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CARLTON FOOTBALL CLUB
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 OCTOBER 2019



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OWN THE
FUTURE.
EVOLVING
THE GAME







**HAVING A POSITIVE
IMPACT ON OUR
COMMUNITY**

**\$1.505
MILLION**

**INVESTED IN COMMUNITY VERIFIED BY
THE LONDON BENCHMARKING GROUP**





OUR MEMBERSHIP

IN 2019 MEMBERSHIP GREW BY 15 PER CENT, REPRESENTING
THE CLUB'S GREATEST YEAR-ON-YEAR MEMBERSHIP GROWTH
IN ITS 155-YEAR HISTORY.

64,269 BLUEBAGGERS





**WE'RE A FOOTBALL CLUB
THAT WANTS TO WIN**

**WE'VE SHOWN
THAT WE CAN
COMPETE WITH
THE BEST.**

DAVID TEAGUE | AFL SENIOR COACH







**THE 2019
AFLW GRAND FINAL**

SET A NEW ATTENDANCE RECORD FOR A DOMESTIC
WOMEN'S SPORT GAME IN AUSTRALIA, WITH A

53,034
ATTENDANCE



THE 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 2019, 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.

TENURE

Carlton Football Club Director 9 years, 6 months and President for 6 years

OTHER RESPONSIBILITIES

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


MARCUS CLARKE QC

DIRECTOR
B.EC., LL.B

Marcus Clarke has been a QC since 1987 and has represented a number of Carlton players at the AFL Tribunal and in appeals from the Tribunal. Clarke practices in commercial law, including contractual and corporate law.

TENURE

Carlton Football Club Director
12 years, 1 month
Retired 22 February 2019


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 he was Group General Manager of Australia's leading fruit juice business.

TENURE

Carlton Football Club Director
1 year, 3 months

OTHER RESPONSIBILITIES

Chair of Carlton Football Club People and Culture Sub-Committee


ISAAC FRIED

DIRECTOR

Isaac Fried is Executive Deputy Chairman of Spotlight Group Holdings, which includes Spotlight, Anaconda and Spotlight Property Group.

TENURE

Carlton Football Club Director
12 years. Retired 26 November 2018



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 – and also holds various media roles with Triple M and Fairfax.

TENURE

Carlton Football Club Director
2 years, 1 month

OTHER RESPONSIBILITIES

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



PATRICIA KINNERSLY
DIRECTOR
MASTER OF MANAGEMENT, GRAD. CERT.
MANAGEMENT (EDUCATIONAL LEADERSHIP)
B.ED. MEMBER OF A.I.C.D

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 the Chief Executive Officer of Our Watch – a national organisation driving change in cultures, attitudes and behaviours against domestic violence. 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 11 months

OTHER RESPONSIBILITIES

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



CRAIG MATHIESON
DIRECTOR
B BUS (BANKING & 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
7 years

OTHER RESPONSIBILITIES

Member of Carlton Football Club 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
8 years, 7 months

OTHER RESPONSIBILITIES

Member of Carlton Football Club
Commercial Projects Sub-Committee

**LUKE SAYERS AM**

DIRECTOR
B BUS (ACCOUNTING)
B COMPUTING (INFO SYSTEMS)

Luke Sayers joined PwC in 1991 and in 2012 was appointed CEO of PwC Australia and Vice Chairman of PwC Asia Pacific. He is also Chair of the Melbourne Chapter of the Australian Business and Community Network (ABCN) and E.motion21 and is a member of Monash University's Industry Council of Advisors (MICA), also a board member of the Australian Women in Sport advisory group, and the Victorian Branch of the Male Champions of Change.

TENURE

Carlton Football Club Director
7 years

OTHER RESPONSIBILITIES

Chair of Carlton Football Club
Finance and Audit Sub-Committee

**CHRISTOPHER TOWNSHEND QC**

DIRECTOR
BA, LLB

Christopher Townshend is a member of the Victorian Bar with over 26 years of experience. Townshend specialises in Planning and Environment Law with a focus on major infrastructure and development projects. His expertise also includes player advocacy within the AFL and other sporting codes.

Townshend has represented institutions and the state government for major infrastructure projects including Metro Rail Tunnel Project and Westgate Tunnel Project. This experience will be invaluable in guiding the Club's Master Plan that will see \$35 million in state and federal government funding go towards the redevelopment of Ikon Park.

TENURE

Carlton Football Club Director
4 months

OTHER RESPONSIBILITIES

Member of Carlton Football Club
Infrastructure Sub-Committee and
Chair of Integrity, Risk and AFL
Compliance Sub-Committee

A full-page photograph of a Carlton Football Club player in a navy blue guernsey, celebrating with his mouth open and fist clenched. The guernsey features the AFL logo, a Nike swoosh, and the Carlton monogram. A La Trobe University patch is visible on the player's shorts. The background is dark and out of focus.

A WHITE MONOGRAM ON A NAVY BLUE GUERNSEY.
THE MOST ICONIC GUERNSEY IN THE HISTORY OF AUSTRALIAN SPORT.
REPRESENTING OVER 150 YEARS OF HISTORY, THE ULTIMATE SUCCESS,
16 PREMIERSHIP CUPS, OUR FUTURE, OUR DIVERSITY, A SUBURB... AND OVER
HALF A MILLION CARLTON PEOPLE BOUND BY BLUE.

1. DIRECTORS

The Directors in office during the year were:

M LoGiudice

M Clarke QC (retired 22 February 2019)

C Judd

I Fried (retired 26 November 2018)

C Mathieson

J Pratt AC

L Sayers AM

D Campbell

P Kinnersly
(commenced 26 November 2018)

C Townshend QC
(commenced 18 June 2019)

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 14 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 eighteen licenses.

4. OPERATING RESULTS AND REVIEW OF OPERATIONS

The Carlton Football Club's net profit for the year was \$6,292,164 (FY18: \$699,206). This resulted in a net operating profit before depreciation and amortisation for the year ended 31 October 2019 of \$8,409,187 (FY18: \$2,611,638). The following were key contributors to the improvement in financial performance:

- In 2019, membership grew by 15 per cent (56,005 – 64,269). This represented the biggest year-on-year membership growth in the Club's history. Home crowds also grew by more than 40 per cent from an average of 31,775 in 2018 to 46,730 in 2019. Net revenues generated directly by our supporters through membership and gate receipts grew from \$11,852,288 in 2018 to \$15,570,918 in 2019. The Club would like to acknowledge and sincerely thank its members and supporters for their significantly increased financial contributions to the Club in 2019.
- The Club invested an additional \$859,000 in football related expenditure in 2019. This increase in investment included an increase in total player payments in line with the AFL Players Collective Bargaining Agreement and the AFLW total player payments increases, both fully funded by the AFL. This also included an additional investment across its men's and women's programs in football high performance, coaching and technology costs to expedite the

growth of the Club's playing lists – this is in addition to the \$1,300,000 increase in investment in the prior year.

- A combined \$863,890 increase across Partnerships, Events and Commercial with non-traditional revenues, was largely driven by the introduction of the Carlton College of Sport; a collaboration with the Club's Education Partner La Trobe University, as well as further growth in the Club's Carlton IN Business network; continuing its place as the preeminent sporting corporate business network in Australia, with the total number of members increasing to in excess of 125.
- 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 2019, the Club had \$4,000,000 in outstanding borrowings (from the \$5,000,000 available), with \$1,000,000 being repaid during the financial year. This facility expiry date has been extended to 31 December 2021.
- The Club's community investment continues to grow, with the London Benchmarking Group (LBG) independently auditing the Club's community investment at \$1,504,696 (2018: \$1,302,949). The Club continues to invest in delivering authentic education programs that contribute to the betterment of the community.

DELIVERING GAME-CHANGING INFRASTRUCTURE

A LEADING FULLY INTEGRATED HIGH-PERFORMANCE FACILITY THAT CEMENTS IKON PARK AS THE HOME OF AFLW

- The Club has entered into funding deeds with the Victorian State Government and Federal Government to receive \$20,000,000 and \$15,000,000 respectively, towards the redevelopment of Ikon Park. The Club will be responsible through funds generated via business operations and fundraising contributions for the remaining cost of the redevelopment. The significant show of support by both Governments will allow the Club to create the preeminent fully integrated high-performance facility, cementing Ikon Park as the home of AFLW. During the year the Club realised \$3,800,000 of its confirmed funding, with the detailed design process having commenced during the year.

Dividends

No dividends were paid or declared during the financial year. The Football 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 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.

8. DIRECTORS MEETINGS

Directors attendances at Board meetings during the year:

Name	Board (Total 8)
M LoGiudice	8
J Pratt	6
LSayers	7
C Mathieson	6
C Judd	8
D Campbell	7
I Fried	2 (of 2)
M Clarke	1 (of 1)
P Kinnersly	8
C Townshend	4 (of 4)

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 20 and it forms part of the Director's report for the year ended 31 October 2019.

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 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.

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 2nd day of December 2019.



Mark LoGiudice
President

AUDITOR'S INDEPENDENCE DECLARATION



Ernst & Young
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Melbourne VIC 3000 Australia
GPO Box 67 Melbourne VIC 3001

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Fax: +61 3 8650 7777
ey.com/au

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 2019, 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
2 December 2019

A photograph of three AFLW players in black and white uniforms celebrating. One player on the right is shouting with her mouth open, while the others are looking on. The background is a blurred stadium crowd.

**OUR AFLW TEAM INCREDIBLY
WENT FROM LAST PLACE
TO A MAIDEN GRAND FINAL
APPEARANCE IN JUST
12 MONTHS.**

CAIN LIDDLE | CHIEF EXECUTIVE OFFICER

STATEMENT OF CONSOLIDATED PROFIT AND LOSS AND COMPREHENSIVE INCOME

YEAR ENDED 31 OCTOBER 2019

REVENUES	NOTES	2019 (\$)	2018 (\$)
Revenue from operating activities	1(a)	65,600,295	61,519,962
Revenue from other activities	1(b)	5,572,074	1,295,614
TOTAL REVENUE		71,172,369	62,815,576
EXPENSES			
Club hospitality venue costs		(16,145,568)	(16,129,306)
Commercial activities		(12,013,180)	(10,379,870)
Facility costs		(1,659,244)	(1,819,948)
Football department costs		(26,295,657)	(25,436,372)
Foundation and community		(254,544)	(597,958)
Finance and administration		(4,072,309)	(3,677,010)
Marketing and media		(2,173,301)	(2,027,803)
Borrowing costs	2(a)	(151,276)	(132,099)
Depreciation and amortisation	2(b)	(2,117,023)	(1,912,432)
Profit/(loss) on disposal of non-current assets		1,897	(3,572)
Total Expenses from Ordinary Activities		(64,880,205)	(62,116,370)
NET PROFIT		6,292,164	699,206
Other comprehensive income		-	14,483
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6,292,164	713,689

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 2019

	NOTES	2019 (\$)	2018 (\$)
CURRENT ASSETS			
Cash and cash equivalents	3	6,060,426	1,803,713
Trade and other receivables	4	4,270,593	3,845,658
Inventories	5	256,348	436,476
Other assets	6	599,977	411,990
TOTAL CURRENT ASSETS		11,187,344	6,497,837
NON CURRENT ASSETS			
Property, plant and equipment	7	20,584,872	19,903,012
Intangible assets	8	429,072	582,771
Other financial assets	9	269,621	469,316
Other assets	6	401,623	200,811
TOTAL NON CURRENT ASSETS		21,685,188	21,155,910
TOTAL ASSETS		32,872,532	27,653,747
CURRENT LIABILITIES			
Trade and other payables	10	5,614,568	7,154,635
Income received in advance	1(d)	4,580,798	2,746,133
Interest bearing liabilities	11	425,595	519,497
Provisions	12	897,119	820,569
TOTAL CURRENT LIABILITIES		11,518,080	11,240,834
NON CURRENT LIABILITIES			
Trade and other payables	10	1,031,252	1,375,003
Interest bearing liabilities	11	4,409,087	5,364,279
Provisions	12	100,062	151,744
TOTAL NON CURRENT LIABILITIES		5,540,401	6,891,026
TOTAL LIABILITIES		17,058,481	18,131,860
NET ASSETS		15,814,051	9,521,887
Retained profits		15,814,051	9,521,887
TOTAL EQUITY		15,814,051	9,521,887

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

CONSOLIDATED CASH FLOW STATEMENT

YEAR ENDED 31 OCTOBER 2019

	NOTES	2019 (\$)	2018 (\$)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		74,563,274	68,044,412
Payments to suppliers and employees		(70,828,997)	(67,185,941)
Other income		4,500,864	1,188,435
Dividend income		2,676	5,269
Interest received		68,469	-
Borrowing costs paid		(151,276)	(129,468)
NET CASH PROVIDED BY OPERATING ACTIVITIES		8,155,010	1,922,707
CASH FLOWS FROM INVESTING ACTIVITIES			
Income for property, plant and equipment		363,165	18,546
Payment for property, plant and equipment		(2,467,664)	(1,286,455)
Investment in other financial assets		(2,676)	(5,269)
Payment for gaming entitlements		(200,810)	(200,811)
NET CASH (USED IN) INVESTING ACTIVITIES		(2,307,985)	(1,473,989)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of interest-bearing liabilities		(1,282,158)	(497,147)
Repayment of finance lease principal		(308,154)	(141,205)
NET CASH (USED IN) FINANCING ACTIVITIES		(1,590,312)	(638,352)
Net increase/(decrease) in cash and cash equivalents held		4,256,713	(189,634)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		1,803,713	1,993,347
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	6,060,426	1,803,713

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 2019

	RETAINED EARNINGS (\$)	FOREIGN CURRENCY TRANSLATION RESERVE (\$)	TOTAL EQUITY (\$)
BALANCE AS AT 31 OCTOBER 2017	8,823,121	(14,923)	8,808,198
Profit for the year	699,206	-	699,206
Other Comprehensive Income	-	14,483	14,483
BALANCE AS AT 31 OCTOBER 2018	9,522,327	(440)	9,521,887
Profit for the year	6,292,164	-	6,292,164
BALANCE AS AT 31 OCTOBER 2019	15,814,491	(440)	15,814,051

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 1 REVENUES

	2019 (\$)	2018 (\$)
(a) Revenue from Operating Activities		
AFL income	13,862,377	14,149,443
Club hospitality venue revenue	19,007,731	19,672,818
Membership, gate receipts and consumer	15,570,918	11,852,288
Merchandise	1,792,204	1,372,793
Partnerships, events and commercial	12,977,330	12,870,661
Non-traditional	1,488,902	731,681
Other operational income	900,833	964,111
	65,600,295	61,613,795
(b) Revenue from Other Activities		
Interest income	68,469	8,544
Investment revenue	2,741	2,337
Philanthropic donations	1,700,864	1,212,435
Grant revenue	3,800,000	-
	5,572,074	1,223,316

(c) 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 comprises revenue earned from partnership, hospitality and commercial, AFL 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.

i) Partnerships, Events and Commercial

Income is recognised when amounts are due and payable in accordance with the terms and conditions of the contract. Monies received in advance 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. Sponsorship involving contra arrangements are recognised as revenue equivalent to the fair value of services provided by the sponsor.

ii) Membership income

Membership income 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 revenue is recognized net of gaming wins and losses.

v) Grant revenue

Grant revenue, 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

YEAR ENDED 31 OCTOBER 2019

NOTE 2 EXPENSES

	2019 (\$)	2018 (\$)
(a) Borrowing costs expensed		
Interest expense		
- Finance lease	13,082	2,631
- Commercial bill and other loans	138,194	129,468
TOTAL BORROWING COSTS EXPENSED	151,276	132,099
(b) Depreciation and amortisation		
Amortisation of intangible assets	153,699	153,697
Depreciation of plant and equipment	1,963,324	1,758,735
TOTAL AMORTISATION AND DEPRECIATION EXPENSES	2,117,023	1,912,432
(c) Employee expenses	29,445,847	27,416,373
(d) Bad debts	32,017	98,776
(e) Operating lease rentals	88,121	88,121

NOTE 3 CASH AND CASH EQUIVALENTS

	2019 (\$)	2018 (\$)
(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	1,025,158	637,008
Cash at bank	5,035,268	1,166,705
CASH AND CASH EQUIVALENTS	6,060,426	1,803,713
Non-cash financing activities		
Acquisition of assets by means of finance lease	491,724	156,500

(b) CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the Statement of 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. For the purposes of

the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Of the above cash at bank value, \$2,800,000 relates to government grants received for the redevelopment of Ikon Park, which must be spent in accordance with the project purpose.

:

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 4 TRADE AND OTHER RECEIVABLES

	2019 (\$)	2018 (\$)
Trade receivables	2,322,926	1,440,883
Allowance for expected credit losses	(30,000)	(84,413)
TRADE RECEIVABLES	2,292,926	1,356,470
Other receivables	1,978,892	2,412,575
Related party loans	(1,225)	76,613
TOTAL TRADE RECEIVABLES	4,270,593	3,845,658

(a) TRADE AND OTHER RECEIVABLES

Trade and Other Receivables are generally non-interest bearing and have 30-60 day payment terms from the date of the invoice. Amounts are initially recognized 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 IMPAIRMENT

On adoption of AASB 9 on 1 November 2018, the Club has changed the accounting for impairment losses for financial assets held at amortized cost and contract assets by replacing AASB 139's incurred loss approach with a forward-looking expected credit loss (ECL) approach, and has calculated ECLs based on the Club's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

TRADE RECEIVABLES AND CONTRACT ASSETS

	2019 (\$)	2018 (\$)
Receivables from third-party customers	2,239,057	1,279,283
Receivables from an associate	-	49,052
Receivables from other related parties	83,869	112,548
	2,322,926	1,440,883
Allowance for expected credit losses	(30,000)	(84,413)
	2,292,926	1,356,470

NOTE 5 INVENTORIES

	2019 (\$)	2018 (\$)
Merchandise stock		
At lower of cost and net realisable value	168,010	282,710
Other inventory	88,338	153,766
	256,348	436,476

(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 good sold for the year ended 31 October 2019 totaled \$973,388 (2018: \$763,313).

(c) INVENTORY IMPAIRMENT

An impairment loss is recognized when there is objective evidence that inventories are being carried at an amount higher than net realisable value. Merchandise written down to its net value and recognized as an expense in the current financial year totaled \$145,189 (2018: \$11,142).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 6 OTHER ASSETS

	2019 (\$)	2018 (\$)
Current		
Prepayments	559,977	411,990
Other investments	40,000	-
	599,977	411,990
Non current		
Prepayments	401,623	200,811

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NOTE 7 PROPERTY, PLANT AND EQUIPMENT

	2019 (\$)	2018 (\$)
Land	239,931	-
Construction in progress	1,394,495	-
Plant and equipment		
At cost	14,344,067	14,224,404
Accumulated depreciation	(8,396,565)	(7,680,867)
NET CARRYING AMOUNT	5,947,502	6,543,537
Furniture and fittings		
At cost	1,156,763	634,984
Accumulated depreciation	(485,598)	(364,976)
NET CARRYING AMOUNT	671,165	270,008
Leasehold improvements and building		
At cost	19,736,947	19,736,946
Accumulated depreciation	(7,405,168)	(6,647,479)
NET CARRYING AMOUNT	12,331,779	13,089,467
TOTAL PLANT AND EQUIPMENT	20,584,872	19,903,012

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 7 PROPERTY, PLANT AND EQUIPMENT (CONT.)

	Land (\$)	Construction In Progress (\$)	Plant & Equipment (\$)	Furniture & Fittings (\$)	Leasehold Improvements (\$)	Total (\$)
Carrying amount at the beginning of the year	-	-	6,543,537	270,008	13,089,467	19,903,012
Additions	239,931	1,394,495	1,464,962	521,779	-	3,621,167
Disposals / Transfers	-	-	(975,983)	-	-	(975,983)
Depreciation expense	-	-	(1,085,014)	(120,622)	(757,688)	(1,963,324)
CARRYING AMOUNT AT YEAR END	239,931	1,394,495	5,947,502	671,165	12,331,779	20,584,872

Plant and equipment pledged as security for liabilities. Leased IT equipment is pledged as security for the related finance lease, and EGM's are pledged as security for related loan with SME Finance.

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

(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 is 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 assets carrying value.

The recoverable 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 Statement of Profit and Loss and Comprehensive Income.

(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.

iii) Operating leases

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

iv) 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 ground lease or the estimated useful lives of the improvements. The following depreciation useful life ranges have been used:

	2019
Equipment	3-10 years
Furniture and fittings	7 years
Leasehold improvements and buildings	26 years

v) Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased asset 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.

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

On recognition, land was measured at its fair value. The carrying amount of land purchased during the year is disclosed within property, plant and equipment (refer to Note 7).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 8 INTANGIBLE ASSETS

	2019 (\$)	2018 (\$)
Reconciliation of carrying amount at the beginning and end of the period		
Licences at cost	1,536,971	1,536,971
Accumulated amortisation	(1,107,899)	(954,200)
NET CARRYING AMOUNT	429,072	582,771
Licences		
Carrying amount at the beginning of the year	582,771	736,468
Amortisation	(153,699)	(153,697)
CARRYING AMOUNT AT THE END OF THE YEAR	429,072	582,771

LICENCES

The 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 GMEs 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 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.

NOTE 9 OTHER FINANCIAL ASSETS

	2019 (\$)	2018 (\$)
Non current		
Sapphire Holdings Group Pty Ltd (i)	269,621	356,816
Fronde Systems Group Ltd (ii)	-	112,500
	269,621	469,316

(i) The Club assessed its shareholding in Sapphire Holdings Group Pty Ltd and has impaired the value of the shareholding based on the current market value.

(ii) The Club was issued 231,250 shares in Fronde Systems Group Limited as part of a partnership arrangement on 16 May 2016. The shares were issued in New Zealand Dollars. Due to the delisting of Fronde Systems Group Ltd from the New Zealand Unlisted Securities Exchange at 22 January 2019, the Club has impaired the full value of the shareholding as at 31 October 2019.

(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 recognized through profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 10 TRADE AND OTHER PAYABLES

	2019 (\$)	2018 (\$)
Current		
Trade creditors	1,881,731	3,933,350
Other creditors	3,732,837	3,221,285
	5,614,568	7,154,635
Non current		
Other creditors	1,031,252	1,375,003
	1,031,252	1,375,003

(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.

NOTE 11 INTEREST BEARING LIABILITIES

	2019 (\$)	2018 (\$)
Current		
Lease liability (i)	376,871	350,649
Other loans (ii)	48,724	168,848
	425,595	519,497
Non current		
Commercial bills (iii)	4,000,000	5,000,000
Lease liability (i)	397,976	304,976
Unsecured – notes	11,111	10,579
Other loans (ii)	-	48,724
	4,409,087	5,364,279

(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) Finance leases

The current and non-current lease liabilities totaling \$774,847 (2018: \$655,625) represents finance leases maturing between 2019 and 2022 with fixed interest rates between 3 per cent and 4.12 per cent.

(ii) Other loans

Other loans relate to the acquisition of Electronic Gaming Machines (EGM's). These loans, secured against EGM's, are repayable over a five-year term. The total balance as at 31 October 2019 is \$48,724 (2018: \$217,572).

(iii) The Football club

The Football club has \$5,000,000 in a Commercial Bill facility provided by Westpac which are secured by a guarantee limited to \$5,000,000 given by the Australian Football League. The expiry date has been extended from 31 December 2020 to 31 December 2021. During the year, the Club repaid \$1,000,000 of this facility, to bring the total drawn down amount to \$4,000,000 as of 31 October 2019.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 12 EMPLOYEE PROVISIONS

	2019 (\$)	2018 (\$)
Annual leave	420,040	470,745
Long service leave (current)	477,079	349,824
	897,119	820,569
Long service leave (non-current)	100,062	151,744

(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 12 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 12 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.

NOTE 13 REMUNERATION OF KEY MANAGEMENT PERSONNEL**(a) COMPENSATION FOR KEY MANAGEMENT PERSONNEL**

During the year, a total of \$2,087,180 (2018: \$2,178,241) of total remuneration was paid or was payable to key management personnel for services to the Football 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
Marcus Clarke
Isaac Fried
Chris Judd
Patricia Kinnersly
Craig Mathieson
Jeanne Pratt
Luke Sayers
Christopher Townshend

Non-executive Directors do not receive Directors' fees, but the Football 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 2019 are as follows:

- Chief Executive Officer
Cain Liddle
- Chief Financial Officer
Thomas Crookes
- Head of Football
Brad Lloyd
- General Manager Consumer Business
Daniel Giese
- General Manager Communications Marketing and Community
Vanessa Gigliotti
- General Manager People and Culture
Anya Podbury (commenced on 1 November 2018)
- General Manager Women's Football
Ash Brown (commenced on 11 June 2019)

During the financial year the following Key Management Personnel changes occurred:

- General Manager Women's Football
Nicole Graves (date of change 5 April 2019)
- General Manager Corporate Sales and Partnerships
Sam Eustice (date of change 6 April 2019)
- General Manager Commercial Operations
Chris Styring (commenced on 19 August 2019)
- General Manager Commercial Operations
Chris Styring (date of change 21 October 2019)

(c) OTHER SHORT-TERM BENEFITS

Other short-term benefits consist 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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 14 RELATED PARTY

(a) KEY MANAGEMENT PERSONNEL TOTAL

Details relating to key management personnel, including total remuneration paid are included in Note 13.

(b) OTHER RELATED PARTIES

Premier Finance

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 did not loan Premier Finance any funds.

Carlton Football Club Foundation

Carlton Football Club Foundation was established as a Prescribed Private Fund governed by a Trust Deed. The results of Carlton Football Club Foundation are included in the consolidated results of the Football Club. Funds were loaned by the Football Club to the Carlton Football Club Foundation in prior years, with a total of \$17,734 owing to the Football Club by the Carlton Football Club Foundation at 31 October 2018, subsequent to this the loan has been repaid leaving only \$49 owing from the Foundation to the Club at 31 October 2019. During the year the Football Club did not loan the Foundation any funds. The loan has been eliminated on consolidation.

Carlton Football Community Fund

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 Football Community Fund conducts many programs each year including multi-cultural programs to benefit those in the community. As at 31 October 2018 \$66,760 was owing to the Carlton Football Club from the Carlton Football Community Fund during the year this loan was repaid leaving only \$290 owing from the Community Fund to the Club at 31 October 2019.

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





OWN THE FUTURE.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 14 RELATED PARTY (CONT.)

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, partnerships, 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.

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

2018

	Sales to KMP (\$)	Purchases from Related Entities (\$)	Other Revenues from KMP (\$)	Total (\$)
Corporate sales (Revenue)	660,176	-	-	660,176
Donations (Revenue)	-	-	271,566	271,566
Other sales (Revenue)	5,711	-	-	5,711
Cost of sales (Expense)	-	-	-	-
Purchases (Expense)	-	(15,310)	-	(15,310)
	665,887	(15,310)	271,566	922,143

NOTE 15 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.

	2019 (\$)	2018 (\$)
Other commitments		
Not later than one year	3,614,897	3,512,861
Later than one year but not later than five years	9,886,805	11,413,581
Later than five years	969,331	1,057,452
	14,471,033	15,983,894

The Club's capital and lease commitments includes leases of property, plant and equipment under non-cancellable operating leases contracted for but not recognised in the financial report, typically with an option to renew the leases after expiry.

The Football Club has a 40 year lease agreement with the Melbourne City Council for the Ikon Park venue that continues through until 2035. The annual rent is \$88,121 (2018: \$88,121).

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 15 COMMITMENTS FOR EXPENDITURE (CONT.)

Finance lease commitments

The Football Club has finance lease contracts for various items of IT equipment and EGM's with a carrying amount of \$774,847 (2018: \$655,625). These lease contracts expire within three to five years.

	2019 (\$)	2018 (\$)
Within one year	376,871	350,649
Later than one year but not later than five years	397,976	304,976
CARRYING AMOUNT OF FINANCE LEASE LIABILITIES	774,847	655,625

Rent and management fees:

Rent

	2019 (\$)	2018 (\$)
Within one year	3,503,232	3,401,196
Later than one year but not later than five years	7,530,397	11,033,629
TOTAL RENTAL PAYMENTS	11,033,629	14,434,825

Management fee

	2019 (\$)	2018 (\$)
Within one year	1,816,548	1,763,639
Later than one year but not later than five years	4,015,487	5,832,035
TOTAL MANAGEMENT FEE PAYMENTS	5,832,035	7,595,674

The Football Club has entered into lease agreements and management agreements payable to ALH and O'Brien Group pertaining to the Football Club's member venues which are effective through to 2022. The Football Club's commitments under these agreements are as above.

NOTE 16 CLUB INFORMATION

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

The registered office of the Football 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 eighteen licences. The financial report of the Club for the year ended 31 October 2019

was authorised for issue in accordance with a resolution of the directors on 2 December 2019. 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 17 PARENT ENTITY

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

	2019 (\$)	2018 (\$)
Current assets	10,783,819	6,442,419
Non-current assets	21,685,188	21,155,911
Current liabilities	(11,516,930)	(11,232,985)
Non-current liabilities	(5,540,401)	(6,891,026)
NET ASSETS	15,411,676	9,474,319
ACCUMULATED SURPLUS	15,411,676	9,474,319
Profit of The Parent Entity	5,937,358	784,557
TOTAL COMPREHENSIVE INCOME OF THE PARENT ENTITY	5,937,358	799,040

NOTE 18 CONTINGENCIES

There are no material contingent liabilities or contingent assets as at 31 October 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 20 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 2019. 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 2019 the Carlton Football Club Limited has a net current asset deficiency of \$330,736 (2018: \$4,742,997).

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 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 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 2019 of \$4,000,000) with a fixed term that expires on 31 December 2021. The AFL provides a guarantee for the full amount of the Westpac facility which expires on 31 January 2021.

- 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.

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.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2019

NOTE 20 COMPLIANCE AND RISK (CONT.)

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 2019.

v) Changes in accounting policy and disclosures

The accounting policies used are consistent with those applied in the 31 October 2018 financial report, except for the adoption of new standards effective as of 1 November 2018. The Company applies, for the first time, AASB 9 Financial Instruments. AASB 9 makes changes to the classification and measurement of financial instruments, introduces a new expected loss model when recognising expected credit losses on financial assets.

(vi) New Australian Accounting Standards

The following new and amended accounting standards and interpretations have been recently issued by the Australian Accounting Standards Board but not yet effective, are considered relevant to the Club. They are available for early adoption but have not been applied by the Club in this Financial Report. The Club has assessed the financial impact on the Club of implementing the new standards.

AASB 15 is applicable to the Club from 1 November 2019. AASB 15 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. AASB 15 is not expected to have a material impact on the Club's revenue recognition as the Club currently records revenue in line with the principles of the standard.

AASB 16 Leases is applicable to the Club from 1 November 2019. It 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). At the present time, the standard is expected to impact the Club's financial position at transition and in future years, as the Club's operating leases are recognised on balance sheet. The standard is not expected to have a material impact on the Club's financial performance.

Other Australian Accounting Standards and interpretations that have recently been issued or amended but not yet effective have not been adopted by the Club for the annual reporting period ended 31 October 2019.

vii) Income Tax Status

The Club is exempt from income tax as an exempt sporting organization 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.

Standard / Interpretation	Application date for group
AASB 15 'Revenue from Contracts with Customers'	1 November 2019
AASB 16 'Leases'	1 November 2019
AASB 1058 'Income for Not-for-Profits'	1 November 2019

(g) FINANCIAL RISK MANAGEMENT

The Football Club's principal financial instruments comprise receivables, payables, bank commercial bill facility, 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 level of debt is disclosed in Note 11 with the Club regularly analysing its interest rate exposure, cash and debt levels. The Football Club has a Commercial Bill Facility of \$5,000,000, with the amount drawn down as of 31 October 2019 amounting to \$4,000,000.

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 11, cash and cash equivalents.

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

DIRECTORS' DECLARATION

AT 31 OCTOBER 2019

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 2019 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 20c.

On behalf of the Board



Mark LoGiudice
President

2 December 2019

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 2019, 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 2019 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.

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 that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in cursive script that appears to read 'K Bodenham'.

Kylie Bodenham
Partner
Melbourne
2 December 2019

