



CARLTON FOOTBALL CLUB LIMITED

A.C.N. 005 449 909

(Company Limited by Guarantee)

149th ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 OCTOBER 2013

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 2013, and the state of affairs at that date.

1. Directors

The Directors in office during the year were:

M Clarke, A Fahour, Z Fried, R. Geminder, A Gleeson, S Kernahan, G Lee, M LoGiudice, C Mathieson, R Newton, J Pratt AC, L Sayers, and R Trainor.

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 13 years. He has been employed by the Football Club since 1994 and has been a Chartered Accountant for over 20 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 \$ 528,095 net profit for the year ended 31 October 2013. This compared to a net loss of \$(683,799) for the year ended 31 October 2012.

The team finished the season in 6th position after winning the Elimination final against Richmond and then losing the semi-final to last year's premiers, Sydney.

Over 1 million fans attended Carlton matches in 2013, including 94,690 at the Elimination final at the MCG.

Television ratings had an overall increase, with Carlton rating the second highest in the AFL with an average of 808,332 viewers per game in the regular season, and an average of 1,673,395 viewers in the finals.

The Football Club achieved a record membership of 50,561 in 2013 (2012: 45,800), being the first time in its history that the Club has exceeded 50,000 members.

Carlton increased its presence on social media in 2013, growing to more than 150,000 likes on Facebook and almost 50,000 Twitter followers. Carlton is the most followed Australian sporting team on Instagram with almost 36,000 followers. The Club was also active in a host of other social media spaces, including Vine, Google+, Pinterest, LinkedIn, Flickr and Foursquare.

In 2013, the Club established a community brand "Strengthening Communities" to capture and communicate the Club's position as a responsible and respectful community leader. According to the London Benchmarking Group (LBG) audit methodology, the Club's community investment in 2013 was valued at \$671,944. The Club has continued its investment in the Carlton Football Community Fund, as well as committing to strengthening society, schools and community football. The Club engages over 20,000 young people annually through the key 'Visy Enviromaniacs' and 'Multicultural' programs, and new areas of focus: 'Youth Sport Ready' and 'Responsible Gambling Awareness' programs.

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' REPORT (CONT.)

4. Operating Results and Review of Operations (cont.)

Debt Arrangements

During the year the Football Club repaid a further \$1,000,000 of debt (\$600,000 of Westpac loan and \$400,000 of AFL loan) to reduce the historic debt position. At 31 October 2013, the Football Club had \$4,900,000 of Commercial Bills with Westpac and a \$500,000 loan from the AFL.

Dividends

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

5. Significant Changes in the State of Affairs

In June 2013, the Football Club borrowed \$1,878,954 from SME Finance to fund the purchase of gaming machines for its existing member venues. These loans are repayable over a five year term. The total balance at 31 October 2013 is \$1,768,156.

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 AFL Victoria team, the Northern Blues, will continue and the team will play several home games at Visy Park in 2014.

In 2014, the Football Club will be celebrating its 150th year with a host of activities and events planned for Carlton fans to be involved in to mark this special milestone.

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 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 2013.

Ernst & Young did not receive and are not due to receive any fees for the provision of non-audit services.

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 19th day of November 2013.



Stephen Scott Kernahan
Director



Building a better
working world

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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 2013, 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.

A stylized, handwritten signature of Ernst & Young, written in black ink.

Ernst & Young

A handwritten signature of Kester C Brown, written in black ink.

Kester C Brown
Partner

19 November 2013

CARLTON FOOTBALL CLUB LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME****YEAR ENDED 31 OCTOBER 2013**

	Notes	2013 \$	2012 \$
Revenue	5	57,144,954	46,637,015
Membership related expenses		(3,395,196)	(3,527,050)
Administration expenses		(2,701,981)	(2,545,708)
Operating expenses	6(b)	(48,696,484)	(39,526,206)
Borrowing costs	6(a)	(329,090)	(280,244)
Depreciation and lease amortisation	6(a)	(2,093,898)	(1,568,494)
Amortisation of intangible	6(a)	(153,698)	(140,227)
Loss on disposal of non current assets		(14,207)	(3,883)
Impairment		-	(50,222)
Other income – ASF grants		767,695	321,220
Net Profit/(Loss)		<u>528,095</u>	<u>(683,799)</u>
Other Comprehensive Income/(Loss)		-	-
Total Comprehensive Income/(Loss) for the period		<u>528,095</u>	<u>(683,799)</u>

The accompanying notes form an integral part of these accounts.

CARLTON FOOTBALL CLUB LIMITED**CONSOLIDATED BALANCE SHEET****AS AT 31 OCTOBER 2013**

	Notes	2013 \$	2012 \$
CURRENT ASSETS			
Cash and cash equivalents	4	4,123,840	4,188,618
Trade and other receivables	7	1,545,746	2,350,033
Inventories	8	345,099	369,822
Other assets	9	493,211	248,767
TOTAL CURRENT ASSETS		6,507,896	7,157,240
NON CURRENT ASSETS			
Property, plant and equipment	10	19,769,798	21,382,214
Intangible assets	11	1,351,272	1,504,969
TOTAL NON CURRENT ASSETS		21,121,070	22,887,183
TOTAL ASSETS		27,628,966	30,044,423
CURRENT LIABILITIES			
Trade and other payables	12	3,431,193	6,911,242
Income received in advance	13	1,237,260	1,342,094
Interest bearing liabilities	14	5,802,815	5,972,480
Provisions	15	1,171,294	1,069,322
TOTAL CURRENT LIABILITIES		11,642,562	15,295,138
NON CURRENT LIABILITIES			
Trade and other payables	12	796,681	1,088,656
Interest bearing liabilities	14	1,705,475	778,742
Provisions	15	250,259	175,993
TOTAL NON CURRENT LIABILITIES		2,752,415	2,043,391
TOTAL LIABILITIES		14,394,977	17,338,529
NET ASSETS		13,233,989	12,705,894
Accumulated surplus		13,233,989	12,705,894
TOTAL ACCUMULATED FUNDS		13,233,989	12,705,894

The accompanying notes form an integral part of these accounts.

CARLTON FOOTBALL CLUB LIMITED**CONSOLIDATED CASH FLOW STATEMENT****YEAR ENDED 31 OCTOBER 2013**

	Notes	2013 \$	2012 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		63,384,905	51,173,710
Payments to suppliers and employees		(62,452,811)	(47,886,176)
Interest received		67,479	63,058
Borrowing costs paid		(297,973)	(254,084)
NET CASH PROVIDED BY /(USED IN) OPERATING ACTIVITIES		701,600	3,096,508
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(224,745)	(952,124)
Net cash acquired through business combinations		-	122,748
Payment for gaming entitlements		(277,822)	(16,500)
Receipt of Govt., AFL & other grants		767,695	321,220
Payments for related party loans		-	(256,533)
Receipts for related party loans		48,000	256,533
NET CASH PROVIDED BY /(USED IN) INVESTING ACTIVITIES		313,128	(524,656)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		1,880,454	-
Repayment of venue Manager loans		(1,764,371)	-
Repayment of interest bearing liabilities		(1,112,298)	(750,000)
Repayment of finance lease principal		(83,291)	(71,978)
NET CASH PROVIDED BY /(USED IN) FINANCING ACTIVITIES		(1,079,506)	(821,978)
Net increase/(decrease) in cash and cash equivalents held		(64,778)	1,749,874
Cash and cash equivalents at the beginning of the year		4,188,618	2,438,744
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	4(b)	4,123,840	4,188,618

The accompanying notes form an integral part of these accounts.

CARLTON FOOTBALL CLUB LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 OCTOBER 2013

	Retained Profits \$
BALANCE AS AT 31 October 2011	13,389,693
Changes in equity:	
Total Comprehensive Income for the year	<u>(683,799)</u>
BALANCE AS AT 31 OCTOBER 2012	<u>12,705,894</u>
Changes in equity:	
Total Comprehensive Income for the year	<u>528,095</u>
BALANCE AS AT 31 OCTOBER 2013	<u>13,233,989</u>

The accompanying notes form an integral part of these accounts

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

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 2013 was authorised for issue in accordance with a resolution of the directors on 18 November 2013.

Carlton Football Club is a Company Limited by Guarantee and is a not-for-profit entity.

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 early adopted AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure* from 1 November 2010.

The adoption of AASB 1053 and AASB 2010-2 allowed the Football 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.

Other 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 2013.

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

The Football Club has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 November 2012:

- AASB 2011-9 Amendments to Australian Accounting Standards -Presentation of Other Comprehensive Income

The changes in accounting policy were applied prospectively.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(c) Going Concern

As at 31 October 2013 the Carlton Football Club Limited has a current asset deficiency of \$5,134,666 (2012: \$8,137,898). 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 loan (balance at 31 October 2013 of \$500,000) which is due and payable over the period to 31 October 2014. The Football Club repaid \$400,000 of this loan during the year. The facility from Westpac is in the form of a commercial bill facility (balance at 31 October 2013 of \$4,900,000) with no fixed term but is subject to annual reviews with the next review due in October 2014. The AFL provides a guarantee for the full amount of the Westpac facility. The Football Club repaid \$600,000 of these facilities during the year.
- The Football Club has operated profitably in four of the past five years. A loss was only recorded in 2012 due to the costs associated with the Club's decision to terminate several contracted coaching staff.
- Management and the Board have secured the continued support of major sponsors Hyundai, Mars, Visy, Nike and other corporate supporters.
- The acquisition of the gaming venues, entitlements and machines are expected to continue to contribute positively to operations in 2014 and beyond.

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.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

NOTE 2 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)

(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.

(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.

Gaming revenue

Gaming revenue is recognised net of gaming wins and losses.

ASF Grants

ASF Grants are recognised upon receipt of cash.

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

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 all plant and equipment over their estimated useful lives.

Major depreciation periods are:	2013	2012
• Equipment	3-10 years	3-10 years
• Furniture and fittings	7 years	7 years
• Leasehold improvements & buildings	26 years	26 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 2013

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 were acquired through a business combination and carried at a directors' valuation based on the future cash flows of the asset.

The useful life of this intangible asset expired in 2012 when the Football Club's agreement with the current gaming operator, Tabcorp. Amortisation was applied on a straight line basis through to August 2012.

Gaming Entitlements

The Football Club acquired 260 gaming machine entitlements (GME) at auction in May 2010 and a further 30 GMEs via the gaming machine transfer market in July 2012. These GME's came into effect on 16 August 2012, at which time the present value of the GME purchase price was recorded as an intangible asset and a liability recorded for payment for the entitlements which are to be made over the remaining 4 years. The useful life of this intangible asset expires in line with the expiry of the gaming entitlements in August 2022. The asset is being amortised on a straight line basis over 10 years.

(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.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the Football Club would, if deprived of the asset, replace the asset, value in use is determined as the depreciated replacement cost of the asset.

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 2013

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.

(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 2013

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 2013

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, other loans, 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 has an outstanding loan of \$500,000 (2012: \$900,000) from the AFL. The loan is subject to interest at or above market rates at the discretion of the AFL.

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

The Football Club has a Commercial Bill Facility of \$4,900,000. 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 2013****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 Football 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 Football Club is not subject to any externally imposed capital requirements.

NOTE 4 STATEMENT OF CASH FLOWS

	2013 \$	2012 \$
(a) Reconciliation of cash		
Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows comprise the following items:		
Cash on hand	515,934	538,971
Cash at bank	3,607,906	3,649,647
Cash and cash equivalents	<u>4,123,840</u>	<u>4,188,618</u>
(b) Non cash financing activities		
Acquisition of assets by means of finance lease	72,402	105,344
Acquisition of gaming entitlements with deferred payment dates	-	1,366,474
Cash and cash equivalents	<u>72,402</u>	<u>1,471,818</u>

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

NOTE 5 REVENUES

Revenues	2013 \$	2012 \$
Included in the operating profit are the following revenues:		
Sponsorship and hospitality	12,217,695	12,524,669
AFL income	9,631,244	9,056,876
Membership and reserved seating	9,429,125	8,953,054
Member venue revenue	19,703,387	9,517,637
Gate receipts	3,147,904	3,426,953
Merchandise	1,844,250	1,902,671
Fundraising	530,500	422,900
Interest income	107,493	84,838
Other football operations income	533,356	747,417
Total revenues	57,144,954	46,637,015

NOTE 6 EXPENSES AND LOSSES/(GAINS)

(a) Expenses	2013 \$	2012 \$
Cost of merchandise sold	989,860	968,199
Merchandise Inventory write off	3,767	18,974
Depreciation of non-current assets		
-Plant and equipment	2,044,736	1,528,133
-Leased assets	49,162	40,361
	2,093,898	1,568,494
Amortisation of non-current assets		
-Intangible assets	153,698	140,227
Total depreciation and amortisation expenses	2,247,596	1,708,721
Lease payments – operating lease	88,121	88,861
Borrowing costs expensed		
Interest expense		
-Finance lease	31,117	26,160
-Gaming entitlement	63,169	-
-Commercial Bill, AFL Facility, other loans	234,804	254,084
Total borrowing costs expensed	329,090	280,244

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

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

(b) Operating Expenses

Football department costs	21,056,938	20,349,696
Member venue costs	17,059,105	7,553,259
Marketing and other department costs	10,580,441	11,623,251
	<u>48,696,484</u>	<u>39,526,206</u>

(c) Personnel Expenses *

Wages and salaries	20,548,578	19,733,081
Contributions to superannuation	1,188,546	1,175,350
Movement in employee entitlements	141,774	104,529
	<u>21,878,898</u>	<u>21,012,960</u>

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

NOTE 7 TRADE AND OTHER RECEIVABLES

Current	2013 \$	2012 \$
Trade receivables	542,312	1,000,668
Provision for doubtful debts	(29,410)	-
Trade receivables	<u>512,902</u>	<u>1,000,668</u>
Other receivables	731,883	1,121,274
Related party loans	300,961	228,091
Total trade receivables	<u>1,545,746</u>	<u>2,350,033</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 2013****NOTE 7 TRADE AND OTHER RECEIVABLES (CONT)**

Movements in the allowance for impairment loss were as follows:

	31 October 2013 \$	31 October 2012 \$
Allowance for impairment losses opening balance	-	-
Amounts provided for	(29,410)	-
Allowance for impairment losses closing balance	(29,410)	-

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

	2013 \$	2012 \$
Merchandise stock		
At cost	272,897	309,386
At net realisable value	-	-
Other inventory		
At cost	72,202	60,436
	<u>345,099</u>	<u>369,822</u>

NOTE 9 OTHER ASSETS

	2013 \$	2012 \$
Current		
Prepayments	493,211	248,767
	<u>493,211</u>	<u>248,767</u>

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

NOTE 10 PROPERTY, PLANT AND EQUIPMENT

	2013 \$	2012 \$
Plant & equipment		
At cost	7,587,280	7,186,859
Accumulated depreciation	(4,997,480)	(3,757,562)
Net carrying amount	<u>2,589,800</u>	<u>3,429,297</u>
Furniture and fittings		
At cost	235,221	235,221
Accumulated depreciation	(150,829)	(124,258)
Net carrying amount	<u>84,392</u>	<u>110,963</u>
Leased assets		
At cost	463,141	415,675
Accumulated amortisation	(131,419)	(92,647)
Net carrying amount	<u>331,722</u>	<u>323,028</u>
Leasehold improvements & buildings		
At cost	19,631,080	19,631,080
Accumulated depreciation	(2,867,196)	(2,112,154)
Net carrying amount	<u>16,763,884</u>	<u>17,518,926</u>
Total plant and equipment	<u>19,769,798</u>	<u>21,382,214</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.

2013	Plant & Equipment \$	Furniture & Fittings \$	Leased Assets \$	Leasehold Improvements & Buildings \$	Total \$
Carrying amount at the beginning of the year	3,429,297	110,963	323,028	17,518,926	21,382,214
Additions	512,694	-	72,402	-	585,096
Disposals	(89,068)	-	(14,546)	-	(103,614)
Depreciation expense	(1,263,123)	(26,571)	(49,162)	(755,042)	(2,093,898)
Carrying amount at year end	<u>2,589,800</u>	<u>84,392</u>	<u>331,722</u>	<u>16,763,884</u>	<u>19,769,798</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 2013****NOTE 11 INTANGIBLE ASSETS AND GOODWILL****a) Reconciliation of carrying amount at the beginning and end of the period**

	2013 \$	2012 \$
Gaming licence	-	-
Gaming entitlement	1,351,272	1,504,969
	<u>1,351,272</u>	<u>1,504,969</u>

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

b) Reconciliation of carrying amount at the beginning and end of the period

Gaming Licence	2013 \$	2012 \$
Year ended 31 October 2012		
At 1 November 2012, net of accumulated amortisation and impairment	-	108,226
Amortisation	-	(108,226)
At 31 October 2013, net of accumulated amortisation and impairment	<u>-</u>	<u>-</u>
At 31 October 2013		
Cost (gross carrying amount)	-	1,744,167
Accumulated amortisation and impairment	-	(1,744,167)
Net carrying amount	<u>-</u>	<u>-</u>

The useful life of this intangible asset expired in 2012 when the Football Club's agreement with the current gaming operator, Tabcorp. Amortisation was applied on a straight line basis through to August 2012.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2013****NOTE 11 INTANGIBLE ASSETS AND GOODWILL (CONT.)**

Gaming Entitlements	2013 \$	2012 \$
Year ended 31 October 2012		
At 1 November 2012, net of accumulated amortisation and impairment	1,504,969	-
Additions	-	1,536,971
Amortisation	(153,697)	(32,002)
At 31 October 2013, net of accumulated amortisation and impairment	<u>1,351,272</u>	<u>1,504,969</u>
At 31 October 2013		
Cost (gross carrying amount)	1,536,971	1,536,971
Accumulated amortisation and impairment	(185,699)	(32,002)
Net carrying amount	<u>1,351,272</u>	<u>1,504,969</u>

The Football Club acquired 260 gaming machine entitlements (GME) at auction in May 2010 and a further 30 GMEs via the gaming machine transfer market in July 2012. These GME's came into effect on 16 August 2012, at which time the present value of the GME purchase price has been recorded as an intangible asset as payment for the entitlements are to be made over 5 years. The useful life of this intangible asset expires in line with the expiry of the gaming entitlements in August 2022. The asset is being amortised on a straight line basis over those 10 years.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2013****NOTE 12 TRADE AND OTHER PAYABLES**

		2013 \$	2012 \$
Current			
Trade creditors		767,976	1,382,914
Payable – Venue manager		-	1,764,372
Other Loans – VCGR	(a)	291,974	277,820
Other creditors		<u>2,371,243</u>	<u>3,486,136</u>
		<u>3,431,193</u>	<u>6,911,242</u>
Non Current			
Other Loans – VCGR	(a)	<u>796,681</u>	<u>1,088,656</u>
		<u>796,681</u>	<u>1,088,656</u>

- a) Loans - Victorian Commissioner of Gaming Regulation
The current and non-current loans totaling \$1,088,656 relate to amounts payable to the Victorian Commissioner of Gaming Regulation for the remainder of gaming entitlements over the next 4 years.

NOTE 13 INCOME RECEIVED IN ADVANCE

		2013 \$	2012 \$
Current			
Membership		907,266	1,268,638
Sponsorship and hospitality		<u>329,994</u>	<u>73,456</u>
		<u>1,237,260</u>	<u>1,342,094</u>

The Football Club launched its 2014 membership campaign on 1st October 2013. Memberships received prior to 31 October 2013 are recorded as income received in advance.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****NOTE 14 INTEREST BEARING LIABILITIES**

Current		2013	2012
		\$	\$
Commercial Bills	(a)	4,900,000	5,500,000
Loan – AFL	(b)	500,000	400,000
Lease liability	(c)	75,629	72,480
Other loans	(d)	327,186	-
		<u>5,802,815</u>	<u>5,972,480</u>
Non Current			
Loan – AFL	(b)	-	500,000
Lease liability	(c)	252,225	266,263
Unsecured – notes		12,279	12,479
Other loans	(d)	1,440,971	-
		<u>1,705,475</u>	<u>778,742</u>

a) Commercial Bill facilities

The Football Club has \$4,900,000 in Commercial Bill facilities provided by Westpac which are secured by a guarantee limited to \$4,900,000 given by the Australian Football League (the guarantee expires on 31 October 2014). As at 31 October 2013, the facility is fully utilised. A Westpac transaction negotiation authority facility of \$700,000 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. The facility is undrawn as at 31 October 2013.

b) AFL Loan - Terms & 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, \$150,000 was repaid on 31 October 2011, \$300,000 was repaid on 31 October 2012 and a further \$400,000 was repaid on 31 October 2013 in line with this schedule.

c) Finance Leases

The current and non-current lease liabilities totaling \$327,854 (2012: \$338,743) represents finance leases with Westpac maturing between 2013 and 2016 with fixed interest rates between 8.55% and 9.9%.

d) Other loans

In June 2013, the Club borrowed \$1,878,954 from SME Finance to settle the venue manager loan that was used to purchase gaming machines. These loans, secured against gaming machine assets, are repayable over a five year term. The total balance at 31 October 2013 is \$1,768,156.

NOTE 15 PROVISIONS

	2013	2012
	\$	\$
Employee benefits		
Annual leave:	725,676	628,132
Long service leave (current)	445,618	441,190
	<u>1,171,294</u>	<u>1,069,322</u>
Long service leave (non current)	<u>250,259</u>	<u>175,993</u>

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2013****NOTE 16 COMMITMENTS**

	2013 \$	2012 \$
Player Contracts		
Amounts contracted to AFL players:		
Not later than one year	10,169,408	10,329,359
Later than one year but not later than two years	3,700,000	5,811,973
Later than two years but not later than five years	1,710,000	1,040,000
	<u>15,579,408</u>	<u>17,181,332</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 of \$88,121(2012: \$88,861) is contracted to increase by CPI each year.

Finance lease commitments

The Football Club has finance lease contracts for various items of kitchen equipment, IT equipment and motor vehicles with a carrying amount of \$331,722 (2012 \$323,028). These lease contracts expire within three to five years.

	2013 \$	2012 \$
Finance lease commitments		
Within one year	100,775	99,725
After one year but not more than five years	263,301	295,299
Less future finance charges	<u>(36,221)</u>	<u>(56,281)</u>
Carrying amount of finance lease liabilities	<u>327,855</u>	<u>338,743</u>

Gaming commitments**Entitlements:**

The Football Club was successful in bidding and acquiring 260 gaming machine entitlements from the State Government auction on 10 May 2010. The Football Club also purchased a further 30 gaming machine entitlements in July 2012. At balance date the Football 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:

	2013 \$	2012 \$
Within one year	340,989	340,989
After one year but not more than five years	852,472	1,193,461
After five years	<u>-</u>	<u>-</u>
Total entitlement payments	<u>1,193,461</u>	<u>1,534,450</u>

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2013****NOTE 16 COMMITMENTS (CONT)****Rent and Management Fees:**

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

	2013 Rent \$	2012 Rent \$
Within one year	3,608,090	3,503,000
After one year but not more than five years	15,547,750	15,094,903
After five years	<u>17,101,113</u>	<u>21,162,050</u>
Total rental payments	<u>36,256,953</u>	<u>39,759,953</u>
	Management Fee \$	Management Fee \$
Within one year	1,670,145	1,621,500
After one year but not more than five years	7,196,882	6,987,264
After five years	<u>7,815,742</u>	<u>9,695,505</u>
Total management fee payments	<u>16,682,769</u>	<u>18,304,269</u>

NOTE 17 CONTINGENCIES

There are no material contingent liabilities or contingent assets as at 31 October 2013.

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 2013****NOTE 21 BUSINESS COMBINATION****Acquisition of Manningham operations**

On 16 August 2012, the Football Club took over the lease of Manningham Club.

The consideration transferred was \$276,048. The fair values of the identifiable assets and liabilities were:

	Manningham
	\$
Cash floats	122,748
Stock	25,543
Written down value of non-current assets	223,046
Less provisions	(95,289)
	<u>276,048</u>

The acquisitions were funded by way of a loan payable to ALH Group. The loan was recorded within trade and other payables at 31 October 2012 then subsequently refinanced with a loan from SME Finance during the current year (refer Note 14 d).

NOTE 22 PARENT ENTITY

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

	2013	2012
	\$	\$
Current assets	6,508,126	7,157,218
Total assets	27,629,196	30,044,400
Current liabilities	11,642,155	15,294,532
Total liabilities	<u>14,394,570</u>	<u>17,337,923</u>
Net assets	<u>13,234,626</u>	<u>12,706,477</u>
Accumulated Surplus	<u>13,234,626</u>	<u>12,706,477</u>
Profit or loss of the Parent Entity	528,149	(681,926)
Total Comprehensive Income of the Parent Entity	528,149	(681,926)

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

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

NOTE 23 RELATED PARTY

Key Management personnel are determined to be:

- Chief Executive Officer – Greg Swann
- Senior Coach – Michael Malthouse
- Chief Financial Officer – Jason Reddick
- General Manager Commercial Operations – Anthony Barham
- General Manager Football – Andrew McKay
- General Manager Digital, Media and Brand – Jay Allen
- General Manager Operations – Martin Shannon
- General Manager Consumer Business and Fan Development – Clinton Bown

During the year, a total of \$3,278,903 (2012 – \$3,507,876) of total remuneration was paid or was payable 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, the former 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. The outstanding loans are subject to a market rate of interest. During 2012 an allowance for impairment of \$50,222 was recognized in respect of a former executive. At 31 October 2013 the loans totaled \$220,335 (2012: \$228,091).

During the year the Football Club received an amount of \$48,000 from a non-executive employee.

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 \$38 to cover operational costs. \$208 is owing to the Football Club by Premier Finance at 31 October 2013 (2012: \$nil).

Carlton Football Club Foundation was established as a Prescribed Private Fund governed by a Trust Deed. The Trustees of the Fund include Mark Harrison (former 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 \$230,000 to the Australian Sports Foundation indicating its preference that the gift benefits the Carlton Football Club Elite Training Facilities Project. The Football Club loaned The Carlton Football Club Foundation \$3,916 during the year. \$3,916 is owing to the Football Club by the Carlton Football Club Foundation at 31 October 2013 (2012: \$nil).

Carlton Football Community Fund is a charitable trust governed by the terms of a Trust Deed. The Trustees of the Fund include Mark Harrison (former 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 \$76,498 during the year to cover operational costs. \$76,498 is owing to the Football Club by the Carlton Football Community Fund at 31 October 2013 (2012: \$nil).

The Carlton Football Club Foundation and Carlton Football Club Community Fund are not controlled entities of Carlton Football Club Limited and have not been consolidated.

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2013****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) 2013 (GST Exclusive)	Receivable/(Payable) 2013	Income/(Expense) 2012 (GST Exclusive)	Receivable/(Payable) 2012
M Clarke	Corp Sales	2,827	-	5,777	-
A Fahour	Corp Sales Postage	1,106 (254,061)	-	1,367	-
I Fried	Corp Sales Stock	12,568	-	6,068	-
R Geminder	Corp Sales	59,222	-	52,603	-
A Gleeson	Corp Sales	16,513	-	15,339	-
S Kernahan	Corp Sales Printing	54,590 (107,598)	(2,812)	52,368 (137,802)	-
G Lee	Corp Sales	8,419	-	10,003	-
M LoGiudice	Corp Sales	49,027	-	25,536	-
C Mathieson	Corp Sales	43,565	-	769	-
R Newton	Corp Sales	17,396	-	9,108	-
J Pratt AC	Sponsorship Goods	1,141,867 (512,447)	-	1,739,776 (434,440)	-
L Sayers	Corp Sales	53,794	-	188	-
R Trainor	Corp Sales	1,385	-	32,570	-

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2013****NOTE 23 RELATED PARTY (CONT)**

Refer Note 24 for Particulars of Directors.

Director transactions with Australian Sports Foundation

The following directors contributed unconditional donations throughout the year to the Australian Sports Foundation, nominating their preference for their gift to benefit the Carlton Football Club Elite Training Facilities Project no. 205300. The Australian Sports Foundation makes the ultimate determination as to how the donations are dealt with and distributed.

Director	2013 Donation	2012 Donation
M Clarke	10,000	15,000
Z, Fried	30,000	-
R Geminder	15,000	15,000
A Gleeson	15,000	15,780
M LoGuidice	28,000	28,000
C Mathieson	28,000	-
R Newton	15,000	15,000
L Sayers	15,000	-
R Trainor	21,500	6,500

Director transactions with Carlton Football Club Foundation

The following director contributed an unconditional donation throughout the year to the Carlton Football Club Foundation, nominating his preference for the gift to be granted to the ASF Carlton Football Club Elite Training Facilities Project no. 205300. The Trustees of the Foundation make the ultimate determination as to how the donations are dealt with.

Director	2013 Donation	2012 Donation
Z Fried	-	40,000

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

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	24.01.1961 Melbourne	Continuing	6 years, 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
FAHOUR, Ahmed Director	05.10.1966 Lebanon	Continuing	1 year	Appointed Managing Director and CEO of Australia Post in February 2010. Has held a number of senior executive positions within the finance and banking industries in Australia and overseas. Was previously CEO of Citigroup Alternative Investments (NY, USA), CEO of Citigroup (Australia and New Zealand) and National Australia Bank (Australia and Asia). Chairman of Rip Curl Group; Chairman of the Council for Australian-Arab Relations; and a director of Methodist Ladies College	B.Econ (Hons), MBA
FRIED, Isaac Jacob Director	20.06.1972 Melbourne	Continuing	6 years, 11 month	Joint owner of the Spotlight Group which includes Spotlight Stores, Anaconda Outdoor Adventure stores and Spotlight Property Group. Has been working in the group since 1990. Managing Director SPG Investments.	

CARLTON FOOTBALL CLUB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2013

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
GEMINDER, Raphael Director	24.03.1960 Spring Hill	Continuing	3 years, 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)
GLEESON, Adrian Paul. Director	29.04.1967 Koroit	Continuing	7 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
KERNAHAN, Stephen Scott Director	01.09.1963 Adelaide SA	Continuing	16 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	26.11.1955 Melbourne	Continuing	7 years, 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 2013

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	3 years, 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.	
MATHIESON, Craig Donald Director	14.05.1968 Melbourne	Continuing	1 year	Managing Director of the Mathieson Group; a diverse family business. Worked in the Banking Industry, principally in property finance before returning to the family business in 2001. Currently a Non Executive Director of Funtastic Ltd and Great Western Exploration NL.	B Bus (Banking & Finance)
NEWTON, Richard Gordon Director	31.10.1959 Melbourne	Continuing	7 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 2013

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	Continuing	2 year, 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)
SAYERS, Luke Frederick Director	16.11.1969 Melbourne	Continuing	1 year	Joined PwC Audit practice in 1993. In 2010, became the National Managing Partner, and was charged with the day-to-day responsibility for the Australian business, including the revenue, profitability and client targets. In 2012 was appointed CEO of PwC Australia. Has over 15 years of dedicated experience in the United States, South America, Europe and Asia Pacific in the InfoComm (Telecom, Internet & Cable) industry	B Bus (Accounting) B Computing (Info Systems)

CARLTON FOOTBALL CLUB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2013

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
TRAINOR, Ryan Franklyn Director	21.09.1973 Melbourne	Continuing	1 year	Founder of Crosby & Prince Ventures, a boutique private equity investor. In 2010, became the Ernst & Young 'Entrepreneur of the Year' in the Southern Region (services category) and went on to compete as a national finalist. Was accepted into the Entrepreneurial Masters Program at MIT in Boston in 2007 where he recently finished a three-year program and completed a similar program at Stanford University in California in June 2010. On the Board of the Mirabel Foundation, and the I-India Project Australia.	

CARLTON FOOTBALL CLUB LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 OCTOBER 2013****NOTE 24 PARTICULARS OF DIRECTORS (CONT.)****Directors Attendances at Board and Sub-Committee Meetings
November 2012 – October 2013**

Name	Board (Total 11)
M Clarke	11
A Fahour	8
I Fried	9
R Geminder	7
A Gleeson	11
S Kernahan	10
G Lee	9
M LoGiudice	10
C Mathieson	11
R Newton	11
J Pratt AC	8
L Sayers	7
R Trainor	10

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

- 1) Football – A Gleeson (Chair), R Newton, C Mathieson, G Lee
- 2) Finance, Audit and Risk – L Sayers (Chair), Z Fried, M LoGiudice, R Newton
- 3) Club Member Venues – M LoGiudice (Chair), Z Fried, R Newton/C Mathieson
- 4) Marketing and Membership – R Geminder (Chair), A Fahour, Z Fried, A Gleeson, R Trainor
- 5) Remuneration and Nominations – S Kernahan (Chair), G Lee, R Newton, L Sayers

CARLTON FOOTBALL CLUB LIMITED

DIRECTORS' DECLARATION

AT 31 October 2013

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 2013 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

19 November 2013

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 Limited, which comprises the consolidated balance sheet as at 31 October 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 2013 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 stylized, handwritten signature of Ernst & Young in black ink.

Ernst & Young

A handwritten signature of Kester C Brown in black ink, written over a horizontal line.

Kester C Brown
Partner

Melbourne
19 November 2013