



CARLTON FOOTBALL CLUB ANNUAL FINANCIAL REPORT

For the year ending 31 October 2020







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During 2020, the Carlton Football Club aimed to continue to raise awareness for the prevention of violence against women through its AFLW and AFL Carlton Respects Games.

2.68M

App, website and social media impressions on Carlton Respects content.



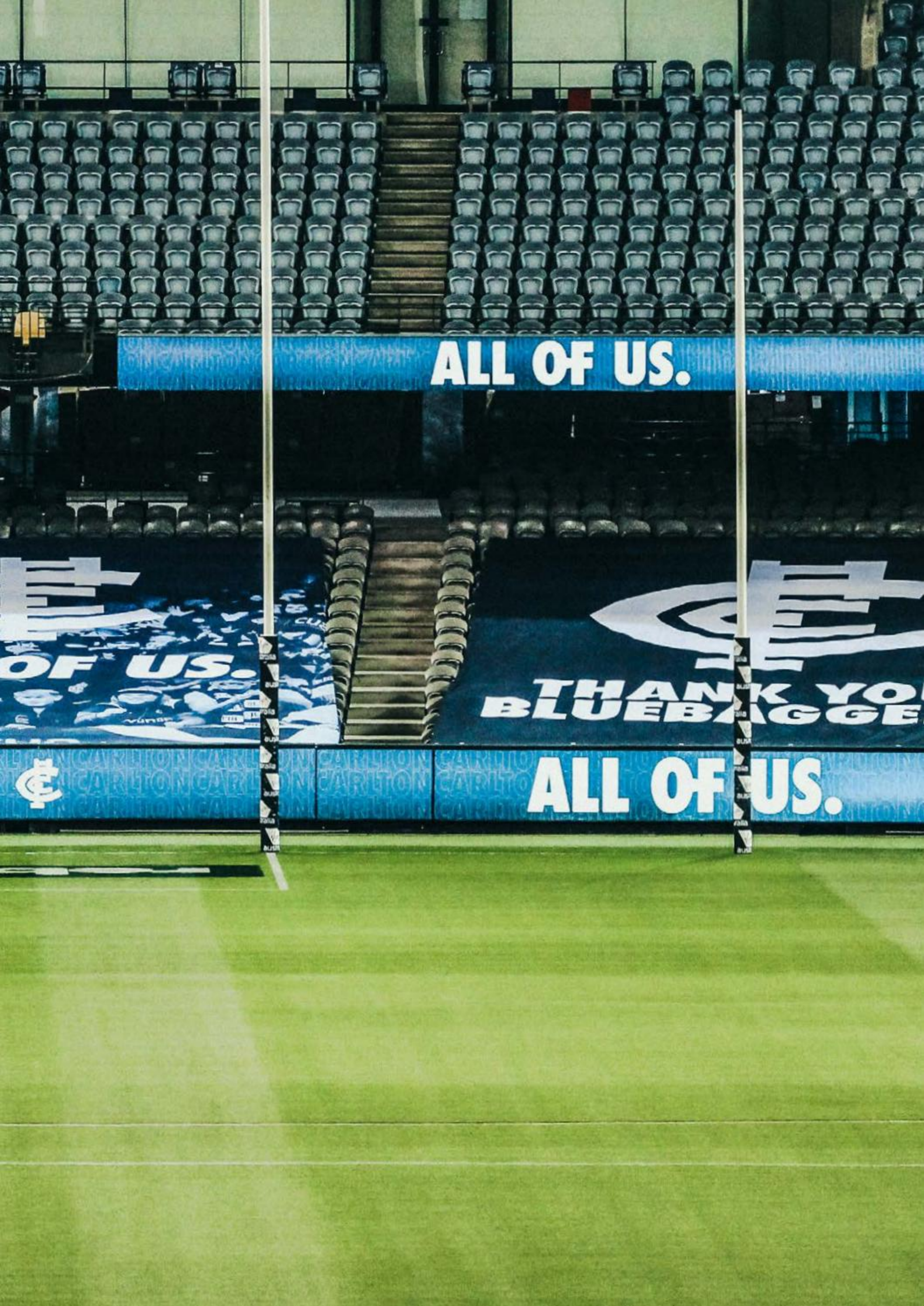
ALL OF US.

**THANK YOU
BLUEBAGGERS**

ALL

The loyalty of the Carlton faithful shone through with less than one per cent of members requesting a full refund despite crowd restrictions. The Club broke its membership record for the third consecutive year.

**67,035
BLUEBAGGERS**



ALL OF US.

ALL OF US.

**THANK YOU
BLUEBAGGERS**

ALL OF US.



THE DIRECTORS' REPORT

The Directors present their report on the results of the Carlton Football Club Ltd ("the Club") for the year ended 31 October 2020, and the state of affairs at that date.



MARK LOGIUDICE
President

Mark LoGiudice 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, LoGiudice is a Director of La Manna Premier Group, a national farming, marketing and logistics company of fresh produce and a Director of Assembled Group, a media, marketing and communications company.

TENURE

Carlton Football Club Director
10 years, 6 months and President for 7 years

OTHER RESPONSIBILITIES

Chair of the Carlton Football Club Commercial Projects Sub-Committee and Member of the Compliance, Risk and Integrity Sub-Committee, Infrastructure Sub-Committee and Finance and Audit Sub-Committee.



JEANNE PRATT AC

Vice President
D. Univ (Swin)

Jeanne Pratt is Co-Chairman of Visy, the world's largest privately owned paper and recycling company and is Chair of The Production Company – a not-for-profit theatrical company she founded in 1998. Philanthropist and arts patron.

TENURE

Carlton Football Club Director
9 years, 7 months

OTHER RESPONSIBILITIES

Member of the Carlton Football Club Commercial Projects Sub-Committee.

DAVID CAMPBELL

Director
B Eng (Hons), B Science, MBA

David Campbell is a Partner of Egon Zehnder International – one of the world's most respected leadership and talent advisory firms – and leads the firm's Consumer, Health and Technology practice in Australasia. He specialises in Board assessment and succession, CEO succession and leadership development. Prior to Egon Zehnder, Campbell led an apparel retail business and before that, was Group General Manager of Australia's leading fruit juice business.

TENURE

Carlton Football Club Director
2 years, 3 months

OTHER RESPONSIBILITIES

Chair of the Carlton Football Club People and Culture Sub-Committee.

CHRIS JUDD

Director

Chris Judd played professional football for 14 years. Following on from this, he worked briefly in funds management before focusing on personal investments in the small cap listed equities space. Judd is a Founding Shareholder of Jaggad – an Australian exercise apparel business.

TENURE

Carlton Football Club Director
3 years, 1 month

OTHER RESPONSIBILITIES

Chair of the Carlton Football Club Football Performance Sub-Committee (AFL) and List Management Sub-Committee (AFL).



PATRICIA KINNERSLY

Director

Master of Management, Graduate of A.I.C.D, Bachelor Education, Grad. Cert. Management (Educational Leadership)

Reflecting Carlton's significant investment in women's football, Patty Kinnersly made history by becoming the Blues' first designated Board member to oversee the AFLW/VFLW programs. Her appointment reflected the Club's continued commitment to good governance and to building a skills-based Board aligned to the needs of the Club.

Kinnersly is currently Chief Executive Officer of Our Watch – a national organisation driving change in cultures, attitudes and behaviours underpinning violence against women. With her insight and guidance, Kinnersly enhances the work of the Club's flagship community program in Carlton Respects, as well as community and diversity programs more broadly.

Alongside an extensive corporate career, Kinnersly has 14 years of playing experience in the VWFL for the Ballarat Lions, Fairfield Falcons and Parkside Magpies, playing in five premierships and representing Victoria on 10 occasions, twice as captain.

TENURE

Carlton Football Club Director
1 year, 11 months

OTHER RESPONSIBILITIES

Chair of the Carlton Football Club Community and Diversity Sub-Committee, Football Performance Sub-Committee (AFLW) and Member of Infrastructure Sub-Committee.



CRAIG MATHIESON

Director

B Bus (Banking and Finance)

Craig Mathieson is Managing Director of the Mathieson Group; a diverse family business. Prior to joining the family business, Mathieson spent 10 years in the Banking Industry. He was previously the CEO of DMS Glass and is currently Non-Executive Director of ASX listed company Shaver Shop Ltd.

TENURE

Carlton Football Club Director
8 years

OTHER RESPONSIBILITIES

Member of the Carlton Football Club Finance and Audit Sub-Committee.



LUKE SAYERS AM

Director

B Bus (Accounting)

B Computing (Info Systems)

Luke Sayers is the Founder and Executive Chairman of Sayers Group. From 2012 to 2020, Sayers was the Chief Executive Officer of PwC Australia and Vice-Chairman, PwC Asia Pacific. Throughout his career, Sayers has been a trusted adviser to leaders, CEO's and Chairman and an active member of the business community. In 2019 Sayers was made a Member of the Order of Australia for his significant service to business, to people with a disability and the community. He is also Chair of e.motion21, a member of the Victorian branch of the Male Champions of Change, and a member of the Australian Women in Sport Advisory Group.

TENURE

Carlton Football Club Director
8 years

OTHER RESPONSIBILITIES

Chair of the Carlton Football Club Finance and Audit Sub-Committee.



CHRISTOPHER TOWNSHEND QC

Director
BA, LLB

Christopher Townshend is a practising barrister at the Victorian Bar, frequently engaged to advise and appear in courts, tribunals and public inquiries in matters concerning major property development approvals, environmental effects assessments, and major public infrastructure projects. Townshend has also been engaged in respect of master planning for a number of major Victorian sporting and education venues and precincts. Townshend has frequently appeared in sporting tribunals representing players including at the AFL and VFL Tribunal and in tribunals for other football and sporting codes.

TENURE

Carlton Football Club Director
1 year, 4 months

OTHER RESPONSIBILITIES

Chair of the Carlton Football Club Compliance, Risk and Integrity Sub-Committee, Infrastructure Sub-Committee and Member of the Football Performance Sub-Committee (AFLW).



1. DIRECTORS

The Directors in office during the year were:

M LoGiudice

C Judd

C Mathieson

J Pratt AC

L Sayers AM

D Campbell

P Kinnersly

C Townshend QC

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 16 of these accounts.

2. COMPANY SECRETARY

The Company Secretary at the date of this report is Mr Thomas Crookes.

3. PRINCIPAL ACTIVITIES

The principal activities of the 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 18 licenses.

4. OPERATING RESULTS AND REVIEW OF OPERATIONS

The COVID-19 pandemic and subsequent health measures put in place have had a significant impact on the Carlton Football Club's financial results and operations for the year. The net profit for the year was \$3,651,912 (2019: \$6,292,164). The Club's net operating profit before depreciation and amortisation for the year ended 31 October 2020 of \$9,105,585 (2019: \$8,409,187) is not comparable to 2019 due to the adoption of AASB 16 Leases and no restatement of comparatives. Refer to Note 11 Leases for adoption impact.

The Club recognises that it has been a difficult year for all of our stakeholders, members, partners, fans, players and staff. In a challenging year, which saw revenue from operating activities decline by 36 per cent, the Club managed its finances and was able to navigate its way through a difficult year with the support of our Members and key stakeholders; consolidating the strong performance of 2019 to not increase its level of debt despite the adversities faced. The following were key contributors to the Club's financial performance:

- In 2020, membership grew by four per cent (64,269 – 67,035). The Club is proud of the support shown by our membership base through a difficult year for all and breaking another membership record for the Club is a testament to the Carlton faithful. In the absence of home games being played in front of a crowd in Melbourne, membership was paramount in aiding the Club's financial position. The Club would like to acknowledge and sincerely thank our members and supporters for their financial contributions to the Club in 2020.
- Along with members, the Club's Commercial partners stood by the Club and the Club too stood by its Commercial partners during a difficult year. Our partners even gave back to our members with the Hyundai 'Back our 'Baggers' campaign allowing our 67,035 members the chance to have their name etched onto the back of a player's guernsey for three games throughout the 2020 season.
- 2020 was the first year PUMA was the Club's official on-field apparel partner. Although the season was played in front of reduced crowds, Merchandise sales were up 13 per cent from \$1,792,204 in 2019 to \$2,030,176 in 2020.
- The Club's non-traditional revenue streams were not immune to the impacts of COVID-19, however held strong with only a five per cent revenue decline. The Carlton College of Sport had strong enrollment numbers as it delivered courses largely remotely. The Club's Carlton IN Business network also delivered content virtually to its 131 members, continuing its place as the preeminent sporting corporate business network in Australia.
- The Club continues to maintain a term overdraft facility with Westpac Banking Corporation, which arose in the past to help fund historical working capital requirements. As at 31 October 2020 the Club had \$4,000,000 in outstanding borrowings (from the \$5,000,000 available). No further debt has arisen due to COVID-19. This facility expiry date has been extended to 31 December 2022.



DELIVERING GAME-CHANGING INFRASTRUCTURE

A leading, fully integrated high-performance facility that cements Ikon Park as the home of AFLW.

- The Club continued to raise awareness for the prevention of violence against women through Carlton Respects and community endeavors. Carlton Respects content saw 2.68M app, website and social media impressions throughout the year.
- Throughout the year the Club continued to progress towards the completion of its Master Plan, to create the preeminent, fully integrated high-performance facility in the AFL and cement Ikon Park as the home of AFLW. The Club's Master Plan is possible due to the funding deeds secured with the Victorian State Government and Federal Government in prior years, which the Club is to receive \$20,000,000 and \$15,000,000 respectively, towards the redevelopment of Ikon Park. During the year the Club continued to progress to 100 per cent design completion and also performed the tender for the head works contract, with Stage 1 of the internal works at Ikon Park to commence in November 2020.

Dividends

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

Short and long-term objectives of the organisation

At Carlton, we aspire to be a leader in professional sport, underpinned by The Carlton Way by:

- Sustained high performance on and off the field that wins us premierships.
- Our people feeling the strongest possible sense of belonging to our club, proud to be part of the Navy Blue.
- Using the power of the Carlton brand to positively impact the community we work within.

Our core focus areas are:

- Football Performance
- Members and Supporters
- People and Culture
- Commercial Partnerships
- Community
- Infrastructure

5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

During the financial year, there was no significant change in the state of affairs of the Club other than that referred to in the financial statements or notes thereto.

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 Club, the results of those operations or the state of affairs in subsequent financial years.

7. 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 Ikon Park and form part of the design principles of the Master Plan.

8. DIRECTORS MEETINGS

Directors attendances at Board meetings during the year:

Name	Board (Total 14)
M LoGiudice	14
J Pratt	11
L Sayers	14
C Mathieson	14
C Judd	14
D Campbell	14
P Kinnersly	12
C Townshend	14

9. AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

The Directors have received an Independence Declaration from the auditor of the Club as set out on page 16 and it forms part of the Directors' Report for the year ended 31 October 2020.

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

10. INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the Club paid premiums to insure each of the 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 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.

11. INDEMNIFICATION OF AUDITORS

To the extent permitted by law, Carlton Football Club Limited has agreed to indemnify the auditors, Ernst & Young, as part of the terms of the audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the end of the financial year.

12. MEMBERS GUARANTEE

The Club is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute to a maximum of \$50 each towards meeting any outstanding liabilities and obligations of the Club.

Signed in accordance with a resolution of the Directors at Carlton on this 30th day of November 2020.



Mark LoGiudice
President

AUDITOR'S INDEPENDENCE DECLARATION



EY

Building a better
working world

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

As lead auditor for the audit of Carlton Football Club for the financial year ended 31 October 2020, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Carlton Football Club Limited and the entities it controlled during the financial year.

Ernst & Young

Kylie Bodenham
Partner
30 November 2020

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation



ALL OF US.



9



HYUNDAI



“

We believe we've got the game style,
we believe we've got the talent.
We have a lot of belief in this group.

AFL Senior Coach David Teague

”





“

Really growing (in 2020) and having the season taken away – there is a real steely resolve to try and achieve something.

AFLW Senior Coach Daniel Harford

”



STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND COMPREHENSIVE INCOME

Year ended 31 October 2020

	NOTES	2020 (\$)	2019 (\$)
REVENUES			
Revenue from operating activities	1 (a)	41,719,805	65,600,295
Revenue and income from other activities	1 (b)	8,494,019	5,572,074
Total Revenue and Income		50,213,824	71,172,369
EXPENSES			
Club hospitality venue costs		(4,639,118)	(16,145,568)
Commercial activities		(7,046,700)	(12,013,180)
Facility costs		(1,668,912)	(1,659,244)
Football department costs		(21,265,225)	(26,295,657)
Foundation and community		(210,205)	(254,544)
Finance and administration		(3,685,342)	(4,072,309)
Marketing and media		(1,776,444)	(2,173,301)
Finance costs	2(a)	(817,393)	(151,276)
Depreciation and amortisation	2(b)	(5,453,673)	(2,117,023)
Profit on disposal of non current assets		1,100	1,897
Total Expenses from Ordinary Activities		(46,561,912)	(64,880,205)
Net Profit		3,651,912	6,292,164
Other comprehensive income		-	-
Total Comprehensive Income for the period		3,651,912	6,292,164

The above Statement of Consolidated Profit and Loss and Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

as at 31 October 2020

	NOTES	2020 (\$)	2019 (\$)
CURRENT ASSETS			
Cash and cash equivalents	3	11,793,958	6,060,426
Trade and other receivables	4	2,349,899	4,270,593
Inventories	5	286,859	256,348
Other assets	6	341,383	599,977
Asset held for sale	7	466,990	-
TOTAL CURRENT ASSETS		15,239,089	11,187,344
NON CURRENT ASSETS			
Property, plant and equipment	8	20,428,082	20,584,872
Intangible assets	9	275,375	429,072
Other financial assets	10	269,621	269,621
Other assets	6	401,623	401,623
Right of use asset	11	28,031,447	-
TOTAL NON CURRENT ASSETS		49,406,148	21,685,188
TOTAL ASSETS		64,645,237	32,872,532
CURRENT LIABILITIES			
Trade and other payables	12	4,391,734	5,614,568
Income received in advance	1(d)	6,284,622	4,580,798
Interest bearing liabilities	13	249,719	425,595
Provisions	14	875,037	897,119
Lease liabilities	11	3,110,985	-
TOTAL CURRENT LIABILITIES		14,912,097	11,518,080
NON CURRENT LIABILITIES			
Trade and other payables	12	687,501	1,031,252
Interest bearing liabilities	13	4,171,210	4,409,087
Provisions	14	153,370	100,062
Lease liabilities	11	25,255,096	-
TOTAL NON CURRENT LIABILITIES		30,267,177	5,540,401
TOTAL LIABILITIES		45,179,274	17,058,481
NET ASSETS		19,465,963	15,814,051
Retained profits		19,465,963	15,814,051
TOTAL EQUITY		19,465,963	15,814,051

The above Statement of Consolidated Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 October 2020

	NOTES	2020 (\$)	2019 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		49,516,304	74,563,274
Payments to suppliers and employees		(47,632,561)	(70,828,997)
Other income		8,449,276	4,500,864
Dividend income		-	2,676
Interest received		44,743	68,469
Interest component of lease payments		(414,089)	-
Borrowing costs paid		(81,665)	(151,276)
NET CASH PROVIDED BY OPERATING ACTIVITIES		9,882,008	8,155,010
CASH FLOWS FROM INVESTING ACTIVITIES			
Income for property, plant and equipment		1,100	363,165
Payment for property, plant and equipment		(2,224,325)	(2,467,664)
Investment in other financial assets		-	(2,676)
Payment for gaming entitlements		-	(200,810)
NET CASH (USED IN) INVESTING ACTIVITIES		(2,223,225)	(2,307,985)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from interest bearing liabilities		2,000,000	-
Repayment of interest bearing liabilities		(2,048,724)	(1,282,158)
Repayment of finance lease principal		(377,867)	(308,154)
Payment of principal component of lease payments		(1,498,660)	-
NET CASH (USED IN) FINANCING ACTIVITIES		(1,925,251)	(1,590,312)
Net increase in cash and cash equivalents held		5,733,532	4,256,713
Cash and cash equivalents at the beginning of the year		6,060,426	1,803,713
Cash and cash equivalents at the end of the year	3	11,793,958	6,060,426

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 October 2020

	Retained Profits (\$)	Foreign Currency Translation Reserve (\$)	Total Equity (\$)
BALANCE AS AT 31 OCTOBER 2018	9,522,327	(440)	9,521,887
Profit for the year	6,292,164	-	6,292,164
Other Comprehensive Income	-	-	-
BALANCE AS AT 31 OCTOBER 2019	15,814,491	(440)	15,814,051
Profit for the year	3,651,912	-	3,651,912
Other Comprehensive Income	-	-	-
BALANCE AS AT 31 OCTOBER 2020	19,466,403	(440)	19,465,963

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 October 2020

NOTE 1 REVENUES

	2020 (\$)	2019 (\$)
(A) REVENUE FROM OPERATING ACTIVITIES		
AFL income	12,087,438	13,862,377
Club hospitality venue revenue	7,557,000	19,007,731
Membership, gate receipts and consumer	10,663,145	15,570,918
Merchandise	2,030,176	1,792,204
Partnerships, events and commercial	7,353,901	12,977,330
Non-traditional	1,415,825	1,488,902
Other operational income	612,320	900,833
	41,719,805	65,600,295
(B) REVENUE AND INCOME FROM OTHER ACTIVITIES		
Interest income	44,743	68,469
Investment revenue	-	2,741
Philanthropic donations	1,396,501	1,700,864
Grant revenue	7,052,775	3,800,000
	8,494,019	5,572,074

(C) REVENUE RECOGNITION

Revenue is recognised when an entity transfers the control of the goods or services to a customer at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services.

Sales revenue comprises revenue earned from partnerships, events and commercial, AFL distributions, membership and reserved seating, hospitality, 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:

i) Partnerships, events and commercial

Revenue is recognised when the performance obligations of the customer contract are achieved and the Club expects to be entitled to appropriate consideration in accordance with the terms and conditions of the contract. Monies received in advance that relate to future years performance obligations are included as a liability in income received in advance and will be recognised as revenue in the years to which they relate. Sponsorship involving contra arrangements are recognised as revenue equivalent to the fair value of services provided by the sponsor.

ii) Membership revenue

Membership revenue is recognised throughout the duration of the AFL home and away season to which it relates. Membership subscriptions received in advance from members that relate to future years are included as a liability in income received in advance and will be recognised as revenue in the years to which they relate.

iii) Interest income

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

iv) Hospitality revenue

Gaming, bar, bistro and function revenue is recognised as it is earned. Gaming revenue is recognised net of gaming wins and losses.

v) Grant revenue

Grant revenue, operational and capital including contributions of assets, is recognised when it is controlled or the Club has the right to receive the contribution. When there are conditions attached to the grant relating to the use of grant funds for specific purposes this is disclosed in the relevant note to the financial statements.

(D) INCOME RECEIVED IN ADVANCE

Income received in advance is recognised in line with the terms of specific contracts. Commercial and Membership subscription income received in advance is recognised in line with the commercial contract or membership subscription period and the respective service obligations of the Club.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 2 EXPENSES

	2020 (\$)	2019 (\$)
(A) FINANCE COSTS		
Interest costs on interest bearing liabilities		
- Finance lease	9,292	13,082
- Commercial bill and other loans	72,373	138,194
Total interest costs on interest bearing liabilities	81,665	151,276
Interest costs on lease liabilities	735,728	-
Total finance costs	817,393	151,276
(B) DEPRECIATION AND AMORTISATION		
Amortisation of intangible assets	153,697	153,699
Depreciation of plant and equipment	1,887,470	1,963,324
Depreciation of right of use assets	3,412,506	-
Total depreciation and amortisation expenses	5,453,673	2,117,023
(C) EMPLOYEE EXPENSES	25,316,530	29,445,847
(D) IMPAIRMENT OF RECEIVABLES	20,000	32,017

NOTE 3 CASH AND CASH EQUIVALENTS

	2020 (\$)	2019 (\$)
(A) RECONCILIATION OF CASH AND CASH EQUIVALENTS		
Cash and cash equivalents at the end of the financial year as shown in the Consolidated Cash Flow Statement is reconciled to the related items in the Statement of Consolidated Financial Position as follows:		
Cash on hand	209,227	570,113
Cash at bank	11,584,731	5,490,313
Cash and cash equivalents	11,793,958	6,060,426
Non-cash financing activities		
Acquisition of assets by means of finance lease	26,150	491,724

(B) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of Consolidated Financial Position comprise cash at banks and on hand, short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value and cash designated for a specific purpose.

Of the above cash at bank value, \$4,200,239 relates to government grants received for the redevelopment of Ikon Park, which must be spent in accordance with the project purpose. To date, the Club has received \$6,800,000 in grants for the Ikon Park redevelopment.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 4 TRADE AND OTHER RECEIVABLES

	2020 (\$)	2019 (\$)
Trade receivables	748,686	2,322,926
Allowance for expected credit losses	(5,513)	(30,000)
Trade receivables	743,173	2,292,926
Other receivables	1,608,304	1,978,892
Related party loans	(1,578)	(1,225)
Total trade and other receivables	2,349,899	4,270,593

(A) TRADE AND OTHER RECEIVABLES

Trade receivables are generally non-interest bearing and have 30–60 day payment terms from the date of the invoice. Amounts are initially recognised at fair value and then subsequently measured at fair value less an allowance for impairment.

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.

(B) TRADE RECEIVABLES AND ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Club applies a forward-looking expected credit loss (ECL) approach, in accordance with AASB 9, and calculates the ECLs based on the Club's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

NOTE 4 TRADE AND OTHER RECEIVABLES (CONT.)

TRADE RECEIVABLES AND CONTRACT ASSETS

	2020 (\$)	2019 (\$)
Receivables from third-party customers	623,309	2,239,057
Receivables from other related parties	125,377	83,869
	748,686	2,322,926
Allowance for expected credit losses	(5,513)	(30,000)
	743,173	2,292,926

NOTE 5 INVENTORIES

	2020 (\$)	2019 (\$)
Merchandise stock		
At lower of cost and net realisable value	250,555	168,010
Other inventory	36,304	88,338
Total inventories at lower of cost and net realisable value	286,859	256,348

(A) 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 less the estimated costs of completion and the estimated costs necessary to make the sale.

(B) INVENTORY EXPENSE

Inventories recognised as cost of goods sold for the year ended 31 October 2020 totaled \$1,218,286 (2019: \$973,388).

(C) INVENTORY IMPAIRMENT

An impairment loss is recognised when there is objective evidence that inventories are being carried at an amount higher than net realisable value. Merchandise written down to its net realisable value and recognised as an expense in the current financial year totaled \$75,060 (2019: \$145,189).

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 6 OTHER ASSETS

	2020 (\$)	2019 (\$)
Current		
Prepayments	281,383	559,977
Other investments	60,000	40,000
	341,383	599,977
Non Current		
Prepayments	401,623	401,623
	401,623	401,623



NOTE 7 ASSET HELD FOR SALE

	2020 (\$)	2019 (\$)
Current		
Land and buildings	466,990	-
	466,990	-

(A) ASSET HELD FOR SALE

During the year, the Club completed a property development in Wallan and commenced sales arrangements to sell the property. As the sale is highly probable, the asset has been classified as held for sale at 31 October 2020. The sale is expected to be completed within 12 months of balance date.

(B) ASSET HELD FOR SALE MEASUREMENT

Assets classified as held for sale are recognised at the lower of carrying amount and fair value less costs to sell. Gains and losses on subsequent re-measurement are included in the income statement. No depreciation or amortisation is charged on these assets while they are classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	2020 (\$)	2019 (\$)
Land	-	239,931
Construction in progress	3,091,239	1,394,495
Plant and equipment		
At cost	14,333,128	14,344,067
Accumulated depreciation	(9,118,966)	(8,396,565)
Net carrying amount	5,214,162	5,947,502
Furniture and fittings		
At cost	1,156,763	1,156,763
Accumulated depreciation	(608,173)	(485,598)
Net carrying amount	548,590	671,165
Leasehold improvements and buildings		
At cost	19,736,947	19,736,947
Accumulated depreciation	(8,162,856)	(7,405,168)
Net carrying amount	11,574,091	12,331,779
Total property, plant and equipment	20,428,082	20,584,872

Movements in the carrying amount of each class of property, plant and equipment between the beginning and the end of the current financial year are set out on the following page.

(A) RECONCILIATION OF CARRYING AMOUNTS (NET OF ACCUMULATED AMORTISATION AND IMPAIRMENT) AT THE BEGINNING AND END OF THE PERIOD

	Land (\$)	Construction In Progress (\$)	Plant and Equipment (\$)	Furniture and Fittings (\$)	Leasehold Improvements (\$)	Total (\$)
Carrying amount at the beginning of the year	239,931	1,394,495	5,947,502	671,165	12,331,779	20,584,872
Additions	2,059	1,921,744	300,522	-	-	2,224,325
Disposals / transfers	(241,990)	(225,000)	(26,655)	-	-	(493,645)
Depreciation expense	-	-	(1,007,207)	(122,575)	(757,688)	(1,887,470)
Carrying amount at year end	-	3,091,239	5,214,162	548,590	11,574,091	20,428,082

Plant and equipment pledged as security for liabilities; Leased IT equipment and Electronic Gaming Machines (EGMs) are pledged as security for the related finance leases.

(B) ESTIMATION OF USEFUL LIVES OF ASSETS

The estimation of the useful lives of assets has been based on historical experience and manufacturers warranties (for plant and equipment). In addition, the condition of the assets are assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary.

(C) IMPAIRMENT

The carrying values of the Club's assets are reviewed for impairment at each reporting date, to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset is compared to the asset's carrying value.

The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

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 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 unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount, with an impairment loss recognised in the Consolidated Statement of Profit and Loss and Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 8 PROPERTY, PLANT AND EQUIPMENT (CONT.)

(D) PLANT AND EQUIPMENT

i) Cost

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

ii) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership. Refer to Note 11 for details on operating leases.

iii) Depreciation

All fixed assets are depreciated on a straight-line basis over their useful lives commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the venue lease or the estimated useful lives of the improvements. The following depreciation useful life ranges have been used:

	2020
Plant and equipment	3–10 years
Furniture and fittings	5–10 years
Leasehold improvements	5–40 years

iv) Finance Leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased asset to the Club are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment. 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.

Lease payments are apportioned between finance charges and reduction of the lease liability so that a constant rate of interest is recognised on the remaining balance of the liability.

(E) LAND FAIR VALUE MEASUREMENT AT RECOGNITION

Land on recognition was measured at its fair value. The carrying amount of land held by the Club is disclosed within property, plant and equipment (refer to Note 8).

NOTE 9 INTANGIBLE ASSETS

	2020 (\$)	2019 (\$)
Reconciliation of carrying amount at the beginning and end of the period		
Licences at cost	1,536,971	1,536,971
Accumulated amortisation	(1,261,596)	(1,107,899)
Net carrying amount	275,375	429,072

Licences

Carrying amount at the beginning of the year	429,072	582,771
Amortisation	(153,697)	(153,699)
Carrying amount at the end of the year	275,375	429,072

LICENCES

The Club acquired 260 Gaming Machine Entitlements (GMEs) at auction in May 2010 and a further 30 GMEs via the gaming machine transfer market in July 2012. These GMEs came into effect on 16 August 2012, at which time the present value of the GMEs purchase price was recorded as an intangible asset and a liability recorded for payment for the entitlements which were to be made over the remaining years. The useful life of these intangible assets 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.

IMPAIRMENT OF INTANGIBLE ASSETS

The Club assesses impairment of intangible assets at each reporting date by evaluating conditions specific to the 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 10 OTHER FINANCIAL ASSETS

	2020 (\$)	2019 (\$)
Non Current		
Sapphire Holdings Group Pty Ltd	269,621	269,621
	269,621	269,621

(A) FINANCIAL ASSETS

The Club 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. After initial measurement, they are subsequently carried at fair value. Changes to fair value are recognised through profit and loss.

NOTE 11 LEASES

The Club has adopted AASB 16 from 1 November 2019 using the modified retrospective approach, under which the reclassifications and adjustments arising from the new standard have been recognised in the opening Consolidated Statement of Financial Position at 1 November 2019. The comparative information for the 31 October 2019 reporting period has not been restated as permitted under the transitional provisions in the standard.

On adoption of AASB 16, the Club recognised lease liabilities in relation to leases previously classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 November 2019. The weighted average incremental borrowing rate applied to the lease liabilities at 1 November 2019 was 2.51%.

The following are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Property (\$)	Equipment and Other (\$)	Total (\$)
As at 1 November 2019	31,009,062	29,046	31,038,108
Additions	377,455	28,390	405,845
Depreciation expense	(3,382,960)	(29,546)	(3,412,506)
As at 31 October 2020	28,003,557	27,890	28,031,447

The following are the carrying amounts of lease liabilities recognised and the movements during the period:

	Property (\$)	Equipment and Other (\$)	Total (\$)
As at 1 November 2019	31,009,062	29,046	31,038,108
Additions	377,455	28,390	405,845
Accretion of interest	734,981	747	735,728
Payments	(1,882,687)	(30,062)	(1,912,749)
COVID-19 related rent concessions	(1,900,851)	-	(1,900,851)
As at 31 October 2020	28,337,960	28,121	28,366,081

A reconciliation between operating lease commitments to lease liabilities as per AASB 16 as of the transition date is provided below:

Operating lease commitments as at 31 October 2019	12,471,033
Less: Application of discounting	(676,380)
Add: Lease extensions reasonably certain to be exercised	19,107,077
Add: Leases not previously included in commitments note	136,378
Total lease liability recognised under AASB 16 as at 1 November 2019	31,038,108

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 11 LEASES (CONT.)

The following are the amounts recognised in the profit or loss:

	2020 (\$)
Depreciation expense of right-of-use assets	3,412,506
Interest expense on lease liabilities	735,728
COVID-19 related rent concessions	(1,900,851)
Expense relating to short-term leases	-
Expenses relating to leases of low-value assets	-
Total amount recognised in profit or loss	2,247,383

Practical expedients applied by the Club:

- A single discount rate for 1–3 year lease term agreements has been adopted.
- The Club has elected to exclude any initial direct costs such as legal fees incurred when entering into a new lease contract.
- Judgement by management has been exercised in determining the lease term where contract contains options to extend or terminate the lease.

NOTE 12 TRADE AND OTHER PAYABLES

	2020 (\$)	2019 (\$)
Current		
Trade creditors	1,444,799	1,881,731
Other creditors	2,946,935	3,732,837
	4,391,734	5,614,568
Non Current		
Other creditors	687,501	1,031,252
	687,501	1,031,252

(A) RECOGNITION

Trade and other payables are carried at amortised cost and are recognised for amounts to be paid in the future for goods or services received, whether or not they have been billed to the Club.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 13 INTEREST BEARING LIABILITIES

	2020 (\$)	2019 (\$)
Current		
Lease liability (i)	249,719	376,871
Other loans (ii)	-	48,724
	249,719	425,595
Non Current		
Commercial bill (iii)	4,000,000	4,000,000
Lease liability (i)	171,210	397,976
Unsecured – notes	-	11,111
	4,171,210	4,409,087

(A) 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.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(i) Lease liability

The current and non current lease liabilities totaling \$420,929 (2019: \$774,847) represents finance leases maturing between 2020 and 2023 with fixed interest rates between 3% and 4.12%.

(ii) Other loans

Other loans relate to the acquisition of Electronic Gaming Machines (EGMs). These loans, secured against EGMs, are repayable over a five-year term. The total balance as at 31 October 2020 is \$0 (2019: \$48,724).

(iii) Commercial bill

The Club has \$5,000,000 in a Commercial Bill facility provided by Westpac which is secured by a guarantee limited to \$5,000,000 given by the Australian Football League. The total drawn down amount is \$4,000,000 as of 31 October 2020. The expiry date has been extended from 31 December 2021 to 31 December 2022.

NOTE 14 EMPLOYEE PROVISIONS

	2020 (\$)	2019 (\$)
Current		
Annual leave	510,952	420,040
Long service leave	364,085	477,079
	875,037	897,119
Non Current		
Long service leave	153,370	100,062

(A) EMPLOYEE PROVISIONS

i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within 12 months of the reporting date are measured at their nominal amounts based on remuneration rates, which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

ii) Long-term employee benefit obligations

Liabilities arising in respect of long service leave and annual leave which is not expected to settle within twelve months of the reporting date are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. Employee benefit obligations are presented as current liabilities in the Statement of Consolidated Financial Position if the Club does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(B) LONG SERVICE LEAVE PROVISION

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 15 REMUNERATION OF KEY MANAGEMENT PERSONNEL

(A) COMPENSATION FOR KEY MANAGEMENT PERSONNEL

During the year, a total of \$1,909,145 (2019: \$2,087,180) total remuneration was paid or was payable to key management personnel for services to the Club.

(B) DEFINITION OF KEY MANAGEMENT PERSONNEL

Key management personnel have been determined by the Club to be as follows:

i) Board of Directors (Non-executive Directors) for all or part of the financial year:

Mark LoGiudice

David Campbell

Chris Judd

Patricia Kinnersly

Craig Mathieson

Jeanne Pratt AC

Luke Sayers AM

Christopher Townshend QC

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

ii) Other Key Management Personnel (KMP) for all or part of the financial year:

Key management personnel as at 31 October 2020 are as follows:

- Chief Executive Officer – Cain Liddle
- Chief Commercial Officer and General Counsel – Ian Prendergast (commenced on 1 June 2020)
- Chief Financial Officer – Thomas Crookes
- Head of Football – Brad Lloyd
- General Manager Consumer Business – Daniel Giese
- General Manager Media, Communications and Community – Vanessa Gigliotti
- General Manager People and Culture – Anya Podbury

(C) OTHER SHORT-TERM BENEFITS

Other short-term benefits consists of 'Directors' and 'Officers' Liability insurance taken out by the Club on behalf 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.

NOTE 16 RELATED PARTY

(A) KEY MANAGEMENT PERSONNEL TOTAL

Details relating to key management personnel, including total remuneration paid are included in Note 15.

(B) OTHER RELATED PARTIES

Premier Finance

The 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 Club. Premier Finance operates mortgage financing services. During the year the Club did not loan Premier Finance any funds.

Blues Foundation

The Blues Foundation, previously known as the Carlton Football Club Foundation was established as a Prescribed Private Fund governed by a Trust Deed. The results of the Blues Foundation are included in the consolidated results of the Club. During the year, the Club loaned \$1,100 to the Foundation bringing the loan balance to \$1,149. The loan has been eliminated on consolidation.

Carlton Blues Community Fund

The Carlton Blues Community Fund, previously known as the Carlton Football Community Fund is a charitable trust governed by the terms of a Trust Deed. Mr. LoGiudice is a trustee of the Fund. The Carlton Blues Community Fund conducts many programs each year including multi-cultural programs to benefit those in the community. As at 31 October 2019, \$290 was owing to the Carlton Football Club from the Carlton Blues Community Fund, this loan was repaid during the year. The Club further loaned an additional \$1,100 to the Community Fund leaving \$1,100 owing from the Community Fund to the Club at 31 October 2020.

The Carlton Blues Community Fund is not a controlled entity of Carlton Football Club Limited and has not been consolidated.

NOTE 16 RELATED PARTY (CONT.)**(C) TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES**

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

2020	Sales to KMP (\$)	Purchases from related entities (\$)	Other revenues from KMP (\$)	Total (\$)
Corporate sales (Revenue)	638,479	-	-	638,479
Donations (Revenue)	-	-	61,500	61,500
Other sales (Revenue)	9,273	-	-	9,273
Cost of sales (Expense)	-	-	-	-
Purchases (Expense)	-	(9,493)	-	(9,493)
	647,752	(9,493)	61,500	699,759

2019	Sales to KMP (\$)	Purchases from related entities (\$)	Other revenues from KMP (\$)	Total (\$)
Corporate sales (Revenue)	674,662	-	-	674,662
Donations (Revenue)	-	-	91,000	91,000
Other sales (Revenue)	6,648	-	-	6,648
Cost of sales (Expense)	-	-	-	-
Purchases (Expense)	-	(10,963)	-	(10,963)
	681,310	(10,963)	91,000	761,347

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 17 COMMITMENTS FOR EXPENDITURE

Player commitments

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

Finance lease commitments

The Club has finance lease contracts for various items of IT equipment and EGMs with a carrying amount of \$420,929 (2019: \$774,847). These lease contracts expire within three to five years.

	2020 (\$)	2019 (\$)
Within one year	249,719	376,871
After one year but not more than five years	171,210	397,976
Carrying amount of finance lease liabilities	420,929	774,847

Management fee

The Club has entered into lease agreements and management agreements payable to ALH and O'Brien Group pertaining to the Club's member venues, which are effective through to 2022, with option to extend. The Club's management fee commitments under these agreements are as below. Refer to Note 11 for Leases.

	2020 (\$)	2019 (\$)
Within one year	1,629,365	1,816,548
After one year but not more than five years	3,258,730	4,015,487
Total management fee payments	4,888,095	5,832,035

NOTE 18 CLUB INFORMATION

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

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

The principal activities of the 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 18 licences. The financial report of the Club for the year ended 31 October 2020 was authorised

for issue in accordance with a resolution of the Directors on 30 November 2020. Carlton Football Club is a Company Limited by Guarantee and is a not-for-profit entity. Statutory members of the Club guarantee its liabilities to the extent of \$50 each.

NOTE 19 PARENT ENTITY

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

	2020 (\$)	2019 (\$)
Current assets	14,603,737	10,783,819
Non current assets	49,406,148	21,685,188
Current liabilities	(14,909,846)	(11,516,930)
Non current liabilities	(30,267,177)	(5,540,401)
Net assets	18,832,862	15,411,676
Accumulated surplus	18,832,862	15,411,676
Profit of the Parent Entity	3,421,186	5,937,358
Total Comprehensive Income of the Parent Entity	3,421,186	5,937,358

NOTE 20 CONTINGENCIES

There are no material contingent liabilities or contingent assets as at 31 October 2020.

NOTE 21 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 Club, the results of those operations or the state of affairs of the Club in subsequent financial years.

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 22 COMPLIANCE AND RISK

(A) SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Club's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Club. All judgments, 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 judgments, estimates and assumptions.

(B) BASIS OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Carlton Football Club Limited and its controlled entities as at 31 October 2020. Control is achieved when the Club is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Club controls an investee if and only if the Club has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee).
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Club has less than a majority of the voting or similar rights of an investee, the Club considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Club re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Club obtains control over the subsidiary and ceases when the Club loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Club gains control until the date the Club ceases to control the subsidiary.

(C) GOING CONCERN

As at 31 October 2020 the Carlton Football Club Limited has a net current asset surplus of \$326,992 compared to 2019 net current asset deficiency of \$330,736.

The Club's accounts have been prepared on the basis that the Carlton Football Club Limited is a going concern.

The Directors also note the following factors:

- The Club's banker ("Westpac") and the Australian Football League ("AFL") have continued to provide financial support through to the date of this report. The facility from Westpac is in the form of a commercial bill facility (balance at 31 October 2020 of \$4,000,000) with a fixed term that expires on 31 December 2022. The AFL provides a guarantee for the full amount of the Westpac facility.
- Further, the Directors have based their conclusion of the going concern basis of accounting being appropriate on the assumption of the continued financial support of the AFL and the assumption by club Directors that the Club would continue to be considered one of the 18 clubs in the AFL's competition strategy. These assumptions are true for every current AFL club, and the AFL itself is a large financial contributor to all 18 AFL clubs through the distribution of competition wide revenues (for example the television and other media rights receipts). All 18 clubs operate on the assumption that they will continue to receive financial distributions and that they will continue to maintain their license as one of the clubs in the AFL's ongoing competition strategy.

NOTE 22 COMPLIANCE AND RISK (CONT.)

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

(D) COMPARATIVE FIGURES

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

(E) COMPLIANCE WITH AUSTRALIAN ACCOUNTING STANDARDS AND STATUTORY BODIES

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. The material accounting policies adopted by the Club in the preparation of the financial report are set out in the report. The accounting policies have been consistently applied unless otherwise stated.

i) Basis of accounting

This general purpose financial report has been prepared on a going concern basis and 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.

ii) Historical cost

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

iii) Currency

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

iv) Statement of compliance

The Club has adopted AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure.

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

NOTES TO THE FINANCIAL STATEMENTS (CONT.)

Year ended 31 October 2020

NOTE 22 COMPLIANCE AND RISK (CONT.)

v) New and amended standards and interpretations

The accounting policies used are consistent with those applied in the 31 October 2019 financial report, except for the adoption of new standards effective as of 1 November 2019. The Club, for the first time, adopted AASB 15 'Revenue from Contracts with Customers'. The standard establishes a framework for determining whether, how much and when revenue from contracts with customers is recognised. The core principle is that revenue must be recognised when control of the goods or services is transferred to the customer, at the transaction price. The Club's assessment showed AASB 15 does not have a material impact on the Club's revenue recognition.

The Club adopted AASB 1058 'Income for Not-for-Profits' which clarifies and simplifies the income recognition requirements that apply to not-for-profit entities in conjunction with AASB 15. The Club's assessment showed AASB 1058 does not have a material impact on the Club's revenue recognition.

The Club also adopted AASB 16 Leases which introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with exemptions available for low value leases and short-term leases (less than 12 months). Refer to Note 11 for the impact to the Club.

vi) Income tax status

The Club is exempt from income tax as an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act 1997.

(F) 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 asset or liability in the Balance Sheet.

(G) FINANCIAL RISK MANAGEMENT

The Club's principal financial instruments comprise receivables, payables, bank commercial bill facility, other loans and cash.

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

The main risks arising from the Club's financial instruments are interest rate risk, credit risk and liquidity risk. The 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 and Audit 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 Club's financial instruments are materially consistent with the carrying amounts recognised in the financial statements.

Risk Exposures and Responses

Interest Rate Risk

The Club's exposure to market interest rates relates primarily to the Club's debt facility obligations. The level of debt is disclosed in Note 13 with the Club regularly analysing its interest rate exposure, cash and debt levels. The Club has a Commercial Bill Facility of \$5,000,000, with the amount drawn down as of 31 October 2020 amounting to \$4,000,000.

Capital Management

In managing capital, the Club aims to maintain a stable capital base, capable of withstanding cash flow fluctuations, but flexible enough to accommodate the Club's plans for growth. The 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 13 and cash and cash equivalents as disclosed in Note 3.

DIRECTORS' DECLARATION

at 31 October 2020

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

In the opinion of the Directors:

- (a) the consolidated financial statements and notes of Carlton Football Club Ltd and its controlled entities 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 2020 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 Club will be able to pay its debts as and when they become due and payable as noted in Note 22c.

On behalf of the Board



Mark LoGiudice
President

30 November 2020

AUDITOR'S REPORT



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Independent Auditor's Report to the Members of Carlton Football Club Limited

Opinion

We have audited the financial report of Carlton Football Club (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 31 October 2020 and of its consolidated financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

AUDITOR'S REPORT



Responsibilities of the Directors 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.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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AUDITOR'S REPORT



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in cursive script, reading 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script, reading 'K Bodenham'.

Kylie Bodenham

Partner
Melbourne
30 November 2020



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156TH ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2020