



A D E L A I D E F O O T B A L L C L U B

2020 ANNUAL FINANCIAL REPORT

31 OCTOBER 2020



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Directors' report

For the year ended 31 October 2020

The directors present their report together with the consolidated financial statements of Adelaide Football Club Limited ("parent", "AFC") and its controlled entities ("the Club") for the financial year ended 31 October 2020 and the auditor's report thereon.

1. Directors

The directors of the Company at any time during or since the end of the financial year are:

Olsen AO, Hon John – appointed 30 October 2020

Chapman, Robert – resigned 30 October 2020

Hazel, James

Ellis, Kate

Fellows, Linda

Fennell, Richard

Jameson, Rod

McDowell, Jim – resigned 15 June 2020

Ricciuto, Mark

Randall, Warren – appointed 9 July 2020

Ryder, Kym

For detailed information on directors, please see note 8.

Chief Executive Officer – Fagan, Andrew

Company Secretary – Smallacombe, Shane

2. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and number of meetings attended by each of the directors of the Club during the financial year are:

Director	Directors' Meetings		Committee Meetings	
	A	B	A	B
Olsen AO, Hon John	1	1	0	0
Chapman, Robert	13	13	2	2
Hazel, James	11	14	0	0
Ellis, Kate	14	14	5	6
Fellows, Linda	14	14	4	4
Fennell, Richard	14	14	11	11
Jameson, Rod	13	14	9	11
McDowell, Jim	6	8	0	0
Ricciuto, Mark	13	14	10	10
Randall, Warren	4	4	0	0
Ryder, Kym	14	14	15	15

A – number of meetings attended

B – number of meetings held during the time the director held office during the year

Directors' report (continued)

For the year ended 31 October 2020

3. Principal activities

The principal activities of the Club during the course of the financial year were the playing and promotion of Australian Rules Football. The Club is a member of the Australian Football League and Australian Football League Women's.

In June 2018, the Club acquired the licence to operate the Adelaide Giants Baseball Club. The Adelaide Giants are a participant in the Australian Baseball League. New entities have been incorporated to further grow the Club's footprint in the sporting and entertainment landscape including META (High School e-League) which will operate state-based esports tournaments.

There were no other significant changes in the principal operations of the Club.

4. Objectives and strategies

The Club's primary objective is to deliver consistent finals appearances and ultimately win Premierships.

Off the field we have identified key objectives to support the success of our Club:

- **People and culture:** The club will offer a high performance culture, with a key focus on strategic planning, measurement and celebration of achievements.
- **Membership:** Continue to grow our Club membership and deliver an exceptional sports entertainment experience.
- **Marketing:** Create a national and international brand.
- **Communications:** Provide compelling content through enhanced digital and mainstream communication channels.
- **Merchandise:** Maximise the Adelaide Football Club's national supporter base to increase merchandise revenue.
- **Commercial Operations:** Deliver sustainable commercial growth through market leading partnerships, diversification of revenue streams and remarkable events.
- **Community:** Engage genuinely with the community through delivering valued programs in conjunction with the Crows Children's Foundation.
- **Diversification:** Diversify the Club's revenue streams through expansion and consulting into the broader sports and entertainment industry.

5. Operating and financial review

The Club realised a loss from operating activities for the year ended 31 October 2020 of (\$411,675) (2019: profit \$2,685,517). A total comprehensive loss of (\$2,843,520) (2019: profit \$238,473) was generated for the year, after recognising depreciation, impairment of facility costs, the unwind of interest on deferred liabilities, the Club's distributions and contribution to the development of grassroots football in South Australia through the South Australian National Football League ("SANFL"). The Club is incredibly grateful for the support of its members and Partners during 2020 which helped mitigate the financial impact of the COVID-19 pandemic. During the year ended 31 October 2020, the Group was entitled to government payments relating to employee retention schemes in Australia as a result of COVID-19 (JobKeeper) totalling \$3,646,424.

Directors' report (continued)

For the year ended 31 October 2020

6. Events subsequent to reporting date

As a result of the evolving nature of the COVID-19 pandemic and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Group is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future financial performance and financial position of the Group.

Subsequent to year end, a reduction in the Club's 2020 SANFL participation fee was negotiated with the SANFL as a result of its inability to participate in the competition due to AFL regulations in that year. In December 2020, the Club signed an increased loan facility of \$10,000,000 with Bendigo and Adelaide Bank which provides the Club with the financial stability to remain a financially independent unassisted club with the AFL.

Other than the current disclosures, there have been no events subsequent to reporting date which would have a material impact on the Group's 31 October 2020 financial statements.

7. Members' liabilities

The liability of all members is limited in the event of winding up. In the event the AFC is wound up, members must contribute to the AFC's property such monies and other assets necessary to:

- (i) discharge the AFC's debts and liabilities at the date the AFC is wound up and costs, charges and expenses properly incurred in connection with the winding up; and
- (ii) adjust the rights of the contributories among themselves.

Notwithstanding, no member need contribute more than an aggregate of 10 cents (\$0.10) to the winding up of the AFC.

As at 31 October 2020, AFC has one voting member (2019: 1 member).

8. Director information

HON JOHN OLSEN AO

Appointed 30 October 2020; current term expires February 2024



Current position: Chairman

Current committees: Executive
Nominations
Football Strategy

Current directorships:

- Deputy Chair Adelaide Oval Stadium Management Authority
- Chairman, American Australian Association
- President, Federal Liberal Party
- Chairman, Perth USAsia Centre, University of Western Australia
- Director, United States Studies Centre, The University of Sydney

Previous roles:

- Consul-General to Los Angeles and New York, USA (2002-2009)
- Premier of South Australia (1996-2001)
- President of the Liberal Party SA Division (1976-1979 and 2017-2020)
- Former Chairman of the Adelaide Oval Stadium Management Authority (2014-2018)
- Chairman of the SANFL (2010-2020)

Directors' report (continued)

For the year ended 31 October 2020

8. Director information (continued)

ROB CHAPMAN

Appointed 15 December 2006; resigned 30 October 2020



- Previous position:** Chairman
- Previous committees:** Executive
Nominations
Football Strategy
- AFL committees:** AFL Investment Committee
- Current directorships:**
- Chairman, Chapman Capital Partners
 - Chairman, Adelaide Airport
 - Chairman, Barossa Infrastructure Ltd
 - Director, Coopers Brewery Limited
 - Director, Export Finance & Insurance Corporation
 - Chairman, T-Ports SA
 - Director, ICAM Group
- Previous roles:**
- Chairman, South Australia Investment Attraction Advisory Board
 - Director, Economic Development Cabinet Council
 - Chairman, Bank SA 2012-2014
 - Chief Executive Officer, St George Bank 2010 – 2012
 - Managing Director, BankSA 2002 – 2010
 - President, Business SA 2005 – 2007
 - President, Committee of Economic Development of Australia, 2003 - 2006

JIM HAZEL

Appointed 2 November 2010; current term expires February 2021



- Current position:** Deputy Chairman
- Current committees:** Executive
Nominations
- Current directorships:**
- Chairman, Precision Group
 - Director, Bendigo and Adelaide Bank Limited (ASX: BEN)
 - Director, Omega Communities Group
 - Chairman, Ingenia Communities Group (ASX: INA)
 - Director, Coopers Brewery Limited
 - Director, Chapman Capital Partners
 - Council Member, University of South Australia
 - Chairman, Adelaide Festival Centre Trust
 - Director, ICAM Group

Directors' report (continued)

For the year ended 31 October 2020

8. Director information (continued)

KATE ELLIS

Appointed 5 April 2017; current term expires February 2021



- Current position:** Director
- Current committees:** Diversity and Inclusion (Chair)
Adelaide Crows Foundation Board
- Current business interests:**
- Director, Rare Finds Foundation
 - Director, Drinkwise Australia
 - Ambassador, Childhood Cancer Foundation
- Previous roles:**
- Former Federal Member for Adelaide
 - Former Federal Minister for Sport

LINDA FELLOWS

Appointed 17 September 2015; current term expires February 2021



- Current position:** Director
- Current committees:** Professional Standards and Integrity (Chair)
- Current business interests:**
- Assistant Commissioner (Operations Support), SA Police
 - Board Member, CrimeStoppers SA
- Previous roles:**
- Assistant Commissioner, Human Resources
 - Assistant Commissioner, Regional Operations Service
 - Assistant Commissioner (Crime), SA Police
 - Officer in Charge, Ethical & Professional Standards Branch
 - Officer in Charge, Drug Investigation Branch
 - Officer in Charge, Traffic Support Branch
 - Deputy Member, SA Police Superannuation Board

RICHARD FENNELL

Appointed 5 April 2017; current term expires February 2022



- Current position:** Director
- Current committees:** Finance and Audit (Chair)
- Current business interests:**
- Executive Consumer Banking, Bendigo and Adelaide Bank
- Current directorships:**
- Director, Helpmann Academy
- Previous directorships:**
- Director, Australia Cambodia Foundation
 - Chief Financial Officer, Bendigo & Adelaide Bank
 - Partner, PricewaterhouseCoopers

Directors' report (continued)

For the year ended 31 October 2020

8. Director information (continued)

ROD JAMESON

Appointed 26 February 2015; current term expires February 2022



- Current position:** Director & AFC Life Member
- Current committees:** Past Players and Officials Pty Ltd (Chair)
Finance and Audit
Hall of Fame
- Current business interests:**
- ABC Radio National AFL Broadcast & SANFL Finals 2000 - current
 - Get Home Safe Foundation, Ambassador 2018 – current
 - Sales Director, Sandstone Technology
- Previous directorships & business interests:**
- Craniofacial Australia, Ambassador
 - Neil Sachse Foundation Ambassador 2009 – current
 - Business Director, Westpac Sports and Entertainment
 - Business Director, Childhood Cancer Association
 - Football Director, Glenelg Football Club

JIM MCDOWELL

Appointed 5 April 2017; resigned 15 June 2020



- Previous position:** Director
- Previous Committees:** Commercial Innovation and Growth (Chair)
- Current business interests:**
- Chief Executive of the Department of Premier and Cabinet, Government of South Australia
 - Director, Infrastructure South Australia
 - Director, Renewal SA
- Current directorships**
- Board Member, Australian Strategic Policy Institute
 - Governor, St Peter's College Council of Governors
 - Chairman, Australian Nuclear Science & technology Organisation
 - Chairman, Total Construction Pty Ltd
 - Chairman, Australian Defence Accelerator Ltd
 - Chairman, Defence CRC for Trusted Autonomous System
 - Non-Executive Director, Codan Ltd
 - Non-Executive Director, Austal Ltd
 - Non-Executive Director, Micro-X
 - Member, RAA Board
 - Chancellor, University of South Australia

Directors' report (continued)

For the year ended 31 October 2020

8. Director information (continued)

MARK RICCIUTO

Appointed 1 July 2014; current term expires February 2022



- Current position:** Director & AFC Life Member
- Current committees:** List Management (Chair)
Executive
Football Strategy
- Current business interests:**
- Part owner – Alma Tavern, Hackney Hotel
 - Part owner – Aruma River Resort
 - Presenter Triple M Breakfast Announcer
 - Fox Footy Expert Opinion and Special Comments
 - Ambassador for Adelaide Tools and Peter Kittle Toyota

WARREN RANDALL

Appointed 9 July 2020; current term expires February 2022



- Current position:** Director
- Current business interests:**
- Chairman, The Randall Wine Group
- Current directorships:**
- Director, Lark Distilling Co.
 - Director, HaloGo Pty Ltd

KYM RYDER

Appointed 28 February 2019; current term expires February 2021



- Current position:** Director
- Current committees:** Finance and Audit
Professional Standards and Integrity
Diversity and Inclusion
- Current business interests:** Partner, O'Loughlins Lawyers (Commercial Litigation and Insolvency)
- Current directorships:**
- Director, BWO Nominees Pty Ltd
- Current memberships:**
- Fellow, Australian Reconstruction and Insolvency Association
 - Member, Law Society of South Australia
 - Member, Women in Insolvency SA (WINSA)
 - Member, SACA
 - Member, Norwood Football Club Inc
 - Member, Scotch Old Collegians Football and Cricket Clubs

Directors' report (continued)

For the year ended 31 October 2020

8. Director information (continued)

ANDREW FAGAN

Appointed to the role of Chief Executive Officer 7 October 2014



Current position: Chief Executive Officer

Current committees: Executive
Nominations
Finance and Audit
List Management
Football Strategy
Commercial Innovation and Growth
Community, Inclusion and Government

Previous roles:

- General Manager – National Teams and Operations, Australian Rugby Union
- Chief Executive Officer, Brumbies Rugby
- General Manager, Brumbies Rugby
- Program Manager, Australian Sports Commission

SHANE SMALLACOMBE

Appointed to role of Company Secretary August 2014



Current position: Chief Financial Officer and Corporate Secretary

Current committees: Finance and Audit
List Management
Football Strategy

9. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 10 and forms part of the director's report for the financial year ended 31 October 2020.

This report is made in accordance with a resolution of the directors:

A handwritten signature in blue ink, appearing to read 'J W Olsen', written over a horizontal line.

Hon. J W Olsen, AO
Chairman

Dated at Adelaide this 3rd day of February 2021



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Adelaide Football Club Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of Adelaide Football Club Limited for the financial year ended 31 October 2020 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 Cenko
Partner

Adelaide

3 February 2021

Adelaide Football Club Limited & its controlled entities

Consolidated statement of comprehensive income

For the year ended 31 October 2020

<i>In AUD</i>	<i>Note</i>	2020	2019
Football operations revenue	4	33,596,780	56,013,393
Net merchandise revenue	5	188,801	232,662
Grant revenue	4	3,646,424	-
Other revenue from operations	4	955,195	1,965,723
		38,387,200	58,211,778
Employee benefit expenses		(26,270,452)	(32,802,905)
Season ticket, membership and sponsorship expense		(4,450,566)	(11,157,495)
Other sporting expenses		(1,647,153)	(2,367,607)
Travel and training expenses		(1,184,718)	(1,924,238)
Administrative expenses		(1,703,794)	(2,717,226)
Marketing and advertising expenses		(780,124)	(1,469,455)
Other expenses from ordinary activities		(2,751,184)	(3,034,244)
Net Interest expense	6	(10,884)	(53,091)
Net (loss)/profit from operating activities		(411,675)	2,685,517
Depreciation expense	10	(1,283,931)	(1,255,332)
Impairment of facility costs		(208,348)	(240,425)
Unwind of discount on deferred liabilities		(230,690)	(250,924)
SANFL charges:			
SANFL License Fee		(442,776)	(434,300)
Adelaide Oval Underwrite	9	(216,100)	(216,063)
Contribution to Crows Children's Foundation		(50,000)	(50,000)
Net (loss)/profit for the year		(2,843,520)	238,473
Other comprehensive income		-	-
Total comprehensive (loss)/profit for the year		(2,843,520)	238,473

The notes on pages 15 to 33 are an integral part of these financial statements.

Adelaide Football Club Limited & its controlled entities

Consolidated statement of financial position

As at 31 October 2020

<i>In AUD</i>	<i>Note</i>	2020	2019
Assets			
Cash and cash equivalents	7	1,636,727	2,766,741
Trade and other receivables	8	2,250,647	1,925,848
Prepayments	9	337,231	493,884
Total current assets		4,224,605	5,186,473
Property, plant and equipment	10	19,684,604	20,508,487
Prepayments	9	2,592,751	2,808,814
Total non-current assets		22,277,355	23,317,301
Total Assets		26,501,960	28,503,774
Liabilities			
Trade and other payables	11	4,333,474	6,805,604
Provisions	14	1,296,637	1,345,382
Loans and borrowings	13	4,500,710	1
Unearned income	12	5,457,013	6,209,750
Lease Liability	15	97,913	-
Total current liabilities		15,685,747	14,360,737
Trade and other payables	11	4,683,593	5,236,652
Provisions	14	357,566	317,349
Lease Liability	15	29,538	-
Total non-current liabilities		5,070,697	5,554,001
Total Liabilities		20,756,444	19,914,738
Net Assets		5,745,516	8,589,036
Equity			
Reserves	16	371,617	371,617
Retained earnings		5,373,899	8,217,419
Total Equity		5,745,516	8,589,036

The notes on pages 15 to 33 are an integral part of these financial statements.

Adelaide Football Club Limited & its controlled entities

Consolidated statement of changes in equity

For the year ended 31 October 2020

<i>In AUD</i>	Reserves	Retained Earnings	Total Equity
Balance at 1 November 2018	371,617	7,978,946	8,350,563
Total comprehensive profit for the year			
Profit for the year	-	238,473	238,473
Total comprehensive profit for the year	-	238,473	238,473
Balance at 31 October 2019	371,617	8,217,419	8,589,036
Balance at 1 November 2019	371,617	8,217,419	8,589,036
Total comprehensive profit for the year			
Profit/(Loss) for the year	-	(2,843,520)	(2,843,520)
Total comprehensive profit/(loss) for the year	-	(2,843,520)	(2,843,520)
Balance at 31 October 2020	371,617	5,373,899	5,745,516

The notes on pages 15 to 33 are an integral part of these financial statements.

Adelaide Football Club Limited & its controlled entities

Consolidated statement of cash flows

For the year ended 31 October 2020

<i>In AUD</i>	<i>Note</i>	2020	2019
Cash flows from operating activities			
Cash receipts from customers		40,305,734	60,186,515
Cash paid to suppliers and employees		(44,748,830)	(57,669,511)
Interest received		4,012	3,009
Interest paid		(14,896)	(56,100)
Net cash (decrease)/increase from operating activities		(4,453,980)	2,463,913
Cash flows from investing activities			
Acquisition of property, plant and equipment		(295,128)	(446,067)
Proceeds from sales of property, plant and equipment		2,364	-
Game Development Grant – SANFL		(768,431)	(753,528)
Net cash used in investing activities		(1,061,195)	(1,199,595)
Cash flows from financing activities			
Proceeds from borrowings		4,500,709	-
Repayment of lease liability		(115,548)	-
Net cash from financing activities		4,385,161	-
Net (decrease)/increase in cash and cash equivalents		(1,130,014)	1,264,318
Cash and cash equivalents at beginning of year		2,766,741	1,502,423
Cash and cash equivalents at end of year	7	1,636,727	2,766,741

The notes on pages 15 to 33 are an integral part of these financial statements.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements

For the year ended 31 October 2020

1 Parent entity

Adelaide Football Club Limited (the Company) is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia. The address of the Company's registered office is 105 West Lakes Boulevard, West Lakes SA 5021. The consolidated financial statements, comprising the Company and its controlled entities (together "the Group"; "the Club") are as at and for the year ended 31 October 2020.

2 Basis of preparation

(a) Statement of compliance

In the opinion of the directors, the Club is not publicly accountable. The financial statements are Tier 2 general purpose consolidated financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements adopted by the Australian Accounting Standards Board and the Corporations Act 2001. These consolidated financial statements comply with Australian Accounting Standards – Reduced Disclosure Requirements.

The consolidated financial statements were authorised for issue by the Board of Directors on 3 February 2021.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Adelaide Football Club Limited and its controlled entities as at the period end and at any time during the period. Refer to Note 21 for a list of controlled entities.

Controlled entities are those entities over which the Club has the power to govern the financial and operating policies so as to obtain the benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Club controls another entity.

The financial statements of the controlled entities are prepared from the date of their inception, for the period ended 31 October 2020, using accounting policies consistent with those of the Club. In preparing the consolidated financial statements, all intercompany balances, transactions and unrealised gains and losses resulting from intra-club transactions have been eliminated in full.

Controlled entities are fully consolidated from the date on which control was obtained by the Club and will cease to be consolidated from the date on which control is transferred out of the Club.

(d) Functional and presentation currency

These financial statements are presented in Australian dollars, which is the Club's functional currency.

(e) Use of estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

There are no judgements made by management in the application of Australian Accounting Standards that have a significant effect on the financial report or estimates with a significant risk of material adjustment in the next year.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

2 Basis of preparation (continued)

(f) Going concern

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business.

The Club incurred a consolidated loss of (\$2,843,520) for the year ended 31 October 2020 (2019: profit \$238,473) and derived cash outflows from operating activities of (\$4,453,980) for the year (2019: inflow \$2,463,913). As at 31 October 2020, the Group had a current asset deficiency of \$11,461,142 (2019: \$9,174,264).

The COVID-19 pandemic has had a significant impact on the AFL industry and the Club in the 2020 financial year. In particular, the reduction in games for the season and no or reduced crowds at games due to social distancing requirements greatly impacted the ability of the Club to generate income from season tickets, memberships and sponsorships. In the early stages of the pandemic, the Club conducted an assessment of the likely consequences of the pandemic and implemented measures to reduce costs including the standing down of a number of administrative and football staff and reduction of non-essential expenditure.

The deficiency in current assets is primarily due to:

- The timing of membership and season tickets cash flows. In particular, credits were given for the 2021p season in relation to undelivered benefits to sponsors and members during the 2020 season. Subsequent to year end, membership and season ticket sales have generated positive cash flows which have contributed to the remediation of the working capital deficiency; and
- The Club's banking facilities (\$5,000,000) with Bendigo and Adelaide Bank were required to be classified as a current liability as at 31 October 2020 due to the Club being in breach of certain financial covenants. Subsequent to year end, Bendigo and Adelaide Bank provided the Club a waiver with respect to these breaches and has executed a new, three-year loan facility of \$10,000,000 with the Club. The new facility is interest only for 12 months from drawdown date, followed by interest only monthly and scheduled quarterly principal payments for the remaining term and a residual of \$7,950,000 after three years.

The Club has undertaken a business review and implemented a cost-reduction program to manage costs and resources. As part of this review, the Directors have prepared a cash flow forecast for the Club for the period to March 2022 which indicates that the Club will have sufficient funds available to continue as a going concern and anticipates that the measures implemented should facilitate a return to profitable operations in FY 2021, while managing cash flows during this time.

Directors note that there still remains uncertainty for the 2021 season and the 2021 financial year, including any potential further outbreaks of COVID-19, uncertainty as to crowd numbers allowed at games, and the impact of possible border closures between states. However, Directors are confident that the business review measures implemented and available banking facilities are adequate to enable the Club to meet its operating and financial commitments for at least the next 12 months should the Club's operations be impacted by further COVID-19 disruptions.

For the above reasons, Directors have prepared the financial report on a going concern basis.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Club.

(a) Financial instruments

Financial assets and financial liabilities are recognised when the Club becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Subsequent measurement of financial assets and financial liabilities are described below.

(i) *Non-derivative financial assets*

The Club initially recognises loans and receivables and deposits on the date that they are originated.

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Club has the following non-derivative financial assets: loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Club in the management of its short-term commitments.

(ii) *Non-derivative financial liabilities*

The Club initially recognises debt securities issued and subordinated liabilities on the date that they are originated.

The Club derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Club classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(iii) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(b) Property, plant and equipment

(i) Recognition and measurement

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

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the following:

- the cost of materials and direct labour;
- any costs directly attributable to bringing the assets to a working condition for the intended use;
- when the Club has an obligation to remove the assets or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Assets obtained by grant or donation are recorded at the fair value of the future benefits to be derived based on a commercial value assessment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Club. Ongoing repairs and maintenance are expensed as incurred.

(b) Property, plant and equipment (continued)

(iii) Depreciation

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, in respect of internally constructed assets, from the date that the asset is completed and ready for use.

Depreciation is recognised in profit or loss. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The estimated depreciation rates for the current and comparative years of significant items of property, plant and equipment are as follows:

▪ Plant and equipment	10 – 50%	Straight line
▪ Buildings on leasehold land	1.7 – 25%	Straight line
▪ Buildings	2.5 - 5%	Straight line
▪ Motor vehicles	20%	Diminishing value
▪ Player facilities	2.5%	Straight line

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(c) Impairment

(i) *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Club on terms that the Club would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults.

The Club considers evidence of impairment for financial assets measured at amortised cost (loans and receivables) at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

In assessing collective impairment the Club uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

(ii) *Non-financial assets*

The carrying amounts of the Club's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or cash-generating unit is the greater of its fair value less costs to sell and value in use, being the depreciated replacement cost of the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a pro rata basis.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(d) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(iii) Other long-term employee benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on high quality corporate bonds that have maturity dates approximating the terms of the Club's obligations in which the benefits are expected to be paid.

In 2003 the AFL announced an agreed Player Long Service Leave policy which was ratified by the AFL Players Association and the Industrial Relations Commission. AFL Players will have an annual long service leave entitlement built into the end of season break, based on the number of years service. An AFL Player with greater than 4 years continuous service, but less than 8 years will be entitled to 1 week additional entitlement and a player with greater than 8 years continuous service will be entitled to 2 weeks.

(e) Revenue received in advance

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

(f) Revenue

Revenue from contracts with customers, including sponsorship, membership and match day

Revenue from sale of goods or services is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Revenue is recognised as or when each performance obligation is satisfied at the amount of the transaction price allocated to that performance obligation.

For each contract with a customer, the Club: identifies the contract with a member/customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the member/customer of the goods or services promised.

If the consideration in the contract includes a variable amount, the amount of consideration to which the entity is entitled in exchange for transferring the goods or services to the customer is estimated. The estimated variable consideration is constrained such that it is highly probable that a significant reversal of revenue will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

All revenue is stated at net of the amount of Goods and Services Tax (GST).

Sale of goods (merchandise)

Sale of merchandise is recognised at a point in time when control of the goods is transferred to the customer.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(f) Revenue (continued)

AFL distribution and prize money

AFL distribution and prize money income is recognised as it is received.

Prior to adoption of AASB 15

Under AASB 118 *Revenue*, revenue was recognised as follows:

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all investment in those goods.

Sales revenue

Sales revenue from football activities comprises revenue earned from the sales of memberships, corporate marketing, sponsorships, the sale of merchandise, gate receipts and AFL distributions.

AFL distribution and prize money

AFL distribution and prize money income is recognised as it is received.

Membership and match day income

Membership income is recognised throughout the duration of the AFL Home and Away season. Match day income is recognised at the conclusion of each AFL home game.

Sponsorship income

Sponsorship income is recognised in the consolidated statement of comprehensive income in proportion to the stage of completion of the transaction at balance date in accordance with the terms and conditions of the sponsorship contract.

(g) Government grants

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Capital grants relating to the construction or acquisition of assets are initially deferred as unearned revenue and are recognised as revenue in the period in which all grant conditions are met and the benefit arising from the asset is realised.

(h) Interest income and interest expenses

Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(i) Tax

No income tax is payable as the Club is an exempt sporting organisation in accordance with Section 50-45 of the Income Tax Assessment Act 1997.

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(j) New accounting standard adopted

The Club applied AASB 16 *Leases*, AASB 15 *Revenue from Contracts with Customers*, and AASB 1058 *Income of Not-for-Profit Entities* for the first time. The nature and effect of the changes as a result of the adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Club. The Club has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

(i) AASB 16 Leases

As a lessee

AASB 16 introduces a single, on-balance sheet lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. AASB 16 substantially carries forward the lessor accounting requirements in AASB 117 *Leases*.

Upon adoption of AASB 16, the Club applied a single recognition and measurement approach for all leases of the same nature for which it is the lessee, except for short-term leases and leases of low-value assets. The Club recognised lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

The Club also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Club adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 November 2019, resulting in no restatement of comparative information.

The Club has recognised right-of-use assets and lease liabilities for its operating leases. The right-of-use asset and the lease liability have been initially measured at the present value of the remaining lease payments at commencement date. These lease payments are discounted using the Group's incremental borrowing rate which is determined by obtaining interest rates from various external financing sources.

For leases with significantly below-market terms which are principally for the Club to further its objectives, the Club measures right-of-use assets at either fair value or cost on a class by class basis.

The right-of-use asset is subsequently amortised using the straight-line method from the commencement date to the end of the lease term. The lease liability is subsequently measured at amortised cost using the effective interest rate method.

The nature of expenses related to these leases will now change because the Group will recognise an amortisation charge for the right-of-use asset and interest expense on lease liabilities.

When measuring lease liabilities for leases that were classified as operating leases, the Club discounted lease payments using its incremental borrowing rate at 1 November 2019 of 3.26%.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(i) AASB 16 Leases (continued)

The reconciliation of operating lease commitments at 31 October 2019 to opening lease liabilities at 1 November 2019 is shown below:

<i>In AUD</i>	2020
Lease payments not disclosed under AASB 117	251,728
Discounted using the incremental borrowing rate of 3.26% at 1 November 2019	(8,729)
Lease liabilities recognised at 1 November 2019	242,999

The adoption of this standard resulted in leases previously classified as operating leases, being recognised in the balance sheet as a lease liability, and right-of-use assets totalling \$242,999 on 1 November 2019.

<i>In AUD</i>	As previously reported (1 November 2019)	AASB 16 adjustments	As restated (1 November 2019)
Right-of-use asset	-	3,615,035	3,615,035
Property, Plant & Equipment – Buildings on Leasehold Land (net)	4,268,311	(3,372,036)	896,275
Total assets	28,503,774	242,999	28,746,773
Lease liabilities – current	-	115,559	115,559
Lease liabilities – non-current	-	127,440	127,440
Total liabilities	19,914,738	242,999	20,157,737
Retained earnings	8,217,419	-	8,217,419

The Club used several practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- The Club did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application or for leases of low value assets.
- The Club excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- The Club used hindsight when determining the lease term.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

3 Significant accounting policies (continued)

(i) AASB 16 Leases (continued)

As a lessor

The Club is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor.

Leases in which the Club does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other operating income in the statement of profit or loss due to its nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

Policy before 1 November 2019

Operating lease payments

In accordance with AASB 117 *Leases*, payments made under operating leases were recognised on a straight-line basis over the term of the lease.

Finance lease payments

Minimum lease payments were apportioned between the finance charge and the reduction of the outstanding liability. The finance charge was allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(ii) AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires additional disclosures not previously required.

A not-for-profit entity is required to first consider whether a transaction is a contract with a customer that has performance obligations to transfer goods or services to another party. If this is the case, the entity would account for the transaction under AASB 15, otherwise the transaction would be accounted for in accordance with another Standard, for example AASB 1058 Income of Not-for-Profit Entities, which generally applies to income from donations and other non-reciprocal contributions.

Refer to Note 3(f) for the accounting policy adopted by the Group as a result of the adoption of AASB 15.

(iii) AASB 1058 Income of Not-for-Profit Entities

This standard focuses on not-for-profit entities and more specifically transactions where consideration to acquire an asset is significantly less than fair value. The adoption of this standard did not have a material impact on the Group's consolidated financial statements.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

In AUD

2020

2019

4 Revenue

Football operations revenue

Season ticket sales and AFL membership	10,474,904	21,030,696
Sponsorship and fundraising	12,710,563	19,991,425
AFL sourced revenue	10,233,317	13,086,001
Corporate boxes and reserved seating	177,996	1,905,271
	33,596,780	56,013,393

Grant revenue from operations

Government Grants	3,646,424	-
	3,646,424	-

During the year ended 31 October 2020, the Group was entitled to government payments relating to employee retention schemes in Australia as a result of COVID-19. (JobKeeper). This government grant income has been recognised and presented within revenue.

Other revenue from operations

Sundry income	955,195	1,965,723
	955,195	1,965,723

5 Net merchandise revenue

Net revenue from in-store, match day and online merchandise sales	188,801	232,662
	188,801	232,662

6 Net Interest expense

Interest income	(4,012)	(3,009)
Interest on finance facilities	14,896	56,100
	10,884	53,091

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

<i>In AUD</i>	2020	2019
7 Cash and cash equivalents		
Bank balances	1,625,676	2,756,190
Cash on hand	11,051	10,551
Cash and cash equivalents in the consolidated statement of cash flows	1,636,727	2,766,741
8 Trade and other receivables		
Trade receivables	2,304,354	1,962,218
Expected credit loss provision	(53,707)	(36,370)
	2,250,647	1,925,848
The movement in the expected credit loss provision in respect of receivables during the year was as follows:		
Balance at 1 November	36,370	63,482
Impairment loss recognised	29,343	31,267
Amounts written-off	(12,006)	(58,379)
Balance at 31 October	53,707	36,370
9 Prepayments		
Current		
Prepayments	316,111	462,864
Prepaid deposits	21,120	31,020
	337,231	493,884
Non-current		
Prepayments	2,592,751	2,808,813
	2,592,751	2,808,813

Adelaide Oval Underwrite Agreement

In March 2014, the Club entered an agreement with the SANFL to facilitate the relocation of football from AAMI Stadium to Adelaide Oval and to assist the SANFL to repay its debt.

Previously where the Club used Adelaide Oval as its home ground, it paid a fixed amount as an Underwrite Fee. As part of the Adelaide Oval Commercial Review undertaken in the 2018 year, these underwrite payments ceased in 2019.

During the year, an underwrite expense of \$216,063 was recognised in profit or loss. (2019: \$216,063). As a result of the Adelaide Oval Underwrite Agreement changes noted above, the annual expense should remain consistent at \$216,063 in 2021 and ongoing until 2033. The expense has been fully prepaid with \$2,808,813 recorded within prepayments and there are no further cash payments to be made.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

10 Property, plant and equipment

<i>In AUD</i>	Land	Buildings on leasehold land	Buildings	Player facility	Plant and equipment	Right of Use Assets	Capital work in progress	Total
Cost								
Balance at 1 November 2019	145,455	7,266,282	475,410	20,061,772	6,165,593	-	46,134	34,160,646
Adoption of AASB16	-	(3,679,170)	-	-	-	3,922,169	-	242,999
Additions	-	-	-	-	282,674	-	12,454	295,128
Transfers	-	-	-	-	19,110	-	(19,110)	-
Disposals	-	(25,000)	-	-	(298,654)	-	(27,023)	(350,677)
Balance at 31 October 2020	145,455	3,562,112	475,410	20,061,772	6,168,723	3,922,169	12,455	34,348,096
Accumulated depreciation and impairment losses								
Balance at 1 November 2019	-	2,997,971	272,697	5,018,192	5,363,299	-	-	13,652,159
Adoption of AASB16	-	(307,134)	-	-	-	307,134	-	-
Depreciation for the year	-	169,692	22,624	501,544	404,285	185,786	-	1,283,931
Disposals and Reclassifications	-	(9,159)	-	-	(263,439)	-	-	(272,598)
Balance at 31 October 2020	-	2,851,370	295,321	5,519,736	5,504,145	492,920	-	14,663,492
Carrying amounts								
At 31 October 2019	145,455	4,268,311	202,713	15,043,580	802,294	-	46,134	20,508,487
At 31 October 2020	145,455	710,742	180,089	14,542,036	664,578	3,429,249	12,455	19,684,604

The Club leases the land on which the Administration Building and Player Facility are situated from the SANFL. This lease is due to expire in 2048. The Club has exclusive rights to certain assets at Adelaide Oval for a period expected to be not less than 60 years (2014 to 2073).

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

<i>In AUD</i>	2020	2019
11 Trade and other payables		
Current		
Trade payables	747,155	1,530,480
Accrued expenses	2,659,735	3,674,517
Goods and services tax	158,153	847,325
SANFL game development grant liability ⁽ⁱ⁾	768,431	753,282
	<u>4,333,474</u>	<u>6,805,604</u>
Non-current		
SANFL game development grant liability ⁽ⁱ⁾	<u>4,683,593</u>	<u>5,236,652</u>
(i) In March 2014, the Club committed to support the development of football in South Australia through a Game Development Grant payable to the SANFL, ending 2028. The liability for these future payments is recognised at its net present value.		
12 Unearned income		
Current		
Income received in advance	<u>5,457,013</u>	<u>6,209,750</u>
13 Loans and borrowings		
Current		
Commercial bills	<u>4,500,710</u>	<u>1</u>
The effective interest rate on short term borrowings was 3.26% (2019: 4.12%).		
In December 2020, the Club signed an increased loan facility of \$10,000,000 (2019: \$5,000,000) with Bendigo and Adelaide Bank which provides the Club with the financial stability to remain a financially independent unassisted club with the AFL.		
14 Provisions		
Current		
Liability for long service leave	669,959	823,173
Liability for annual leave	626,678	522,209
	<u>1,296,637</u>	<u>1,345,382</u>
Non-current		
Liability for long service leave	<u>357,566</u>	<u>317,349</u>
During the year, the Club recognised \$1,683,710 contribution to defined contribution plans in the profit or loss (2019: \$1,930,726).		

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

15 Leases

<i>In AUD</i>	2020	2019
Current liability		
Property	82,901	-
Motor Vehicles	15,012	-
	<u>97,913</u>	<u>-</u>
Non-current liability		
Property	6,382	-
Motor Vehicles	23,156	-
	<u>29,538</u>	<u>-</u>

Lease liability primarily relates to the lease of office spaces and motor vehicles. These leases generally have terms between 1 to 4 years, with options to extend for a further 4 years.

In addition to this, the Club holds a lease agreement for the right to use the Administration Building and Player Facility situated at the AAMI Stadium owned by the SANFL. The said premises are leased to the Club for \$1 per annum, and as such is held off-balance sheet due to significantly below-market terms and conditions principally to enable it to further its objectives. The lease expires on 31 October 2048.

The Club also holds a sub-license agreement with the SANFL for the right to use certain areas of the Adelaide Oval, such as the change rooms and premiership suite. The Club has exclusive rights to said areas for a period expected to be not less than 60 years (from 2014 until 2073). The Club has no lease liability recorded under this arrangement, while the related right-of-use asset amounting to \$3,310,717 as at 31 October 2020, representing its deemed cost less accumulated depreciation, is presented within property, plant and equipment. The Club is dependent on this lease to further its objectives as it utilises the areas for the benefit of its players.

The carrying amounts of right-of-use assets recognised and the movements during the period are set out in Note 10.

16 Issued Capital

Share capital

The Parent Company is limited by guarantee. If the Company is wound up, the Articles of Association state that each member is required to contribute any sums unpaid on shares held towards meeting any outstanding obligations of the Company. At 31 October 2020, there is one member (2019: one member). Notwithstanding, no member need contribute more than an aggregate of \$0.10 (\$0.10) to the winding up of the Adelaide Football Club.

Nature and purpose of the reserves

Establishment reserves

Establishment reserves represents administration and consultancy costs contributed by the South Australian National Football League in the formation of the Adelaide Football Club.

17 Commitments

(i) Player and coaching remuneration contracts

The Club negotiates individual contracts of varying length and terms for each of the football players and coaching staff. Certain players are entitled to receive base payments regardless of their level of performance or number of games played, as well as entitlements should player employment contracts be terminated before expiry. Selected coaching staff are also entitled to performance related payments. As contract terms in this regard vary considerably, with some future payments dependent upon number of matches played, level of performance, whether players remain on approved lists and early termination, it is not practical to estimate the total future commitments or contingencies under playing and coaching contracts. However, base contractual commitments are as follows:

<i>In AUD</i>	2020	2019
Payables		
Within one year	12,062,490	16,875,301
One year or later and no later than five years	6,514,333	17,222,650
	<u>18,576,823</u>	<u>34,097,951</u>

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

18 Related parties

Key management personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Club and includes the directors and executive management.

Executive management comprises:

A Fagan	Chief Executive Officer
S Smallacombe	Chief Financial Officer
N Smart	Chief Operating Officer – resigned 31 October 2020
D Johnston	Chief Commercial Officer
I Shuttleworth	General Manager, Media & Communications
N McArdle	General Manager, Strategy & Projects
C Wood	General Manager, People, Performance & Culture
A Kelly	Head of Football – commenced 2 January 2020

The total key management personnel compensation recognised during the year was \$2,761,429 (2019: \$3,144,239).

Transaction with related parties

Transactions between the Club and related parties are on normal commercial terms no more favourable than those available to other external parties.

(I) Directors' transactions

During the year the directors purchased club membership and coterie packages, finals tickets, attended Club functions, made donations and contributed towards fundraising auctions. The terms and conditions of the transactions with the directors and their director related entities were no more favourable than those available, or which might be reasonably expected to be available, on similar transactions to non-director related entities on an arm's length basis.

<i>In AUD</i>	2020	2019
Net (income)/expenses from director related entities including GST:		
Alma Hotel	-	865
Seppeltsfield Wines Pty Ltd	(20,000)	-
Bendigo and Adelaide Bank	(283,722)	(263,974)
University of South Australia	(319,000)	(232,840)
O'Loughlin's Lawyers	(7,680)	(9,110)
Department of Premier and Cabinet	(4,048)	(3,038)
Adelaide Oval SMA	18,949	-

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

18 Related parties (continued)

(II) Australian Football League (AFL)

The AFL became a related party in 2014 when it became the sole voting member of the Company.

The Club entered into the following transactions with the AFL:

<i>In AUD</i>	2020	2019
Distribution to the Club	10,182,166	12,996,000
Net goods and services		
Revenue	444,786	1,184,684
Expenses	(1,417,333)	(3,153,552)
Net expense	(972,547)	(1,968,868)
Net receivables/(payables)	(42,904)	(115,034)

19 Subsequent events

As a result of the evolving nature of the COVID-19 pandemic and the rapidly evolving government policies of restrictive measures put in place to contain it, as at the date of these financial statements, the Group is not in a position to reasonably estimate the financial effects of the COVID-19 pandemic on the future financial performance and financial position of the Group. Subsequent to year end, a reduction in the Club's 2020 SANFL participation fee was negotiated with the SANFL as a result of its inability to participate in the competition due to AFL regulations in that year. In December 2020, the Club signed an increased loan facility of \$10,000,000 (2019: \$5,000,000) with Bendigo and Adelaide Bank which provides the Club with the financial stability to remain a financially independent unassisted club with the AFL.

Other than the current disclosures, there have been no events subsequent to reporting date which would have a material impact on the Group's 31 October 2020 financial statements.

20 Economic dependency

A significant portion of income derived by the Club is received from the Australian Football League.

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

21 Group entities

	Country of incorporation	Ownership interest	
		2020	2019
<i>Parent entity</i>			
Adelaide Football Club Limited	Australia		
<i>Controlled entities</i>			
AFC eSports Pty Ltd	Australia	100%	100%
AFC eSports Trust	Australia	100%	100%
Adelaide Baseball Pty Ltd	Australia	100%	100%
Adelaide Baseball Trust	Australia	100%	100%
ASE Management Pty Ltd	Australia	100%	100%
ASEM Trust	Australia	100%	100%
Adelaide Sports & Entertainment Pty Ltd	Australia	100%	100%
META Partnership (High School e-League)	Australia	100%	100%

Adelaide Football Club Limited & its controlled entities

Notes to the consolidated financial statements (continued)

For the year ended 31 October 2020

22 Parent entity disclosures

Adelaide Football Club Limited is the parent entity of the Group for the financial year ended 31 October 2020.

<i>In AUD</i>	Parent	
	2020	2019
Profit/(loss) for the year	(3,550,873)	501,226
Total comprehensive income/loss attributable to the member	(3,550,873)	501,226
Financial position of the parent entity at the year end		
Current assets	3,845,744	5,023,331
Non-current assets	22,192,453	23,243,009
Total assets	26,038,197	28,266,340
Current liabilities	15,343,639	14,123,304
Non-current liabilities	5,070,697	5,554,000
Total liabilities	20,414,336	19,677,304
Equity	5,623,861	8,589,036

As at 31 October 2020 there were no material or significant legal claims or contingencies against the parent entity (2019: \$nil).


Adelaide Football Club Limited & its controlled entities

Directors' declaration

In the opinion of the directors of Adelaide Football Club Limited (the Company):

- (a) the Company is not publicly accountable;
- (b) the financial statements and notes that are set out on pages 15 to 33 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Group's financial position as at 31 October 2020 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Regime and the Corporations Regulations 2001; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.



Hon. J W Olsen, AO
Chairman

Dated at Adelaide this 3rd day of February 2021.

Independent Auditor's Report

To the Members of Adelaide Football Club Limited

Opinion

We have audited the **Financial Report** of Adelaide Football Club Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

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

The **Financial Report** comprises:

- *Consolidated statement of financial position* as at 31 October 2020;
- Consolidated statement of comprehensive income, Consolidated statement of changes in equity, and Consolidated statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The **Group** consists of Adelaide Football Club Limited (the Company) and the entities it controlled at the year end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

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

Other Information

Other Information is financial and non-financial information in Adelaide Football Club Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.



Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*;
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- 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. They 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 the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf. This description forms part of our Auditor's Report.



Paul Cenko
Partner

Adelaide

8 February 2021



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