

Form 388

Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

**PORT ADELAIDE FOOTBALL CLUB
LIMITED**

ACN

068 839 547

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

31-10-2016

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 **01-11-2013**

Name of auditor

BDO AUDIT (SA) PTY LTD

Address

LEVEL 7

**420 KING WILLIAM STREET
ADELAIDE SA 5000**

Certification

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

Yes

Signature

Select the capacity in which you are lodging the form
Secretary

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

Yes

Authentication

This form has been submitted by

Name	Stephen James DAWES
Date	09-03-2017

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PORT ADELAIDE FOOTBALL CLUB 2016 FINANCIAL STATEMENTS

ABN 49 068 839 547

A COMPANY LIMITED BY GUARANTEE



STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2016

	Note	Consolidated	
		2016	2015
		\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	664,431	1,199,532
Trade and other receivables	6	1,242,586	633,377
Inventories	7	469,059	549,118
Other	8	2,782,364	1,671,684
TOTAL CURRENT ASSETS		5,158,440	4,053,711
NON-CURRENT ASSETS			
Property, plant & equipment	9	13,686,784	13,749,197
TOTAL NON-CURRENT ASSETS		13,686,784	13,749,197
TOTAL ASSETS		18,845,224	17,802,908
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	6,257,803	5,528,850
Interest bearing loans and borrowings	11	1,607,461	340,819
Provisions	12	1,464,920	1,169,000
TOTAL CURRENT LIABILITIES		9,330,184	7,038,669
NON-CURRENT LIABILITIES			
Interest bearing loans and borrowings	13	5,411,775	6,675,814
Provisions	14	-	-
TOTAL NON-CURRENT LIABILITIES		5,411,775	6,675,814
TOTAL LIABILITIES		14,741,959	13,714,483
NET ASSETS		4,103,265	4,088,425
EQUITY			
Contribution on entry to AFL		2,500,000	2,500,000
Retained earnings		1,603,265	1,588,425
TOTAL EQUITY		4,103,265	4,088,425

The above statement of financial position should be read in conjunction with the accompanying notes.



STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2016

	Note	Consolidated	
		2016	2015
		\$	\$
Continuing Operations			
Revenue from trading operations	3	52,768,461	50,794,644
Cost of sales	4	(15,719,097)	(14,250,160)
Gross profit		37,049,364	36,544,484
Net profit/(loss) on disposal of property, plant & equipment	4	5,000	5,136
Football expenses		(22,601,361)	(22,355,954)
Administration expenses		(5,948,988)	(5,330,530)
Marketing expenses		(1,472,641)	(1,305,054)
Finance costs	4	(419,481)	(382,431)
Licensed Club expenses		(6,597,053)	(6,964,349)
Profit/(loss) from continuing operations		14,840	211,302
Other comprehensive income		-	-
Total comprehensive income/(loss)		14,840	211,302

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Changes in Equity
FOR THE YEAR ENDED 31 OCTOBER 2016

	Contribution on entry to AFL	Retained Earnings	Total
	\$	\$	\$
CONSOLIDATED			
At 1 November 2014	2,500,000	1,377,123	3,877,123
Profit/(loss) for the year	-	211,302	211,302
Other comprehensive income	-	-	-
At 31 October 2015	2,500,000	1,588,425	4,088,425
At 1 November 2015	2,500,000	1,588,425	4,088,425
Profit/(loss) for the year	-	14,840	14,840
Other comprehensive income	-	-	-
At 31 October 2016	2,500,000	1,603,265	4,103,265

STATEMENT OF CASH FLOWS
AS AT 31 OCTOBER 2016

	Note	Consolidated	
		2016	2015
		\$	\$
Cash flows from operating activities			
Receipts from football, marketing, licensed venues and operations		57,124,056	57,551,955
Payments to suppliers and employees		(56,024,627)	(58,278,459)
Payments for player transfers		(382,911)	(382,911)
Interest received		23,100	3,460
Interest and other finance costs paid		(419,481)	(382,431)
Net cash flows (used in)/ from operating activities		320,137	(1,488,386)
Cash flows from investing activities			
Payments for property, plant and equipment		(862,841)	(1,017,341)
Proceeds from the sale of property, plant and equipment		5,000	5,136
Proceeds from sale of unrecognised intangible assets		-	-
Net cash flows used in investing activities		(857,841)	(1,012,205)
Cash flows from financing activities			
Proceeds from/(Repayment of) short-term borrowings & finance leases (excluding bank overdraft)		(6,016,072)	(2,493,273)
Proceeds from/(Repayments of) long-term borrowings		5,785,607	4,750,000
Net cash flows from/ (used in) financing activities		(230,465)	2,256,727
Net increase/(decrease) in cash and cash equivalents		(768,169)	(243,864)
Cash and cash equivalents at beginning of the financial year		1,199,532	1,443,396
Cash and cash equivalents at end of the financial year		431,363	1,199,532
Cash at bank and in hand	5	664,431	1,199,532
Bank overdraft	11	(233,068)	-
Net cash and cash equivalents at end of the financial year		431,363	1,199,532

The above statement of cash flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS

1. PORT ADELAIDE FOOTBALL CLUB LIMITED

The financial report of Port Adelaide Football Club Limited for the year ended 31 October 2016 was authorised for issue in accordance with a resolution of the directors on 16 December 2016.

Port Adelaide Football Club is a company limited by guarantee and was incorporated in Australia on 27 March 1995. If the company is wound up, the Constitution states that each Member is required to contribute a maximum of \$0.10 towards meeting any outstanding obligations of the company. The number of members at the date of this report was 9.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Corporations Act 2001 as appropriate for not for profit oriented entities and Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB'). The financial report has also been prepared on a historical cost basis. Port Adelaide Football Club Ltd is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The financial report is presented in Australian dollars.

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the company from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of

the company.

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the parent entity, Port Adelaide Football Club Limited, and its subsidiaries (the Group) as at 31 October each year.

Subsidiaries are all those entities which the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Details of the subsidiaries are provided in Note 20.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Where an entity began or ceased to be controlled during the year, the results are included only from the date control commenced or up to the date control ceased.

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.

Borrowing Costs

Borrowing costs are expensed in the period in which they are incurred, except where the borrowing costs are directly attributable to the construction of a qualifying asset in which case they are capitalised as part of the cost of that asset.

Income Tax

In accordance with Section 50-45 of the Income Tax Assessment Act 1997, the income of the group is exempt from income tax.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is assigned on a first-in first-out basis.

Investments and other financial assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the

effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a Lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease. Operating leases payments are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis over the lease term.

Property, plant & equipment

Land and buildings and plant and equipment other than the leasehold licence for the Prince of Wales are carried at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets as follows:

Buildings	10 - 80 years
Improvements	5 - 50 years
Plant and equipment - including gaming machines	5 years
Plant and equipment - IT	3 years
Plant and equipment under lease	Lease period

The leasehold licence for the Prince of



Wales is held at Fair Value. Fair value measurement was performed in 2016 by CBRE independent valuers not related to the group. Critical inputs into the calculation of fair value were annual rent, annual turnover, length of lease and EBITDA. The director's assess the fair value annually and consider there are no indicators of impairment at 31 October 2016.

The assets' residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate, at each financial year end.

Impairment

The carrying values of plant and equipment 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.

Disposal

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand and short term

deposits with an original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are included within interest-bearing loans and borrowings in current liabilities on the Statement of Financial Position.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less an allowance for any uncollectible amount. An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset may be required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

Trade and other payables

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

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.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for a least 12 months after the Statement of Financial Position date.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability.

Employee leave benefits

Wages, salaries, annual leave, sick leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. Long service leave is provided for after 5 years' of service which approximates the present value of future cash outflows and is recognised in provisions.

Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue is recognised on an accruals basis except for membership sales, raffles, pledges, donations and federal and state



government grants which are recognised when received.

Grant Revenue

Revenue for the various Community Programs and grants from the SANFL are brought to account when cash is received and is subject to various grant conditions being complied with.

Assets donated in kind

Where an asset is gifted or contributed to the entity at no cost, or for a nominal cost, the value recognised is its fair value. The difference between the fair value and consideration paid is recognised as revenue.

Contributions

A contribution occurs when there is a non reciprocal transfer. Income arising from the contribution of an asset to the Group is recognised when the Group obtains control or right to receive the contribution, it is probable that the economic benefits will flow to the Group and the amount can be reliably measured. Income is measured at fair value.

Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except: - when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and receivables and payables which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Contributed equity

The contribution on entry to the AFL of \$2.5m is classified as contributed equity.

Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results may differ from the judgements, estimates and

assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting estimates and assumptions

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. This assessment is based on supportable past collection history and historical write-offs of bad debts. The allowance for impairment loss is outlined in note 6.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as lease terms for leased equipment or leasehold improvements. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 4.

Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.



3. REVENUES

Revenue and Expenses from Continuing Operations:

Revenue

	Consolidated	
	2016	2015
	\$	\$
Revenue from AFL, Match Day and Merchandise	17,243,617	17,107,345
Revenue from Football Operations	28,108,716	25,912,551
Licensed Venues	7,281,065	7,600,918
Other Revenue	135,063	173,830
	<hr/>	<hr/>
Total revenue from trading operations:	52,768,461	50,794,644

4. EXPENSES

Cost of Sales

Merchandise & Match Day Expenditure	3,108,110	3,330,806
Expenses from Football Operations	12,610,987	10,919,354
	<hr/>	<hr/>
	15,719,097	14,250,160

Depreciation and amortisation:

Depreciation of:

Buildings	334,474	336,615
Plant and equipment (including under lease)	590,780	562,668
	<hr/>	<hr/>
	925,254	899,283

Borrowing costs:

Interest paid or payable to:

Unrelated parties	393,398	351,966
Finance charges related to leases	26,083	30,465
	<hr/>	<hr/>
	419,481	382,431

Other operating expense items:

Operating lease rentals	833,990	781,304
(Recovery of)/ Provision for doubtful debts	(48,041)	(75,692)
Net profit/(loss) on disposal of property, plant & equipment	5,000	5,136

Employee Benefit Expense	26,146,329	25,242,896
Defined Contribution Plan Expense	1,944,333	1,847,814
	<hr/>	<hr/>
Total Employee Benefits Expense	28,090,662	27,090,710

5. CASH AND CASH EQUIVALENTS

Cash at bank and in hand	664,431	1,199,532
	<hr/>	<hr/>
	664,431	1,199,532



6. TRADE AND OTHER RECEIVABLES (CURRENT)

Trade receivables	1,236,911	652,756
Receivable from Directors and Director related entities	21,766	7,416
Allowance for doubtful debts	(16,091)	(64,132)
	<u>1,242,586</u>	<u>596,040</u>
Other receivables	-	37,337
	<u>1,242,586</u>	<u>633,377</u>

7. INVENTORIES

Finished Goods, at cost	469,059	549,118
Provision for Stock Obsolescence	-	-
	<u>469,059</u>	<u>549,118</u>

8. OTHER ASSETS (CURRENT)

Prepayments	1,798,244	842,439
Accrued income	847,410	716,567
Other assets	136,710	112,678
	<u>2,782,364</u>	<u>1,671,684</u>

9. PROPERTY, PLANT AND EQUIPMENT

Land and buildings

	Consolidated	
	2016	2015
	\$	\$
Cost		
Opening balance	15,504,730	15,362,634
Additions	37,805	175,545
Disposals	(3,075)	(33,449)
Closing balance	<u>15,539,460</u>	<u>15,504,730</u>
Accumulated Depreciation		
Opening balance	4,622,228	4,318,377
Depreciation for the year	334,474	336,615
Disposals	(3,075)	(32,764)
Closing balance	<u>4,953,627</u>	<u>4,622,228</u>
Net carrying amount - land and buildings Cost	<u>10,585,833</u>	<u>10,882,502</u>



Leasehold Licence

Valuation

Opening balance	1,500,000	1,500,000
Closing balance	1,500,000	1,500,000
Net carrying amount - land and buildings & leasehold licence	12,085,833	12,382,502

Plant and equipment

Cost

Opening balance	4,471,190	4,002,628
Additions	714,901	530,536
Disposals	(168,771)	(61,974)
Closing balance	5,017,320	4,471,190

Accumulated Depreciation

Opening balance	3,530,757	3,179,505
Depreciation for the year	449,117	413,226
Disposals	(168,771)	(61,974)
Closing balance	3,811,103	3,530,757

Net carrying amount - plant & equipment	1,206,217	940,433
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Plant and equipment under lease

Cost

Opening balance	829,745	517,800
Additions	110,135	311,945
Closing balance	939,880	829,745

Accumulated amortisation

Opening balance	403,483	254,041
Amortisation for the year	141,663	149,442
Closing balance	545,146	403,483

Net carrying amount - plant & equipment under lease	394,734	426,262
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Net carrying amount	13,686,784	13,749,197
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Assets of the Port Adelaide Football Club and the Port Adelaide Magpies Football Club (trading as the Prince of Wales Hotel) are pledged as security for current and non-current liabilities as disclosed in Note 11 and Note 13.



Consolidated	
2016	2015

10. TRADE AND OTHER PAYABLES (CURRENT)

	2016	2015
	\$	\$
Trade payables	4,391,412	3,423,305
Income in advance	446,687	545,045
Other creditors and accruals	1,419,704	1,560,500
	<u>6,257,803</u>	<u>5,528,850</u>

11. INTEREST BEARING LOANS AND BORROWINGS (CURRENT)

Secured:

Bank loans	(a)	-	-
Other Loans	(b)	1,155,607	120,000
Bank overdraft	(a)	233,068	-
Finance lease liabilities	(c), 15	165,356	167,389
		<u>1,554,031</u>	<u>287,389</u>

Unsecured:

Other loans		53,430	53,430
		<u>1,607,461</u>	<u>340,819</u>

(a) Secured by a security interest and charge over all the assets of the Port Adelaide Football Club Ltd and registered mortgage over freehold land and buildings with a carrying value of:

	10,183,039	10,463,042
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(b) Secured by a deed of charge over all of the assets relating to the Prince of Wales Hotel, and mortgage over leasehold license with a carrying value of:

	1,500,000	1,500,000
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(c) Secured against the assets under lease.

(d) During the current year, there were no defaults or breaches on any of the loans.

12. PROVISIONS (CURRENT)

Employee benefits		1,464,920	1,169,000
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13. INTEREST BEARING LOANS AND BORROWINGS (NON-CURRENT)

Secured:

Bank loans	11(a)	4,750,000	4,750,000
Other Loans	11(b)	-	1,156,490
Finance lease liabilities	11(c), 15	74,040	128,159
		4,824,040	6,034,649

Unsecured:

Other loans		587,735	641,165
		5,411,775	6,675,814

14. OTHER PROVISIONS (NON-CURRENT)

Employee benefits		-	-
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15. FINANCE LEASE LIABILITIES

Finance lease and hire purchase commitments - Group as lessee

The Group has finance leases and hire purchase contracts for servers, Ultrasound and gaming machines with carrying amounts of \$394,734 (2015: \$426,262). These lease contracts expire within 1 to 3 years. The leases have purchase options.

Future minimum lease payments under finance leases and hire purchase contracts together with the present value of the net minimum lease payments are as follows:

	Consolidated	
	2016	2015
Finance lease expenditure contracted for is payable as follows:	\$	\$
Within 1 year	174,763	183,181
After 1 year but not more than 5 years	76,874	133,642
	251,637	316,823
Total minimum finance lease payments	(12,241)	(21,275)
Future finance charges	239,396	295,548
Net finance lease liability		
Reconciled to:		
Current liability	11	165,356
Non-current liability	13	167,389
		128,159
		239,396
		295,548



16. COMMITMENTS FOR EXPENDITURE

Estimated capital expenditure contracted for at reporting date, but not provided for, payable:

Within one year	-	-
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Operating lease commitments - Group as a lessee

The Group entered into commercial leases on Alberton Oval and the staff car park. These leases have an average life of between 10 to 20 years with renewal options included in the contracts. There are no restrictions placed upon the lessee by entering into these leases. In addition there is a commercial lease at the Prince of Wales for an initial 5 year term with 5 by 5 year renewals available. In 2012 the group committed to a further 5 years.

During the 2014 financial year, Port Adelaide Football Club Ltd ("PAFC") entered into two agreements with the South Australian National Football League Inc ("SANFL") in relation to the use of Adelaide Oval. PAFC use the Adelaide Oval under the terms of the "Sub-licence to use Adelaide Oval". The sub-licence period is 20 years with an option to extend for another three, twenty year periods. The 'Adelaide Oval Financial Model - Core Funding Principles' agreement specifies amounts payable to the SANFL by PAFC for the period of the sub-licence. Minimum payments under this agreement are recognised as an expense on a straight line basis over the initial term of the sub-licence. Contingent amounts are payable in future periods based on the provisions of the Adelaide Oval Financial Model - Core Funding Principles' agreement.

Future minimum rentals payable under non-cancellable operating leases at 31 October 2016 are as follows:

Operating lease expenditure contracted for is payable as follows:

Within 1 year	1,880,904	1,880,904
After 1 year but not more than 5 years	3,481,754	4,959,487
More than 5 years	4,599,228	4,926,564
	9,961,886	11,766,955

17. CONTINGENT LIABILITIES

Contingent liabilities at balance date, not otherwise provided for in these financial statements are as follows:

(i) The parent entity has a contingent liability in respect of contracted player payments which will only arise subject to the inclusion of the players on the approved list. Due to contract terms varying considerably amongst players, it is not practical to estimate the future contingency under player contracts.

18. RELATED PARTY DISCLOSURE

(a) Transactions with Other Related Parties

The entity entered into the following transactions with related parties, all of which were undertaken on normal commercial terms and conditions.

Subsidiaries of the Parent Entity:

Port Adelaide Football & Community Club Inc.

Net goods and services supplied to/(received from) PAF&CC	(80,513)	(699)
Rental income received or receivable from PAF&CC	(260,000)	(260,000)
Rental paid or payable to PAF&CC	80,000	80,000
Accounting, administration and marketing services provided to PAF&CC	(123,000)	(123,000)

(b) Amounts due to and receivable from other related parties

These amounts are set out in the respective notes to the financial statements.



19. KEY MANAGEMENT PERSONNEL

(a) Compensation of Key Management Personnel

	Consolidated	
	2016	2015
	\$	\$
Short-Term	1,512,433	1,451,147
Total Compensation	1,512,433	1,451,147

None of the Directors of the parent entity were paid, or were due to be paid, income directly or indirectly from the parent entity or any related party.

(b) Other Director Transactions

Directors of the Group and directors of its related parties, or their director related entities, conduct transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those with which it is reasonable to expect the entity would have adopted if dealing with the director or director-related entity at arm's length in similar circumstances.

There were no transactions during the year that are considered likely to be of interest to the users of these financial statements.

20. INTERESTS IN SUBSIDIARIES

The Group financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policies described in note 2:

Name	Principal place of business/ Country of In- corporation	Ownership interest	
		2016	2015
		%	%
Port Adelaide Football & Community Club Inc ("PAFCC")	Australia	100%	100%
Port Adelaide Magpies Football Club Inc. ("PAMFC")	Australia	100%	100%
Power Future Fund Pty Ltd ("PFF")	Australia	100%	100%
Power Community Ltd ("PCL")	Australia	100%	100%

21. SUBSEQUENT EVENTS

No matter or circumstance has arisen since the end of the financial year which has materially affected, or may materially affect, the operations of the group, the results of those operations, or the state of affairs of the group in financial years subsequent to that to which this report relates.



22. INFORMATION RELATING TO PORT ADELAIDE FOOTBALL CLUB LIMITED ('THE PARENT ENTITY')

	2016	2015
	\$	\$
Current assets	6,602,486	4,426,504
Total assets	17,366,770	15,257,144
Current liabilities	10,152,159	7,490,346
Total liabilities	15,562,161	12,994,027
Contribution on entry to AFL	2,500,000	2,500,000
Retained earnings	(695,389)	(236,883)
	1,804,611	2,263,117
Profit/(loss) of the parent entity	(458,506)	(128,506)
Total comprehensive income/(loss) of the parent entity	(458,506)	(128,506)

The parent has issued no guarantees in relation to the debts of its subsidiaries.

23. NON-CASH INVESTING ACTIVITIES

	2016	2015
	\$	\$
Acquisition of plant & equipment by means of finance lease	110,135	311,945



DIRECTORS' REPORT

The Directors have pleasure in submitting their report together with the financial statements of the Port Adelaide Football Club Limited consolidated entity for the year ended 31 October 2016.

DIRECTORS

The Directors in office at the date of this report are:

D. Koch	Chairman
K. Osborn	Deputy Chairman
C. Cardone	Director
R. Haslam	Director
G. Fiacchi	Director
J. Restas	Director
R Ryan	Director (resigned 14/10/16)
H. Ransom	Director (appointed 26/02/16)
T. Thiele	Director
A. Vanstone	Director

Board of Directors

DAVID KOCH - CHAIRMAN

Profession: Co-host, Sunrise (Channel 7); Executive Chairman, Pinstripe Media
Chairman, Port Adelaide Football Club 2012 – current
Director, Port Adelaide Football Club 2012 – current
Patron, Koch Centre for Youth and Learning

KEVIN OSBORN - DEPUTY CHAIRMAN

Profession: Company Director
Deputy Chairman, Port Adelaide Football Club 2011 – current
Director, Port Adelaide Football Club 2011 – current
Chairman, VUCA Pty Ltd
Chairman, Beerenberg Farm Advisory Board
Director, Accounting Professional and Ethical Standards Board
Fellow Australian Institute of Company Directors and former Board member
Fellow Institute of Public Accountants

COS CARDONE

Profession: Chief Executive Officer, McGuire Media
Director, Port Adelaide Football Club 2012 – current
Master of Business Administration, University of South Australia
European School of Advanced Management - Aarhus University, Denmark

GEORGE FIACCHI

Profession: Director, Fiacchi Media & Management
Director, Port Adelaide Football Club 2012 – current
Member, Magpies Management Committee 2012 – current
Director, Port Adelaide Football Club 2003 – 2004
Partner, E-Bizz Online Training
Chairman, ALADA Group of Companies (Heatworks/Real Flame)
Commercial Advisor, Police Credit Union
Commercial Advisor, St John First Aid
Ambassador, Bully Zero Australia
Foundation

ROSS HASLAM

Profession: Consultant - Strategic and Risk Management; Company Director
Director, Port Adelaide Football Club 2012 – current
Risk Management: South Australian Health and Medical Research Institute (SAHMRI), SA Health, Adelaide City Council
Fellow, Chartered Accountants Australia and New Zealand
B.E (Hons) University of Adelaide

HOLLY RANSOM

Director, Port Adelaide Football Club 2016 – current
Co-Chair, United Nations Global Coalition of Young Women Entrepreneurs
Trustee, The Prince's Charities Australia
Director, Layne Beachley's Aim for The Stars Foundation
Advisory Board Member, Black Sheep Capital
Advisory Board Member, RMIT University College of Business
Advisory Board Member, Malthouse Theatre
Advisory Board Member, Swimming Australia
Chair, G20 Youth Summit, 2014

JAMIE RESTAS

Profession: Commercial Lawyer; Partner and National Head of Corporate, HWL Ebsworth Lawyers
Director, Port Adelaide Football Club 2012 – current
Director, Adelaide Film Festival 2013 – current
Director - Adelaide Botanic Gardens and State Herbarium 2015 – current
Member, Australian Institute of Company Directors
Member, Law Society of South Australia

RICHARD RYAN AO

Profession: Company Director
Director, Port Adelaide Football Club 2011– current
Director, Menzies School of Health Research (NT)
Chairman, Adelaide Festival Board
Deputy Chancellor, Charles Darwin University (NT)
Companion of the Institute of Engineers
Companion of the Institute of Management (UK)
Chairman of Editure Limited

TREVOR THIELE

Profession: Chartered Accountant; Company Director
Director, Port Adelaide Football Club 2011 – current
Director, Port Adelaide Football Club (SANFL) 2007 – 2010
Director, The Port Club 2012 – current
Member, Institute of Chartered Accountants Australia
Chairman, YMCA South Australia Inc, 2011 – current
Chairman, Tenpin Bowling Australia Ltd 2014 – current
Director, Nexgen Energy Ltd 2012 – current
Director, Iso Energy Ltd, appointed October 2016

AMANDA VANSTONE

Director, Port Adelaide Football Club 2012-current
Director, Drinkwise Australia
Chair, Royal Flying Doctor Service Federation Board
Chair, Vision 2020
Chair, Board of Governors Institute for International Trade, University of Adelaide
Chair, ARC Centre of Excellence for Children and Families over the Life Course
Director, Adelaide Festival
Member, National Commission of Audit Nov 13- March 14
Patron, Hutt Street Centre
Ambassador to Italy 2007-2010
Senator for South Australia 1984-2007
Member, Foundation Board of World Anti-Doping Authority 2000

Unless otherwise indicated, all Directors held their position as a Director throughout the entire financial year and up to the date of this report.

COMPANY SECRETARY

Stephen Dawes (B Com, CA) has held the role of Company Secretary since



December 2015. He has over 20 years of experience in the finance profession, having held management roles in a variety of industries in both Australia and the United Kingdom. Stephen is a member of the Institute of Chartered Accountants in Australia.

PRINCIPAL ACTIVITIES

The principal activities of the consolidated entity are to operate the Port Adelaide Football Club and manage its affairs in order to position itself both financially and operationally to successfully field a team in the Australian Football League competition and the South Australian National Football League.

MEMBERS' LIABILITY

Port Adelaide Football Club is a company limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$0.10 towards meeting any outstanding obligations of the company.

The total amount that members of the company are liable to contribute if the company is wound up is \$0.90, based on 9 current ordinary members.

STRATEGIC OBJECTIVES SUMMARY

In fiscal 2016, the Port Adelaide Football Club continued to pursue the strategic objectives contained in its business plan for the 2014 to 2016 period. Our ultimate aim is to win premierships in both the AFL and SANFL competitions and make its community proud.

We will continue to invest in both football and non-football activities, which will drive a more competitive football performance and profitable long term revenue growth to allow us to win premierships in both the AFL and SANFL. Port Adelaide wants continued on field success to reward its members, fans and staff. Our aim is to be the most respected football club in Australia.

Key elements of the business strategy include increased growth in membership, additional corporate sponsorship and services and expanded community activities.

PERFORMANCE MEASURES

Our ultimate aim is to win premierships in both the AFL and SANFL competitions.

DIRECTORS' MEETINGS

The following table sets out the number of Directors' meetings held during the financial year whilst the Directors were

in office and the number of meetings attended by each Director:

	No of meetings held	No of meetings attended
David Koch	11	11
Kevin Osborn	11	11
Cos Cardone	11	11
Ross Haslam	11	11
George Fiacchi	11	10
Jamie Restas	11	9
Richard Ryan	11	7
Holly Ransom (appointed 26/02/16)	8	7
Trevor Thiele	11	10
Amanda Vanstone	11	9

In addition to their attendance at Board meetings, Board members are actively involved in a number of committees and sub committees that meet regularly through the year to consider matters crucial to the current and future success of the Port Adelaide Football Club. These committees include, but are not limited to, the Finance & Audit Committee, the Governance Committee, the Football Strategic Committee and the Marketing and Brand Committee.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act is set out on the following page.

This report has been made in accordance with a resolution of the Board of Directors:

D. KOCH
CHAIRMAN

Dated at Adelaide this 16h Day of December 2016



DIRECTORS' DECLARATION

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 October 2016 and of its performance for the financial year ended on that date; and
- There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the Board

D. KOCH

Chairman

Adelaide

16 December, 2016



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

Level 7, BDO Centre
420 King William St
Adelaide SA 5000
GPO Box 2018, Adelaide SA 5001
AUSTRALIA

DECLARATION OF INDEPENDENCE
BY G K EDWARDS
TO THE DIRECTORS OF PORT ADELAIDE FOOTBALL CLUB LIMITED

As lead auditor of Port Adelaide Football Club Limited for the year ended 31 October 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Port Adelaide Football Club Limited and the entities it controlled during the period.

G K Edwards
Director

BDO Audit (SA) Pty Ltd

Adelaide, 16 December 2016



Tel: +61 8 7324 6000
Fax: +61 8 7324 6111
www.bdo.com.au

BDO Centre
Level 7, 420 King William Street
Adelaide SA 5000
GPO Box 2018 Adelaide SA 5001
Australia

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORT ADELAIDE FOOTBALL CLUB LIMITED

We have audited the accompanying financial report of Port Adelaide Football Club Limited, which comprises the consolidated statement of financial position as at 31 October 2016, the consolidated statement of profit or loss and other 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 control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and 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 judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We 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 confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of Port Adelaide Football Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.



Opinion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 October 2016 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.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'G K Edwards'.

G K Edwards
Director

Adelaide, 16 December 2016



**WE ARE
PORT ADELAIDE**