carried at amortised cost. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

**(j) Intangibles**

Gaming Licence

Gaming licences have been acquired through a business combination and are carried at a directors' valuation based on the future cash flows of the asset.

The intangible asset has been determined to have a useful life through to June 2012, which is the end date of the Football Club's existing agreement with the current gaming operator, Tabcorp. Amortisation is applied on a straight line basis through to June 2012.

**(k) Impairment**

Plant & Equipment and Intangible assets

The carrying values of plant and equipment and intangible assets are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the income statement in the cost of sales line item.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

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

*Financial Assets*

The entity assesses at each balance sheet date whether a financial asset or group of financial assets is impaired. If there is objective evidence that an impairment loss has been incurred on a financial asset, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

The discount rate used for financial assets carried at amortised cost is the financial asset's original effective interest rate (i.e. The effective interest rate computed at initial recognition).

**(l) Income Tax**

As a club established for the encouragement of a game or sport, Carlton Football Club Limited is exempt from income tax in accordance with section 50-45 of the Income Tax Assessment Act 1997.

**(m) Employee benefits**

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Employee benefit expenses and revenues arising in respect of the following categories;

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits,

are charged against profits on a net basis in their respective categories.

**(n) Goods and Services Tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). The amounts reported for receivables and payables are inclusive of GST. The net amount of GST receivable from, or payable to, the ATO is included as a current assets or liability in the Balance Sheet.

Cash flows from operating activities are included in the Cash Flow Statement on a gross basis. The GST components of cash flows applicable to investing and financing activities that are recoverable from, or payable to, the ATO are classified in operating cash flows.

**(o) Cash and Cash Equivalents**

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and investments in money market investments readily convertible to cash within two working days, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Cash on hand and in banks are stated at nominal value.

**(p) Comparative Figures**

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

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

**(q) Members' Liability on Winding Up**

The Football Club is a company limited by guarantee and domiciled in Australia. Accordingly the liability of the members of the Football Club is limited. As stated in clause 4 of the Football Club's Memorandum of Association, each member of the Football Club undertakes to contribute to the assets of the Football Club in the event of it being wound up while they are a member or within one year afterwards for payment of the debts and liabilities of the Football Club contracted before they cease to be a member and of the costs, charges and expenses of winding up the Football Club and for the adjustment of the rights of the contributories amongst themselves such amount as may be required not exceeding fifty dollars (\$50).

**(r) Interest Bearing Loans and Borrowings**

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

Borrowing costs are recognised as an expense when incurred.

**(s) Derecognition of Assets**

A financial asset is derecognised when the rights to receive cash flows from the asset have been extinguished or expired.

**(t) Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Football Club and its subsidiaries (as outlined in note 23) as at and for the period ended 31 October each year (the Group).

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a group controls another entity.

The financial statements of the subsidiaries are prepared for the parent company, using consistent accounting policies. In preparing the consolidated financial statements, all intercompany balances, transactions and dividends have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

**(u) Business combinations**

Business combinations (refer to note 21) are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition-date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity issued by the acquirer, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred, and included in administrative expenses.



**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

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

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

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

The Football Club's principal financial instruments comprise receivables, payables, bank commercial bill facility, AFL loan, unsecured debentures, and cash.

The main purpose of these financial instruments is to raise finance for the Football Club's operations. It is, and has been throughout the period under review, the Football Club's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Football Club's financial instruments are interest rate risk, credit risk and liquidity risk. The Football Club uses different methods to measure and manage different types of risks to which it is exposed. These include monitoring levels of exposure to interest rate risk and assessments of prevailing market interest rates, analysing and monitoring of customers for credit risk, and assessing liquidity risk by producing future rolling cash flow forecasts, which are performed on a monthly basis.

Primary responsibility for identification and control of financial risks rests with the Finance sub-committee under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk, credit terms and future cash flow forecast projections.

**Fair Values**

The fair values of the Football Club's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

**Risk Exposures and Responses**

***Interest Rate Risk***

The Football Club's exposure to market interest rates relates primarily to the Football Club's debt facility obligations. The facility is provided by Westpac. The level of debt is disclosed in Note 14.

The Football Club regularly analyses its interest rate exposure, cash and debt levels.

The Football Club has a Commercial Bill Facility of \$6,500,000. The planned reduction of this debt is expected to reduce the impact of variations in interest rates.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****NOTE 3 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT.)***Foreign Currency Risk*

The Football Club has no exposure to foreign currency risk.

*Capital Management*

In managing capital, the Football Club aims to maintain a stable capital base, capable of withstanding cash flow fluctuations, but flexible enough to accommodate the Club's plans for growth. The Football Club aims to maintain an optimal capital structure to reduce the cost of capital and maximise benefits to members.

The capital structure of the group consists of debt, which includes interest-bearing loans as disclosed in Note 14, cash and cash equivalents.

The Club is not subject to any externally imposed capital requirements.

**NOTE 4 STATEMENT OF CASH FLOWS**

	2011 \$	2010 \$
<b>(a) Reconciliation of cash</b>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the Balance Sheet as follows:		
Cash on hand	414,469	10,265
Cash at bank	2,024,275	850,850
Closing cash balance	<u>2,438,744</u>	<u>861,115</u>
<b>(b) Reconciliation to Cash Flow Statement</b>		
For the purposes of the Cash Flow Statement, cash and cash equivalents comprise the following at 31 October 2011:		
Cash on hand	414,469	10,265
Cash at bank	2,024,275	850,850
Closing cash balance	<u>2,438,744</u>	<u>861,115</u>
<b>(c) Non cash financing activities</b>		
Acquisition of assets by means of finance lease	48,866	301,621
Closing cash balance	<u>48,866</u>	<u>301,621</u>

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 5 REVENUES**

<b>Revenues from operating activities</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Included in the operating profit are the following revenues arising from operating activities:		
Sponsorship and hospitality	12,378,037	11,236,664
AFL income	8,182,004	7,794,500
Membership and reserved seating	7,781,303	7,075,655
Gaming	4,504,537	2,901,929
Gate receipts	3,836,490	3,565,362
Merchandise	1,910,251	1,623,294
Fundraising	470,064	337,200
Interest income	83,898	64,621
Other football operations income	804,355	504,345
	<hr/>	<hr/>
<b>Total revenues from ordinary activities</b>	<b>39,950,939</b>	<b>35,103,570</b>

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

<b>(a) Expenses</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cost of merchandise sold	1,047,522	964,586
Mechandise Inventory write off	8,624	4,591
	<hr/>	<hr/>
Depreciation of non-current assets		
-Plant and equipment	1,338,511	1,048,144
-Leased assets	41,322	22,244
	<hr/>	<hr/>
	<b>1,379,833</b>	<b>1,070,388</b>
	<hr/>	<hr/>
Amortisation of non-current assets		
-Intangible assets	174,018	673,266
	<hr/>	<hr/>
<b>Total depreciation and amortisation expenses</b>	<b>1,553,851</b>	<b>1,743,654</b>
	<hr/>	<hr/>
Lease payments – operating lease	80,997	80,871
	<hr/>	<hr/>
Borrowing costs expensed		
Interest expense		
-Other	-	355
-Finance lease	29,762	19,317
-Commercial Bill & AFL Facility	380,243	376,113
	<hr/>	<hr/>
<b>Total borrowing costs expensed</b>	<b>410,005</b>	<b>395,785</b>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****NOTE 6 EXPENSES AND LOSSES/(GAINS) (CONT)****(b) Operating Expenses**

Football department costs	17,830,197	16,475,381
Marketing and other department costs	14,772,875	11,471,188
	<u>32,603,072</u>	<u>27,946,569</u>

**(c) Personnel Expenses \***

Wages and salaries	17,179,443	15,785,690
Contributions to superannuation	1,052,048	1,112,489
Movement in employee entitlements	(16,474)	232,168
	<u>18,215,017</u>	<u>17,130,347</u>

\* Personnel expenses in note 6(c) is included in Operating expenses in note 6(b)

**NOTE 7 TRADE AND OTHER RECEIVABLES**

<b>Current</b>	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Trade receivables	<u>593,557</u>	<u>354,301</u>
	<u>593,557</u>	<u>354,301</u>
Other receivables	211,183	312,081
Related party loans	<u>308,822</u>	<u>112,608</u>
Total trade receivables	<u>1,113,562</u>	<u>778,990</u>

**Trade receivables and allowance for impairment**

Trade receivables are non-interest bearing and are generally on 30 – 60 day terms.

An allowance for impairment (impairment loss) is recognised when there is objective evidence that a trade receivable is impaired.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****NOTE 7 TRADE AND OTHER RECEIVABLES (CONT)**

Movements in the allowance for impairment loss were as follows:

	31 October 2011 \$	31 October 2010 \$
Allowance for impairment losses opening balance	-	6,420
Amounts recovered	-	(6,420)
<b>Allowance for impairment losses closing balance</b>	<b>-</b>	<b>-</b>

For terms and conditions of trade and other receivables, refer Note 2(h). The Football Club maintains direct contact with debtors and is satisfied that payment of the amounts past due but not impaired will be received.

**NOTE 8 INVENTORIES**

	2011 \$	2010 \$
Merchandise stock		
At cost	282,859	407,487
At net realisable value	3,399	2,009
Other inventory		
At cost	34,848	9,162
	<u>321,106</u>	<u>418,658</u>

**NOTE 9 OTHER ASSETS**

	2011 \$	2010 \$
Current		
Prepayments	326,225	261,274
	<u>326,225</u>	<u>261,274</u>

## CARLTON FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 OCTOBER 2011

## NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	2011 \$	2010 \$
Plant & equipment		
At cost	4,404,975	4,120,313
Accumulated depreciation	(3,014,408)	(2,692,422)
Net carrying amount	<u>1,390,567</u>	<u>1,427,891</u>
Furniture and fittings		
At cost	205,446	198,226
Accumulated depreciation	(99,123)	(76,935)
Net carrying amount	<u>106,323</u>	<u>121,291</u>
Leased assets		
At cost	359,197	310,331
Accumulated amortisation	(73,622)	(22,244)
Net carrying amount	<u>285,575</u>	<u>288,087</u>
Leasehold improvements & buildings		
At cost	19,631,080	19,618,579
Accumulated depreciation	(1,357,113)	(602,109)
Net carrying amount	<u>18,273,967</u>	<u>19,016,470</u>
Total plant and equipment	<u>20,056,432</u>	<u>20,853,739</u>

*Reconciliations*

Movements in the carrying amount of each class of plant & equipment between the beginning and the end of the current financial year are set out below.

2011	Equipment \$	Furniture & Fittings \$	Leased Assets \$	Leasehold Improvements & Buildings \$	Total \$
Carrying amount at the beginning of the year	1,427,891	121,291	288,087	19,016,470	20,853,739
Additions	523,997	7,219	38,810	12,500	582,526
Depreciation expense	(561,321)	(22,187)	(41,322)	(755,003)	(1,379,833)
Carrying amount at year end	<u>1,390,567</u>	<u>106,323</u>	<u>285,575</u>	<u>18,273,967</u>	<u>20,056,432</u>

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

Leased kitchen equipment and motor vehicles are pledged as security for the related finance lease.

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****NOTE 11 INTANGIBLE ASSETS AND GOODWILL****a) Reconciliation of carrying amount at the beginning and end of the period**

	<b>2011 Gaming Licence \$</b>	<b>2010 Gaming Licence \$</b>
<b>Year ended 31 October 2010</b>		
At 1 November 2010, net of accumulated amortisation and impairment	282,244	955,510
Amortisation	<u>(174,018)</u>	<u>(673,266)</u>
At 31 October 2011, net of accumulated amortisation and impairment	<u>108,226</u>	<u>282,244</u>
<b>At 31 October 2011</b>		
Cost (gross carrying amount)	1,744,167	1,744,167
Accumulated amortisation and impairment	<u>(1,635,941)</u>	<u>(1,461,923)</u>
Net carrying amount	<u>108,226</u>	<u>282,244</u>

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

**NOTE 12 TRADE AND OTHER PAYABLES**

	<b>2011 \$</b>	<b>2010 \$</b>
<b>Current</b>		
Trade creditors	1,006,171	597,105
Other creditors	1,368,251	958,420
	<u>2,374,422</u>	<u>1,555,525</u>

## CARLTON FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 OCTOBER 2011

## NOTE 13 INCOME RECEIVED IN ADVANCE

Current	2011 \$	2010 \$
Sponsorship and hospitality	110,865	91,241
	<u>110,865</u>	<u>91,241</u>

## NOTE 14 INTEREST BEARING LIABILITIES

Current		2011 \$	2010 \$
Commercial Bills	(a)	5,950,000	6,500,000
Loan – AFL	(b)	300,000	150,000
Lease liability	(c)	46,707	27,899
		<u>6,296,707</u>	<u>6,677,899</u>
<b>Non Current</b>			
Loan – AFL	(b)	900,000	1,200,000
Lease liability	(c)	258,671	273,722
Unsecured – notes		12,479	12,479
		<u>1,171,150</u>	<u>1,486,201</u>

## a) Commercial Bill facilities

The Club has \$6,500,000 in Commercial Bill facilities provided by Westpac which are secured by a guarantee limited to \$6,500,000 given by the Australian Football League (the guarantee expires on 31 October 2012). As at 31 October 2011, \$550,000 of these facilities are unused. A transaction negotiation authority facility of \$500,000 for uncleared funds is secured by a fixed & floating charge over all assets and undertakings including liquor licences and gaming licences relating to Club Laverton gaming venue.

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

The AFL provided a loan of \$1,500,000 with interest payable at or below market rates from 1 November 2008. On 29 March 2010, the AFL confirmed a repayment schedule for this loan extending to October 2014. \$150,000 was repaid on 31 October 2010 and a further \$150,000 was repaid on 31 October 2011 in line with this schedule.

## c) Finance Leases

The current and non-current lease liabilities totaling \$305,378 represents finance leases with Westpac maturing between 2013 and 2015 with fixed interest rates between 8.55% and 9.9%.

## NOTE 15 PROVISIONS

Employee benefits	2011 \$	2010 \$
Annual leave:	563,274	645,123
Long service leave (current)	338,687	246,239
	<u>901,961</u>	<u>891,362</u>
Long service leave (non current)	<u>119,497</u>	<u>106,500</u>



**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****NOTE 16 COMMITMENTS**

	<b>2011</b>	<b>2010</b>
	\$	\$
<b>Player Contracts</b>		
Amounts contracted to AFL players:		
Not later than one year	8,503,936	7,681,900
Later than one year but not later than two years	5,787,875	3,670,920
Later than two years but not later than five years	2,287,875	1,400,000
	<u>16,579,686</u>	<u>12,752,820</u>

**Operating lease commitments**

The Football Club has a 40 year lease agreement with the Melbourne City Council for the Visy Park venue that continues through until 2035. The annual rent (\$80,997 in 2011) is contracted to increase by CPI each year.

**Finance lease commitments**

The Football Club has finance lease contracts for various items of kitchen equipment and a motor vehicle with a carrying amount of \$285,575 (2010 \$288,087). These lease contracts expire within three to five years.

	<b>2011</b>	<b>2010</b>
	\$	\$
Finance lease commitments	285,575	288,087
Within one year	46,707	27,899
After one year but not more than five years	<u>258,670</u>	<u>273,722</u>
Total minimum lease payments	<u>305,377</u>	<u>301,621</u>

**Gaming commitments****Entitlements:**

The Club was successful in bidding and acquiring 260 gaming machine entitlements from the State Government auction on 10 May 2010. At balance date the Club had contractual obligations in respect of gaming entitlements. These amounts are not recognized as a liability. The gaming entitlement commitments are expected to be settled as follows:

	<b>2011</b>	<b>2010</b>
	\$	\$
Within one year	71,500	-
After one year but not more than five years	1,144,000	929,500
After five years	<u>143,000</u>	<u>429,000</u>
Total entitlement payments	<u>1,358,500</u>	<u>1,358,500</u>

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****NOTE 16 COMMITMENTS (CONT)****Rent and Management Fees:**

The Club has entered into lease agreements and management agreements pertaining to the Club's gaming venues are effective through to 2022. The Club's commitments under these agreements are as follows:

	<b>2011 Rent \$</b>	<b>2011 Management Fee \$</b>
Within one year	1,627,400	587,100
After one year but not more than five years	7,012,688	2,529,894
After five years	<u>12,207,933</u>	<u>4,340,173</u>
Total rental and management fee payments	<u>20,848,021</u>	<u>7,457,166</u>

**NOTE 17 CONTINGENCIES**

There are no material contingent liabilities or contingent assets as at 31 October 2011.

**NOTE 18 MEMBERS' CONTRIBUTION**

The amount capable of being called up in the event of, and for the purpose of, the winding up of the Football Club is limited to \$50 per member, subject to the provision of the Constitution.

**NOTE 19 SUBSEQUENT EVENTS**

In the period between the end of the financial year and the date of this report, no matter or circumstance has arisen that has significantly or may significantly affect the operations of the Football Club, the results of those operations or the state of affairs of the Football Club in subsequent financial years.

**NOTE 20 DIRECTORS' REMUNERATION**

Non-executive directors do not receive directors' fees, but the Football Club has paid premiums in respect of indemnification and insurance of directors.

Disclosure of the liabilities covered and the amount of the premiums paid in respect of the Directors and Officers Liability insurance contract is prohibited under the terms of the contract.

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

YEAR ENDED 31 OCTOBER 2011

**NOTE 21 BUSINESS COMBINATION****Acquisition of Victoria Inn and Royal Oak Richmond operations**

On 30 May 2011, the Club took over the leases of two gaming venues: Victoria Inn (Vic Inn) and Royal Oak Richmond (Royal Oak).

The consideration transferred was \$70,605 for Vic Inn and \$90,595 for Royal Oak comprising of cash, stock and employee provisions.

The fair values of the identifiable assets and liabilities of Vic Inn and Royal Oak as of the date of acquisition were:

	Vic Inn \$	Royal Oak \$
Floats	70,161	89,743
Stock	14,096	15,733
Less provisions	<u>(13,652)</u>	<u>(14,882)</u>
	<u>70,605</u>	<u>90,595</u>

The acquisitions were funded by way of a loan payable to ALH Group. The loan is recorded within trade and other payables.

**NOTE 22 PARENT ENTITY**

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

	2011 \$	2010 \$
Current assets	4,282,077	2,335,656
Total assets	24,446,735	23,471,639
Current liabilities	10,667,687	10,415,490
Total liabilities	<u>11,058,333</u>	<u>10,808,191</u>
Net assets	<u>13,388,402</u>	<u>12,663,448</u>
Retained profits	<u>13,388,402</u>	<u>12,663,448</u>
Profit or loss of the Parent Entity	724,954	2,264,444
Total Comprehensive Income of the Parent Entity	724,954	2,264,444

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

**CARLTON FOOTBALL CLUB LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 OCTOBER 2011**

**NOTE 23 RELATED PARTY**

Key Management personnel are determined to be:

- Chief Executive Officer – Greg Swann
- Senior Coach – Brett Ratten
- Chief Financial Officer – Jason Reddick
- General Manager Commercial Operations – Anthony Barham
- General Manager Football – Steven Icke (resigned Sept 2011)
- General Manager Communications – Ian Coutts
- General Manager Operations – Martin Shannon
- General Manager Consumer Business & Digital Marketing – Clinton Bown

During the year, a total of \$2,505,469 (2010 – \$2,096,415) of total remuneration was paid to these key personnel for services to the Football Club.

On 10 December 2010 the Football Club acquired all units in Blue Boys Unit Trust from individuals including the Football Club CEO, General Manager - Commercial Operations, General Manager - Football and non-executive employees for consideration of \$6. The Football Club has consolidated the results of Blue Boys Unit Trust from that date. The Blue Boys Unit Trust has an investment in Canadian Bay Developments Pty Ltd, an entity controlled by Selpam Finance Pty Ltd (a director related entity of Richard Newton).

On 10 December 2010 the Football Club also made a loan to each of the executives and employees on behalf of Blue Boys Unit Trust. At 31 October 2011 the loans totaled \$256,533. Subsequent to year-end Selpam Finance Pty Ltd paid \$256,533 to Blue Boys Unit Trust in respect of the outstanding loans. The outstanding loans are subject to a market rate of interest.

The Football Club is the sole unit holder in the PFS Unit Trust (“Premier Finance”). The results of Premier Finance are included in the consolidated results of the Football Club. Premier Finance operates mortgage financing services. During the year the Football Club loaned Premier Finance \$468 to cover operational costs and Premier Finance repaid \$20,000 to the Club. \$4,638 is owing to the Football Club by Premier Finance at 31 October 2011.

Carlton Football Club Foundation was established as a Prescribed Private Fund governed by a Trust Deed. The Trustees of the Fund include Mark Harrison (Football Club Director), Greg Swann (Football Club CEO), and Jason Reddick (Football Club CFO/Company Secretary). During the year, the Foundation made a donation of \$218,000 to the Australian Sports Foundation indicating it’s preference that the gift benefit the Carlton Football Club Elite Training Facilities Project. The Football Club did not loan The Carlton Football Club Foundation any money during the year. \$27,452 is owing to the Football Club by the Carlton Football Club Foundation at 31 October 2011.

Carlton Football Community Fund is a charitable trust governed by the terms of a Trust Deed. The Trustees of the Fund include Mark Harrison (Football Club Director), CEO, and CFO. The Carlton Football Community Fund employed staff to conduct a multi-cultural community program to engage the community in the benefits of Australian Rules football. The Football Club loaned Carlton Football Community Fund \$16,025 during the year to cover operational costs and the Carlton Football Community Fund repaid the Club \$75,411. \$25,112 is owing to the Football Club by the Carlton Football Community Fund at 31 October 2011.

## CARLTON FOOTBALL CLUB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## YEAR ENDED 31 OCTOBER 2011

## NOTE 23 RELATED PARTY (CONT)

Director transactions with the Football Club

A number of directors of the Football Club, or their director-related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities.

The terms and conditions of the transactions with directors and their director related entities were no more favorable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

The aggregate amounts recognised during the year in relation to directors and their related entities were as follows:

Director	Service	Income/(Expense) 2011 (GST Exclusive)	Receivable/(Payable) 2011	Income/(Expense) 2010 (GST Exclusive)	Receivable/(Payable) 2010
M Clarke	Corp Sales	7,044	-	4,220	-
I Fried	Corp Sales Stock	5,428	-	4,495 (7,984)	-
R Geminder	Corp Sales	41,981	-	50,896	-
A Gleeson	Corp Sales	9,011	-	14,311	-
M Harrison	Corp Sales	31,151	-	7,382	-
S Kernahan	Corp Sales Printing	43,249 (95,173)	1,090 -	51,114 (147,629)	- (524)
G Lee	Corp Sales Supply Temp Staff	14,747 (5,842)	-	16,447 (2,096)	-
M Logiudice	Corp Sales	33,946	-	19,428	-
S Moulton	Corp Sales	14,937	-	22,176	-
R Newton	Corp Sales	11,707	-	12,633	-
J Pratt	Sponsorship Goods	1,535,934 (402,307)	- (206)	*	*
A Suss	Corp Sales	4,365	-	11,308	-
S Wilson QC	Corp Sales	-	-	3,664	-

Refer Note 24 for Particulars of Directors.

\* J Pratt joined the board on 21 March 2011.

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 PARTICULARS OF DIRECTORS**

Full Names and Office Held	Date and Place of Birth	Nature and Date of Change	Number of Years on Board	Experience/Background	Qualifications
CLARKE, Marcus Director	24.01.61 Melbourne	Continuing	4 year, 9 months	Has been a barrister since 1987 and has represented a number of Carlton players at the AFL Tribunal and in appeals from the Tribunal.	B.Ec., LL.B
FRIED, Issac Jacob Director	20.06.72 Melbourne	Continuing	4 year, 11 month	Joint owner of the Spotlight Group which includes Spotlight Stores, Anaconda Outdoor Adventure stores, RSEA Safety Stores, Barokes Wine-in-a-can and Spotlight Property Group. Has been working in the group since 1990. Managing Director SPG Investments.	
GEMINDER, Raphael Director	24.03.1960 Spring Hill, Israel	Continuing	1 year, 6 months	Executive Chairman of Pact Group, a leading Australasian packaging business in a broad range of rigid plastic and metal packaging. Prior to acquiring Pact Group, Ruffy was the co-founder and Chairman of Visy Recycling, growing it into the largest recycling company in Australia.	MBA (Finance)

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 PARTICULARS OF DIRECTORS (CONT)**

Full Names and Office Held	Date and Place of Birth	Nature and Date of Change	Number of Years on Board	Experience/Background	Qualifications
GLEESON, Adrian Paul. Director	29.04.67 Koroit	Continuing	5 years, 6 months	A Certified Financial Planner, continues to be a partner in C.A.G Wealth Management P/L and is a member of the National Board of Apogee Financial Planning – part of the National Australia Bank group.	CFP, Dip FP
HARRISON, Mark Adam Director	10.02.69 Melbourne	Continuing	4 year, 11 months	1998 joined Ashe Morgan Winthrop and became a Director. Joined Wingate Group in 2008. In 2008 became Trustee of Carlton Foundation and Director of Premier Finance Services P/L.	Studied a Bachelor of Economics at La Trobe University.
KERNAHAN, Stephen Scott Director	01.09.63 Adelaide SA	Continuing	14 years	Partner in Docklands Press. A member of the Carlton Hall of Fame, a Carlton Life Member, Carlton Legend and member of the AFL Hall of Fame	
LEE, Gregory Douglas Director	26.11.55 Melbourne	Continuing	5 year, 7 months	Managing Director of United Recruitment which he started in 1994. A Board Member of William Angliss Institute of TAFE and a Fellow of the Institute of Company Directors.	B.Sc, FAICD, FAIM

**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 PARTICULARS OF DIRECTORS (CONT.)**

Full Names and Office Held	Date and Place of Birth	Nature and Date of Change	Number of Years on Board	Experience/Background	Qualifications
LOGIUDICE, Mark Director	16.05.1969 Melbourne	Continuing	1 year, 6 Months	Mark has been in the property industry since 1986 and is Managing Director of Crawfords Group, a family owned investment and development company, involved in commercial, industrial and retail property. Further to his property interests, Mark is a Director of Premier Fruits Group, a national farming, marketing and logistics company of fresh produce.	
MOULTON, Stephen Fletcher Director	12.01.62 Hertfordshire UK	Continuing	4 year, 11 months	Practising lawyer for 25 years, he was chairman of Partners of Mills Oakley Lawyers from 2004-2008. Director of Premier Finance Services P/L since 2008. Partner Price Waterhouse Coopers from 2009.	B. Juris and LLB (Mon)
NEWTON, Richard Gordon Director	31.10.59 Melbourne	Continuing	5 years, 6 months	Chairman of Selpam Group of Companies, a family business involved in property developments and investments. Director of Amalgamated Holdings Ltd.	B Bus



**CARLTON FOOTBALL CLUB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 OCTOBER 2011**

**NOTE 24 PARTICULARS OF DIRECTORS (CONT.)**

Full Names and Office Held	Date and Place of Birth	Nature and Date of Change	Number of Years on Board	Experience / Background	Qualifications
PRATT, Jeanne AC Director	01.02.1936 Lowicz, Poland	Appointed 21 March 2011	7 months	Co-Chairman of Visy the world's largest privately owned, paper and recycling company. Chair of The Production Company a non-profit theatrical company she founded in 1998. Philanthropist and arts patron.	Jeanne Pratt AC DUniv (Swin)
SUSS, Ari Daniel Director	09.06.76 Melbourne	Continuing	4 year, 9 months	Senior advisory to Premier Steve Bracks 1999-2004. Manager of Government and Corporate Affairs for Linfox Group of Companies 2004-2008. Executive Director of Fox Private Group (investments) since July 2008.	MPPM (Monash University), GAICD, AFAIM.
WILSON QC, Simon Kemp Director	11.03.51 Melbourne	Resigned November 2010	8 years	Has been a member of the Victorian Bar since 1976 and was appointed Queen's Counsel in 1992.	B. Juris, LLB

**CARLTON FOOTBALL CLUB LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2011****NOTE 24 PARTICULARS OF DIRECTORS (CONT.)****Directors Attendances at Board and Sub-Committee Meetings  
November 2010 – October 2011**

<b>Name</b>	<b>Board (Total 11)</b>
M Clarke	9
I Fried	10
R Geminder	10
A Gleeson	11
M Harrison	9
S Kernahan	11
G Lee	9
M Logiudice	10
S Moulton	9
R Newton	11
J Pratt	6 out of 8
A Suss	10
S Wilson QC	1 out of 1

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

- 1) Football – S Kernahan (Chair), A Gleeson, M Harrison, R Newton
- 2) Finance – R Newton (Chair), I Fried, M Harrison, M LoGiudice
- 3) Audit, Governance and HR – G Lee (Chair), M Clarke, S Moulton, A Suss
- 4) Marketing and Membership – R Geminder (Chair), I Fried, A Gleeson, M LoGiudice, J Pratt
- 5) Remuneration – S Kernahan (Chair), M Clarke, G Lee, R Newton

**CARLTON FOOTBALL CLUB LIMITED**

**DIRECTORS' DECLARATION**

**AT 31 October 2011**

In accordance with a resolution of the Directors of Carlton Football Club Limited, I state that:

In the opinion of the Directors:

- (a) the financial statements and notes of Carlton Football Club Ltd are in accordance with the Corporations Act 2001, including;
  - (i) giving a true and fair view of the company's financial position as at 31 October 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**STEPHEN SCOTT KERNAHAN**  
Director

21 November 2011

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

### Report on the financial report

We have audited the accompanying financial report of Carlton Football Club Ltd, which comprises the consolidated balance sheet as at 31 October 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

### Directors' responsibility for the financial report

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

### Auditor's responsibility

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

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

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

### Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

## Opinion

In our opinion the financial report of Carlton Football Club Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the financial position of the consolidated entity at 31 October 2011 and of its performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.



Ernst & Young



Kester C Brown  
Partner

Melbourne  
21 November 2011