PORT MELBOURNE FOOTBALL CLUB LTD

A.C.N. 074 614 136

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2023

Directors' Report

Your directors present their report on the accounts of the company for the year ended 31 October 2023.

DIRECTORS

The following persons held office as directors during the year and/or at the date of this report:–

- M Shulman
- A Bonaddio
- B Ford
- G Camov
- S Carr
- T Pinwill
- H Bailey (appointed during the year)
- D McGrath (appointed during the year)
- D Fernando (retired during the year)

PRINCIPAL ACTIVITIES

The principal activity of the company is fielding football sides in the Victorian Football League. During the year, the company also operated a gaming venue and social club at the Rex.

RESULTS OF COMPANY

The net profit of the company after providing for income tax amounted to $125,392 (2022: profit of $2,246,131). Excluding capital grants and related expenditure, the net profit in 2023 amounted to $123,902, a significant improvement from the prior year. This was achieved primarily by growth in sponsorship and sub-lease income, and reduced property costs at the Rex Hotel.

DIVIDENDS

No dividends were declared or paid during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to 31 October 2023.

LIKELY DEVELOPMENTS

No information is included on likely developments in the operations of the company and the expected results of those operations as it is the opinion of the directors of the company that this information would prejudice the interests of the company if included in this report.

Directors' Report (cont'd)

INDEMNITIES

The company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:–

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

ENVIRONMENTAL CONSIDERATIONS

The company believes it complies with all environmental laws issued by Federal, State and Local Authorities.

DIRECTORS' BENEFITS

No director has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by directors shown in the accounts or the fixed salary of a full-time employee of the company) by reason of a contract made by the company or a related body corporate with a director, or with an entity of which they are a member, or with an entity in which they have a substantial financial interest.

OTHER MATTERS

No person has applied for leave of Court to bring proceedings on behalf of the company or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

Signed in accordance with a resolution of the Board of Directors.

Director

Melbourne

Dated 5/12/23

Auditor's Independence Declaration Under Section 307C of the Corporations Act 2001 to the Directors of Port Melbourne Football Club Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 October 2023, there have been:–

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Paul Lappin (Registered Company Auditor) # 467478

Statement of Profit and Loss for the Year Ended 31 October 2023

	Note	2023 $	2022 $
Sales Revenue	11	514,725	353,494
Cost of Sales		(128,578)	(87,755)
Gross Margin		386,147	265,739
Significant Items:			
Building Grants	11	50,000	3,140,850
Building Related Costs (expensed)		(48,510)	(214,115)
Other Revenue	11	4,855,273	3,740,436
Wages & Superannuation		(1,831,741)	(1,572,190)
Occupancy Costs		(793,748)	(1,096,854)
Management Fees		(584,858)	(531,242)
Borrowing Costs		(75,617)	(10,532)
Other Costs		(1,831,554)	(1,475,961)
Operating profit / (loss) before income tax expense		125,392	2,246,131
Income tax expense		-	-
Operating profit / (loss) for the year		125,392	2,246,131

The accompanying notes form part of these financial statements

Statement of Comprehensive Income for the Year Ended 31 October 2023

	2023 $	2022 $
Profit / (Loss) for the period	125,392	2,246,131
Other comprehensive income for the period	-	-
Total comprehensive income attributable to: Members of the organisation	125,392	2,246,131

The accompanying notes form part of these financial statements

Statement of Financial Position
as at 31 October 2023

	Note	2023 $	2022 $
Current Assets			
Cash & Cash Equivalents		539,140	504,679
Trade & Other Receivables	4	83,819	27,741
Inventories	5	42,899	47,933
Total Current Assets		665,858	580,353
Non-Current Assets			
Gaming Entitlements	15	2,012,482	2,241,090
Property, Plant and Equipment	2	5,358,424	5,308,508
Total Non-Current Assets		7,370,906	7,549,598
Total Assets		8,036,764	8,129,951
Current Liabilities			
Trade & Other Payables	6	1,069,879	1,520,981
Borrowings		310,664	-
Employee Entitlements	7	11,529	39,419
Total Current Liabilities		1,392,072	1,560,400
Non Current Liabilities			
Borrowings		2,124,375	2,174,626
Total Non Current Liabilities		2,124,375	2,174,626
Total Liabilities		3,516,447	3,735,026
Net Assets		4,520,317	4,394,925
Equity			
Accumulated Surplus		4,520,317	4,394,925
Total Equity		4,520,317	4,394,925

The accompanying notes form part of these financial statements

Statement of Changes in Equity for the Year Ended 31 October 2023

	Accumulated Surplus $	Total $
Balance at 1 November 2021	2,148,794	2,148,794
Profit attributable to members	2,246,131	2,246,131
Balance at 31 October 2022	4,394,925	4,394,925
Profit attributable to members	125,392	125,392
Balance at 31 October 2023	4,520,317	4,520,317

The accompanying notes form part of these financial statements

Cash Flow Statement
for the Year Ended 31 October 2023

	2023 $	2022 $
Cash Flows from Operating Activities		
Cash receipts from customers	5,413,920	7,234,763
	(5,489,451)	(5,449,215)
Net Cash from operating activities	(75,531)	1,785,548
Cash Flows from Investing Activities		
Loans - net	263,413	-
(Payments for)/Disposal of plant and equipment	(153,421)	(3,193,405)
Net Cash from (used in) investing activities	109,992	(3,193,405)
Net increase/(decrease) in cash held	34,461	(1,407,857)
Cash at the beginning of the financial year	504,679	1,912,536
Cash at the end of the financial year	539,140	504,679

NOTES TO THE STATEMENT OF CASH FLOWS

Reconciliation of Cash

Cash at the end of financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:

	2023 $	2022 $
Cash at Bank and On Hand	539,140	504,679
Cash at the end of the financial year	539,140	504,679

Reconciliation of Net Cash from Operating Activities to Operating Profit / (Loss) after Income Tax

	2023 $	2022 $
Operating Profit / (Loss) after Income Tax	125,392	2,246,131
Non Cash Flows in Operating Profit / (Loss):		
- Employee Entitlements Movement	(27,890)	10,384
- Depreciation & Amortisation	329,113	297,951
Changes in Operating Assets and Liabilities:		
- Decrease/(Increase) in Inventories	5,034	(12,818)
- Decrease/(Increase) in Receivables	(56,078)	(17)
- Increase/(Decrease) in Payables	(451,102)	(756,083)
Net Cash from operating activities	(75,531)	1,785,548

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023

1. STATEMENT OF ACCOUNTING POLICIES

The financial report is a general purpose financial report which has been prepared in accordance with applicable Accounting Standards, Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

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. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The Company is domiciled in Australia and is limited by guarantee. It is a 'not for profit' entity.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Basis of Preparation

The following is a summary of the material accounting policies adopted by the company in the preparation of this financial report.

Property, Plant and Equipment

Plant and equipment is brought to account at cost. The depreciable amounts of all fixed assets are depreciated over their economic lives commencing from the time the assets are held ready for use. Depreciation rates vary from 10% to 25% and are applied on a straight line basis.

Employee Entitlements

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred. Annual and long service leave entitlements are accrued in accordance with Australian Accounting Standards, and disclosed as current liabilities given deferral of such entitlements after 'vesting' date is not possible.

Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs except where the instrument is classified as "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers.*

Notes to the Financial Statements for the Year Ended 31 October 2023 (Cont'd)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.
The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in the profit or loss over the relevant period.
The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit-taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in effective hedging relationships).

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial Assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

Notes to the Financial Statements for the Year Ended 31 October 2023 (Cont'd)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different basis;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the entity made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Notes to the Financial Statements for the Year Ended 31 October 2023 (Cont'd)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (ie has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluaton reserve is not reclassified to profit or loss, but is transferred to retained earnings.

The entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets;
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the profitability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Notes to the Financial Statements for the Year Ended 31 October 2023 (Cont'd)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The entity used the following approaches to impairment, as applicable under AASB9:

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- If the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- If there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for the financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used taking into consideration various data to get to an expected credit loss (ie delivery of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For financial assets that are considered to be credit-impaired (not on acquisition or originations), the entity measures any change in lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, can continue to recognise a loss allowance of 12-month expected credit loss.

Notes to the Financial Statements for the Year Ended 31 October 2023 (Cont'd)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

In order to make such a determination that the financial asset has low credit risk, the entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has a strong capacity to meets its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Recognition of expected credit losses in financial statements

At each reporting date, the entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit and loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

Financial instruments are initially measured at cost on trade date, which includes the transaction costs, when the related contractual rights or obligations exist.

Subsequent to the initial recognition, the Board assess whether there is objective evidence that a financial instrument has been impaired. A prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen, impairment losses are recognised In the Income Statement.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit and loss.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Impairment of Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit and loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Revenue

All revenue is accounted for in accordance with AASB15.

When the Company receives operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satisfied, the Company:

- identifies each performance obligation relating to the grant
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations.

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Company:
- recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9, AASB 16, AASB 116 and AASB 138).
- recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer)
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Company recognises income in profit or loss when or as it satisfies its obligations under the contract.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

All revenue is recognised at the point of sale/service recognition, and is sourced in Australia. There are no unsatisfied performance obligations.

All revenue is stated net of the amount of goods and service tax (GST).

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

1. STATEMENT OF ACCOUNTING POLICIES (cont'd)

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Critical accounting estimates and judgements

The company evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates – Impairment

The company assesses impairment at each reporting date by evaluating conditions specific to it that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

No impairment has been recognised in respect of property, plant and equipment for the year ended 31 October 2023.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

New Accounting Standards

There was no impact on the financial report of adopting new accounting standards in 2023. There are no standards expected to impact next year's financial reporting.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

	2023 $	2022 $
2. PROPERTY, PLANT AND EQUIPMENT		
Ground improvement – (WDV)	4,842,111	4,815,720
Plant and equipment (including gaming machines) - cost	1,842,953	1,749,233
Less: Accumulated depreciation	(1,326,640)	(1,256,445)
	516,313	492,788
Total plant and equipment	5,358,424	5,308,508
Balance brought forward	5,305,508	2,240,919
Additions / (Disposals)	153,421	3,193,405
Depreciation	(100,505)	(125,816)
Balance closing down	5,358,424	5,308,508

3. RELATED PARTY TRANSACTIONS

Directors

The names of directors who are in office:–

- M Shulman
- A Bonaddio
- G Camov
- S Carr
- B Ford
- H Bailey
- D McGrath
- T Pinwill

D Fernando retired as a director during the year.

Directors received no fees/remuneration for attendance at Board Meetings and/or acting as Board Members.

Key management and football personnel of the Company received $258,363 (2022: $220,000) in compensation.

Stannards Accountants and Advisors, an entity in which Mr Shulman has an interest, receive fees on discounted terms and conditions for professional accounting services.

Ms H Bailey received fees on normal terms and conditions for wellness services provided to the Company's staff.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

		2023 $	2022 $
4.	**TRADE & OTHER RECEIVABLES**		
	Current		
	Other Debtors and Prepayments	83,819	27,741
		83,819	27,741

Net Fair Values

The Board considers that the carrying amount of all receivables approximate their net fair values.

Significant Terms and Conditions

Trade and sundry debtors are required to be settled within 30 days.

Credit Risk

The company does not have any significant exposure to any individual customer or counterparty.

		2023 $	2022 $
5.	**INVENTORIES**		
	Stock – cost	42,899	47,933
6.	**TRADE & OTHER PAYABLES**		
	Current		
	Trade Creditors & Accruals	869,879	1,402,836
	Income in Advance - Sponsorship	200,000	118,145
		1,069,879	1,520,981

Trade and sundry creditors are generally settled within 30 days.
The Board considers the carrying amounts of these items approximate their net fair values.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

	2023 $	2022 $
7. PROVISIONS		
Annual Leave	9,423	28,153
Long Service Leave	2,106	11,266
	11,529	39,419

Movements in Provisions

During the year, an amount of $27,890 was utilised from provisions.

8. OTHER STATUTORY INFORMATION

The registered office of the company is Level 1, 60 Toorak Road, South Yarra VIC 3141.

Its principal place of business is 525 Williamstown Road, Port Melbourne.

It currently employs 56 staff (inclusive of players and coaches).

The Company is limited by guarantee. If it is wound up, the Constitution states that each Member is required to contribute a maximum of $10 each towards meeting any outstanding obligations of the Company.

In accordance with its Constitution, the Company is precluded from making any distributions to its Members.

Management controls the capital of the Company to ensure there are adequate cashflows and that investment returns are maximised.

At general meetings, each member is entitled to one vote when a poll is called, otherwise, each member has one vote on a show of hands. On winding up, the net surplus assets (after settlement of all debts) will be distributed to an entity with similar objects to the Company and similar constitutional restrictions.

9. SEGMENT REPORTING

The company fields football sides in the Victorian Football League in Australia.
Its' social club operations are housed at the Rex Hotel.
All operations are within Australia.

Notes To and Forming Part of the Statements for the Year Ended 31 October 2023 (cont'd)

10. ADDITIONAL FINANCIAL DISCLOSURES

Interest Rate Risk

The company's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments at balance date are:–

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities 1 year or less	1 to 5 years	over 5 years	Non Interest Bearing	Total
	%	$	$	$	$	$	$
31 October 2022							
Assets:							
Cash	1.2	504,679	-	-	-	-	504,679
Receivables		-	-	-	-	27,741	27,741
		504,679	-	-	-	27,741	532,420
Liabilities:							
Sundry and Trade Creditors		-	-	-	-	1,520,981	1,520,981
Borrowings		-	-	2,174,626	-	-	2,174,626
		-	-	(2,174,626)	-	(1,520,981)	(3,695,607)
Net financial assets (liabilities)		504,679	-	(2,174,626)	-	(1,493,240)	(3,163,187)

	Weighted Average Effective Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturities 1 year or less	1 to 5 years	over 5 years	Non Interest Bearing	Total
	%	$	$	$	$	$	$
31 October 2023							
Assets:							
Cash	2.6	539,140	-	-	-	-	539,140
Receivables		-	-	-	-	83,819	83,819
		539,140	-	-	-	83,819	622,959
Liabilities:							
Sundry and Trade Creditors		-	-	-	-	1,069,879	1,069,879
Borrowings		-	310,664	2,124,375	-	-	2,435,039
			(310,664)	(2,124,375)	-	(1,069,879)	(3,504,918)
Net financial assets (liabilities)		539,140	(310,664)	(2,124,375)	-	(986,060)	(2,881,959)

Net Fair Value

The net fair value of assets and liabilities approximates their carrying value. No financial assets and financial liabilities are readily traded on organised markets in standardised form.

The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in notes to and forming part of the financial statements.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

10. ADDITIONAL FINANCIAL DISCLOSURES (cont'd)

Details of aggregate net fair value and carrying amounts of financial assets and financial liabilities at balance date:

	2023		2022	
	Carrying Amount $	**Net Fair Value $**	**Carrying Amount $**	**Net Fair Value $**
Financial assets				
Deposits and investments at fair value	539,140	539,140	504,679	504,679
Trade and other receivables	83,819	83,819	27,741	27,741
Total financial assets	622,959	622,959	532,420	532,420
Financial liabilities				
Trade and other payables	1,069,879	1,069,879	2,174,626	2,174,626
Total financial liabilities	1,069,879	1,069,879	2,174,626	2,174,626

Sensitivity Analysis

Interest rate risk

The company has performed a sensitivity analysis relating to its exposure to interest rate risk at balance date. This sensitivity analysis demonstrates the effect on current year results and equity which could results from a change in interest rates.

As at 31 October 2023, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:

	2023 $	**2022 $**
Change in profit		
- Increase in interest rate by 0.5%	(9,479)	(8,350)
- Decrease in interest rate by 0.5%	9,479	8,350
Change in equity		
- Increase in interest rate by 0.5%	(9,479)	(8,350)
- Decrease in interest rate by 0.5%	9,479	8,350

This sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

	2023 $	2022 $
11. OPERATING RESULT		
The statement of profit and loss includes the following items of revenue and expense:		
Operating Revenue		
Food and Beverage Sales	514,725	353,494
Sponsorship & Donations Income	585,784	359,875
Gaming Room and TAB Commission	3,466,328	2,841,993
Auctions and Raffles and Functions	414,183	418,353
Operations Grant	30,145	51,397
Infrastructure Grants	50,000	3,140,850
Liquidated Damages	93,000	-
Citipower Refund	67,110	-
Sub-Lease Income	79,565	-
Other Income	119,158	68,818
	5,419,998	7,234,780
Revenue By Source		
Government	-	-
Government Department	50,000	3,140,850
Other Parties	5,369,998	4,093,930
	5,419,998	7,234,780
All revenue is sourced in Australia. There are no unperformed performance strategies.		
Expense		
Amortisation of Gaming Entitlements	228,608	172,135
Depreciation	100,505	125,816
Interest and Bank Charges – other corporations	75,617	10,531
Audit Services	4,500	4,000
Other Accounting Services	9,500	7,200

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

12. FINANCIAL INSTRUMENTS

Financial Risk Management

The company's financial instrument consists mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable.

The main purpose of non-derivative financial instruments is to raise finance for company operations.

The company does not have any derivative instruments at 31 October 2023.

i. Treasury Risk Management

A Board who meet on a regular basis analyse currency and interest rate exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecast.

ii. Financial Risks

The main risks the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Interest rate risk is managed through close investment scrutiny.
At 31 October 2023 the company had no interest-bearing debt.

Foreign currency risk

The company is not exposed to fluctuations in foreign currencies.

Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security at balance date to recognise financial assets, is the carrying amount, net of any provisions for impairment of these assets, as disclosed in the statement of financial position and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into.

Price risk

The company is not exposed to any material commodity price risk.

Notes To and Forming Part of the Financial Statements for the Year Ended 31 October 2023 (cont'd)

13. CONTINGENCIES

There were no known contingencies at the reporting date.

14. SEGMENT INFORMATION

The company operates in predominantly one industry segment and in one geographic segment.

15. GAMING ENTITLEMENTS

In the 2010 year, the company was allotted 57 gaming machine entitlements pursuant to the Gambling Regulation Act 2003. The Company renewed its entitlements based on government arrangements pertaining to the same. The new entitlements cost $2.29 million which were fully funded. Funding was also utilised to settle the cost of ground improvements and lighting costs.

Total repayments outstanding are:-

	2023 $	2022 $
< 1 year	310,664	-
1 – 5 year	2,124,375	2,174,626
	2,435,039	2,174,626

The cost of gaming entitlements has been capitalised in the company's statement of financial position, and is being amortised over their estimated useful lives; as follows:-

	2023 $	2022 $
Cost of Entitlements	3,860,726	3,860,726
Less: Accumulated Amortisation	(1,848,244)	(1,619,636)
Carrying Value	2,012,482	2,241,090

16. FAIR VALUE MEASUREMENT

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy. This categorises fair value measurements into one of three possible levels, based on the lowest level that an input that is significant to the measurement, can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Notes To and Forming Part of the Financial Report for the Period Ended 31 October 2023

Note 16: FAIR VALUE MEASUREMENTS (cont'd)

Valuation Techniques

The Company selects a valuation that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- *Market approach*: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

- *Income approach*: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

- *Cost approach*: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires input that reflects the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The following tables provide the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

Notes To and Forming Part of the Financial Report for the Period Ended 31 October 2023

Note 16: FAIR VALUE MEASUREMENTS (cont'd)

The Company	31 October 2023			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets:	-	-	-	-
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
Non-financial assets:				
Land & buildings improvements	-	4,842,111	-	4,842,111
Total non-financial assets recognised at fair value	-	4,842,111	-	4,842,111

The Company	31 October 2022			
	Level 1	Level 2	Level 3	Total
	$	$	$	$
Recurring fair value measurements				
Financial assets:				
Financial assets at fair value through profit or loss	-	-	-	-
Available-for-sale financial assets	-	-	-	-
Total financial assets recognised at fair value	-	-	-	-
Non-financial assets:				
Land & building improvements	-	4,815,720	-	4,815,720
Total non-financial assets recognised at fair value	-	**4,815,720**	-	**4,815,720**

Notes To and Forming Part of the Financial Report for the Period Ended 31 October 2023

Note 16: FAIR VALUE MEASUREMENTS (cont'd)

Valuation Techniques and Inputs Used to Measure Level 2 Fair Values

Description	Fair Value at 31 October 2023 $	Valuation Technique(s)	Inputs Used
Non-financial assets			
Land and buildings		Market approach using recent observable market data for similar properties; income approach using discounted cash flow methodology	Price per square metre; market borrowing rate.

(i) The fair value of freehold land and buildings is determined at least every three years based on valuations by an independent valuer. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies.

Disclosed Fair Value Measurements

The following assets and liabilities are not measured at fair value in the Statement of Financial Position, but their fair values are disclosed in the notes:

- accounts receivable and other debtors;
- government and fixed interest securities; and
- accounts payable and other payables.

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used:

Description	Fair Value Hierarchy Level	Valuation Technique(s)	Inputs Used
Assets			
Accounts receivable and other debtors	3	Income approach using discounted cash flow methodology	Market interest rates for similar assets
Government and fixed interest securities	2	Income approach using discounted cash flow methodology	Yield curves based on market interest rates for remaining maturity period for similar assets
Liabilities			
Accounts payable and other payables	3	Income approach using discounted cash flow methodology	Market interest rates for similar liabilities

There has been no change in the valuation techniques(s) used to calculate the fair values disclosed in the financial statements.

Declaration by Directors

The directors declare that:–

a) the financial statements and notes:

(i) comply with Accounting Standards and the Corporations Act; and

(ii) give a true and fair view of the financial position as at 31 October 2023 and performance for the period then ended of the company;

b) in the directors opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

On behalf of the Directors

Director

Melbourne

Dated 5|12|23

Independent Audit Report
To The Members of Port Melbourne Football Club Ltd

Report on the Audit of the Financial Report

Opinion

I have audited the accompanying financial report, being a general purpose financial report, of Port Melbourne Football Club Ltd, ("the Company"), which comprises the Statement of Financial Position as at 31 October 2023, the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and Notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In my opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001* and *the Australian Charities and Not for Profit Commission Regulation Act 2012*, including:

a. giving a true and fair view of the Company's financial position as at 31 October 2023 and of its financial performance for the year ended; and

b. complying with Australian Accounting Standards to the extent described in Note 1 and complying with the *Corporations Regulations 2001* and *Division 60 of the Australian Charities and Not for Profit Commission Regulations 2013.*

Basis for Opinion

I conducted my 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 Company in accordance with the 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.

I confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001* and the *Australian Charities and Not for Profit Commission Regulation Act 2012.* As a result, the financial report may not be suitable for another purpose.

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 and the *Corporations Act 2001* and the *Australian Charities and Not for Profit Commission Act 2012* 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 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.

Independent Audit Report
To The Members of Port Melbourne Football Club Ltd (Cont'd)

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 auditing in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company internal control.

- Evaluate the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, determined whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability 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 Company 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.

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

I 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.

Paul Lappin (Registered Company Auditor) # 467478

Date 5/12/2023

Additional Information on the 31 October 2023 Financial Statements

DISCLAIMER

The additional financial data presented on the following page is in accordance with the books and records of Port Melbourne Football Club Ltd ('our client') which have been subject to the auditing procedures applied in our statutory audit of the Company for the year ended 31 October 2023. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, I do not express an opinion on such financial data and no warranty of accuracy or reliability is given. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than our client) in respect of such data, including any errors or omissions therein however caused.

Paul Lappin

Dated 5/12/2023

Profit and Loss Statement
for the Year Ended 31 October 2023

	2023 $	2022 $
Food & Beverage Sales	514,725	353,494
Sponsorship & Donation Income	585,424	359,875
Gaming Room & TAB Income	3,466,328	2,841,993
Fundraisers & Raffles & Functions	414,183	418,353
Grant – Operating	30,145	51,397
Grant - Building	50,000	3,140,850
Liquidated Damages	93,000	-
Citypower Refund	67,110	-
Sub-Lease Income	79,565	-
Other Income	119,518	68,818
Total Income	**5,419,998**	**7,234,780**
Less Expenses		
Audit & Accounting	14,000	11,200
Bank Charges and Interest	75,617	10,532
Cleaning	83,845	68,109
Depreciation & Amortisation	329,113	297,951
Food and Beverage Costs	128,578	87,755
Function & Membership Costs	206,222	217,173
Fitness and Medical Supplies and Out of Pocket Costs	53,208	91,286
Gaming Room Fees	198,569	87,899
Equipment and Trophies	13,621	11,137
Insurance	51,017	61,199
Leave Entitlements	(27,890)	10,384
Management Fees – The Rex Hotel	584,858	531,242
Match Day Expenses	50,391	54,397
Merchandise & Apparel	83,833	32,938
Other Property Costs – The Rex Hotel	109,933	194,135
Postage	4,044	917
Printing and Stationery	17,959	6,246
Rental Expense	793,748	1,096,854
Repairs and Maintenance	93,697	61,170
Salaries and Wages – The Rex	819,818	680,988
Salaries and Wages – The Football Club	1,011,923	891,202
Security	187,662	128,324
Sky/Cable Television – The Rex	22,216	18,537
Sundry Expenses	361,839	281,923
Telephone	11,120	11,385
Travelling Expenses	15,665	43,766
Total Expenses	5,294,606	4,988,649
Net Profit/(Loss) before tax	125,392	2,246,131