

**CLAREMONT FOOTBALL CLUB (INC.)
INCOME STATEMENT
YEAR ENDED 31 OCTOBER 2014**

| | Note | 2014 \$ | 2013 \$ |
|---|------|------------|------------|
| BAR | | | |
| Sales | | 136,696 | 250,864 |
| Cost of goods sold | | (68,432) | (104,822) |
| Gross Profit | | 68,264 | 146,042 |
| Income from room hire | | 318 | 5,341 |
| Depreciation of plant & equipment | | (5,400) | (10,800) |
| Superannuation contributions | | (4,382) | (4,288) |
| Other expenditure | | (62,719) | (89,777) |
| Profit on bar trading | | (3,919) | 46,518 |
| MARKETING | | | |
| Income | | 585,415 | 619,910 |
| Expenditure | | (175,635) | (174,757) |
| Profit | | 409,780 | 445,153 |
| TALENT DEVELOPMENT, GROW THE GAME & DISTRICT | | | |
| Other income | | 138,992 | 239,207 |
| Superannuation contributions | | (14,042) | (12,446) |
| Other expenditure | | (294,035) | (314,302) |
| Profit/(loss) | | (169,085) | (87,541) |
| FOOTBALL | | | |
| Income - player transfer fees | | 115,000 | 187,909 |
| WAFC Management & Coaching Grants | | 580,417 | 384,086 |
| Other income | | 3,245 | 44,940 |
| Superannuation contributions | | (33,568) | (39,496) |
| Provision for long service leave | | (6,532) | - |
| Other expenditure | | (729,952) | (759,019) |
| Profit/(loss) | | (71,390) | (181,580) |
| FACILITIES | | | |
| Rent and Ground Hire | | 15,045 | 40,864 |
| Other income | | 406,683 | 257,955 |
| Other expenditure | | (209,967) | (161,532) |
| Profit | | 211,761 | 137,287 |
| GENERAL AND ADMINISTRATION | | | |
| Membership Income | | 34,838 | 41,134 |
| Interest income - other persons/corporations | | 367 | 919 |
| Other Income | | 43,931 | 97,232 |
| | | 79,136 | 139,285 |
| Less: Bad and Doubtful Debts | | (5,000) | - |
| Amortisation of leasehold improvements | | (12,823) | (13,797) |
| Depreciation of plant & equipment | | (15,111) | (14,616) |
| Interest expense - other persons/corporations | | (828) | (2,227) |
| Provision for long service leave | | (3,046) | (5,233) |
| Superannuation contributions | | (23,108) | (22,452) |
| Other expenditure | | (470,432) | (436,151) |
| Loss | | (451,212) | (355,191) |
| PROFIT/(LOSS) FROM OPERATIONS FOR THE YEAR | | (74,065) | 4,646 |
| Less: Abnormal loss due to write off of property, plant & equipment | 10 | (35,845) | - |
| NET PROFIT/(LOSS) FOR THE YEAR | | (109,910) | 4,646 |

**CLAREMONT FOOTBALL CLUB (INC.)
BALANCE SHEET
AS AT 31 OCTOBER 2014**

| | Note | 2014 \$ | 2013 \$ |
|--------------------------------|------|----------------|----------------|
| CURRENT ASSETS | | | |
| Cash assets | 9 | 227,337 | 364,447 |
| Receivables | 2 | 132,409 | 96,030 |
| Inventories | 3 | 38,849 | 31,120 |
| | | <u>398,595</u> | <u>491,597</u> |
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 4 | 93,308 | 118,595 |
| | | <u>491,903</u> | <u>610,192</u> |
| TOTAL ASSETS | | | |
| CURRENT LIABILITIES | | | |
| Payables | 5 | 240,168 | 260,681 |
| Interest bearing liabilities | 6 | 1,290 | 7,914 |
| Provisions | 7 | 104,331 | 85,043 |
| | | <u>345,789</u> | <u>353,638</u> |
| NON-CURRENT LIABILITIES | | | |
| Interest bearing liabilities | 6 | - | 530 |
| | | <u>345,789</u> | <u>354,168</u> |
| TOTAL LIABILITIES | | | |
| NET ASSETS | | | |
| | | <u>146,114</u> | <u>256,024</u> |
| ACCUMULATED FUNDS | | | |
| Balance at beginning of year | | 256,024 | 251,378 |
| Net profit/(loss) for the year | | (109,910) | 4,646 |
| | | <u>146,114</u> | <u>256,024</u> |
| Balance at end of year | | <u>146,114</u> | <u>256,024</u> |

**CLAREMONT FOOTBALL CLUB (INC.)
STATEMENT OF CASH FLOWS
YEAR ENDED 31 OCTOBER 2014**

| | Note | 2014 \$ | 2013 \$ |
|--|------|-----------------------|-----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from marketing, fundraising, football & patrons | | 1,984,571 | 2,123,800 |
| Receipts from members subscriptions | | 34,838 | 41,134 |
| Payments to suppliers and employees | | (2,104,804) | (2,223,864) |
| Interest received | | 367 | 919 |
| Interest paid | | (828) | (2,227) |
| NET CASH FLOWS USED IN OPERATING ACTIVITIES | 9(a) | <u>(85,856)</u> | <u>(60,238)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for plant, equipment, furniture and fittings | | (18,692) | (32,651) |
| Payments for leasehold improvements | | (25,200) | - |
| Payments for redevelopment project | | - | 4,707 |
| Investment in term deposit | | (208) | (248) |
| NET CASH FLOWS USED IN INVESTING ACTIVITIES | | <u>(44,100)</u> | <u>(28,192)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayments of equipment lease | | (7,154) | (4,485) |
| Proceeds from equipment lease | | - | 12,929 |
| NET CASH FLOWS USED IN FINANCING ACTIVITIES | | <u>(7,154)</u> | <u>8,444</u> |
| NET INCREASE/(DECREASE) IN CASH HELD | | (137,110) | (79,986) |
| CASH AT THE BEGINNING OF THE FINANCIAL YEAR | | <u>364,447</u> | <u>444,433</u> |
| CASH AT THE END OF THE FINANCIAL YEAR | 9(b) | <u><u>227,337</u></u> | <u><u>364,447</u></u> |

**CLAREMONT FOOTBALL CLUB (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2014**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a special purpose financial report prepared to satisfy the financial report preparation requirements of the Associations Incorporation Act 1987 (WA). The directors have determined that the club is not a reporting entity.

Basis of Preparation

The report has been prepared in accordance with the requirements of the Act, and the following policies:

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical cost.

The following is a summary of the material accounting policies adopted by the club in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at nominal value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(b) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

(c) Property, Plant and Equipment

The cost of improvements to or on leasehold properties is amortised over the period of the lease in respect of costs incurred before 1 November 1998.

The cost of improvements to or on leasehold properties incurred after 1 November 1998 is amortised over a period of ten years. The Club's head-lease with Claremont Town Council for its premises was renewed for a further 10 years in 2002 and has since been rolled over.

Depreciation is calculated primarily on a straight line basis so as to write off the net cost of each fixed asset over its expected useful life.

Major depreciation periods are:

- * Leasehold improvements 4-16 years
- * Plant and equipment 3-20 years; and
- * Furniture and fittings 5-20 years.

(d) Inventories

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

CLAREMONT FOOTBALL CLUB (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 OCTOBER 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Leases

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

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight line basis.

Contingent rentals are recognised as an expense in the financial year in which they are incurred.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the club are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the statement of financial performance.

The cost of improvements to or on leased property is capitalised, disclosed as leasehold improvements, and amortised over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is the shorter.

(f) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the club.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the club and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Rendering of Services

Where the contract outcome can be reliably measured:

- control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured. Stage of completion is measured by reference to the labour hours incurred to date as a percentage of total estimated labour hours for each contract.

Where the contract outcome cannot be reliably measured:

- revenue is recognised only to the extent that costs have been incurred.

Interest

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

CLAREMONT FOOTBALL CLUB (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 OCTOBER 2014

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Employee entitlements

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities which have terms to maturity approximating the terms of the related liability are used.

Employee entitlements expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave entitlements; and
- other types of employee entitlements

are charged against profits on a net basis in their respective categories.

(i) Income Tax

The Club is not subject to income tax and as such there is no provision for income tax payable.

(j) Impairment

The carrying value of assets are reviewed each reporting date to determine whether there is any indication of impairment. If any such indications exist, the assets recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

(k) Going Concern

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

For the year ended 31 October 2014, the Club made a deficit of \$109,910 (2013: surplus of \$4,646) and had cash outflows from operating activities of \$85,856 (2013: \$60,238)

The ability of the Club to continue as a going concern is principally dependent upon continued support from the Western Australian Football Commission, Club members and sponsors. These conditions indicate a material uncertainty that may cast significant doubt about the ability of the Club to continue as a going concern. In the event the above matters are not achieved, the Club will be required to raise funds from other sources.

The Board have prepared a budget, which indicates that the Club will have sufficient cash flows to meet all commitments and working capital requirements for the 12 month period from the date of signing this financial report.

Should the Club be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or to the amount and classification of liabilities that might result should the Club be unable to continue as a going concern and meet its debts as and when they fall due.

| | 2014 | 2013 |
|---------------------------------|----------|----------|
| | \$ | \$ |
| 2. RECEIVABLES - CURRENT | | |
| Trade Debtors | 134,962 | 103,371 |
| Provision for doubtful debts | (32,000) | (27,000) |
| | ----- | ----- |
| | 102,962 | 76,371 |
| Other debtors and prepayments | 23,453 | 13,873 |
| Term deposits | 5,994 | 5,786 |
| | ----- | ----- |
| | 132,409 | 96,030 |
| | ===== | ===== |

CLAREMONT FOOTBALL CLUB (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 OCTOBER 2014

| | 2014 | 2013 |
|---|---------------|----------------|
| | \$ | \$ |
| 3. INVENTORIES | | |
| Bar stocks - at cost | 9,924 | 9,528 |
| Merchandise stocks - at cost | 28,925 | 21,592 |
| | <u>38,849</u> | <u>31,120</u> |
| | ===== | ===== |
| 4. PROPERTY, PLANT AND EQUIPMENT | | |
| Leasehold improvements - at cost | 117,539 | 748,267 |
| Less Accumulated amortisation | (75,585) | (685,108) |
| | <u>41,954</u> | <u>63,159</u> |
| | ----- | ----- |
| Furniture and fittings - at cost | 40,405 | 228,128 |
| Less Accumulated depreciation | (29,441) | (216,021) |
| | <u>10,964</u> | <u>12,107</u> |
| | ----- | ----- |
| Plant and equipment - at cost | 148,336 | 311,610 |
| Less Accumulated depreciation | (107,946) | (268,281) |
| | <u>40,390</u> | <u>43,329</u> |
| | ----- | ----- |
| Total property, plant and equipment at written down value | <u>93,308</u> | <u>118,595</u> |
| | ===== | ===== |

Reconciliation of movements

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year.

Leasehold Improvements

| | | | |
|---|---------|---------------|---------------|
| Carrying amount at beginning | | 63,159 | 76,956 |
| Additions | | 25,200 | - |
| Amortisation expense | | (12,823) | (13,797) |
| Loss due to write off of Leasehold Improvements | Note 10 | (33,582) | - |
| Carrying amount at end | | <u>41,954</u> | <u>63,159</u> |
| | | ===== | ===== |

Furniture and Fittings

| | | | |
|---|---------|---------------|---------------|
| Carrying amount at beginning | | 12,107 | 17,660 |
| Additions | | 4,022 | - |
| Depreciation expense | | (3,320) | (5,553) |
| Loss due to write off of Furniture and Fittings | Note 10 | (1,844) | - |
| Carrying amount at end | | <u>10,965</u> | <u>12,107</u> |
| | | ===== | ===== |

Plant and Equipment

| | | | |
|--|---------|---------------|---------------|
| Carrying amount at beginning | | 43,329 | 30,541 |
| Additions | | 14,670 | 32,651 |
| Depreciation expense | | (17,191) | (19,863) |
| Loss due to write off of Plant and Equipment | Note 10 | (419) | - |
| Carrying amount at end | | <u>40,389</u> | <u>43,329</u> |
| | | ===== | ===== |

Redevelopment Activities

The Club has commenced redevelopment activities at Claremont Oval, and has entered into an agreement with LandCorp whereby the parties have agreed to the following:

- Cancellation of the existing lease
- LandCorp will grant freehold title of the land to the Club on a conditional use basis.
- The construction of the Club's facilities will be funded by LandCorp for an amount of up to \$16.5 million
- If construction costs exceed \$16.5 million, the Club is obligated to fund the excess.
- The excess land to the North of the Club facilities will be sold by the Government and up to \$1.5m of the proceeds will be granted to the Club and placed in a maintenance reserve..

Redevelopment Activities have been funded by LandCorp, and have not been reflected in this financial report

CLAREMONT FOOTBALL CLUB (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 OCTOBER 2014

| | 2014 | 2013 |
|--|-----------------|------------------|
| | \$ | \$ |
| 5. PAYABLES - CURRENT | | |
| Trade creditors | 145,683 | 149,693 |
| Sundry creditors | 94,485 | 110,988 |
| | <u>240,168</u> | <u>260,681</u> |
| 6. INTEREST BEARING LIABILITY | | |
| Equipment lease (Telstra) - current | 1,290 | 7,914 |
| Equipment lease (Telstra) - non-current | - | 530 |
| | <u>1,290</u> | <u>8,444</u> |
| 7. PROVISIONS - CURRENT | | |
| Employee entitlements | <u>104,331</u> | <u>85,043</u> |
| 8. AUDITORS REMUNERATION | | |
| Amounts receivable or due and receivable by the auditors: | | |
| Auditing accounts | <u>6,500</u> | <u>6,500</u> |
| 9. STATEMENT OF CASH FLOWS | | |
| (a) <i>Reconciliation of net cash flows from operating activities to operating profit/(loss)</i> | | |
| Net Profit/(Loss) | (109,910) | 4,646 |
| Bad and doubtful debts | 5,000 | - |
| Depreciation, amortisation and losses on disposal | 69,179 | 39,213 |
| Increase/(decrease) in provision for employee entitlements | 19,288 | 18,733 |
| Change in operating assets and liabilities | | |
| - Decrease/(increase) in receivables, excluding bad and doubtful debts | (41,171) | (4,508) |
| - Decrease/(increase) in inventories | (7,729) | 9,452 |
| - Increase/(decrease) in trade and other creditors | <u>(20,513)</u> | <u>(127,774)</u> |
| Net cash flows from/(used in) operating activities | <u>(85,856)</u> | <u>(60,238)</u> |
| (b) <i>Reconciliation of cash</i> | | |
| Cash is reconciled as follows: | | |
| Cash | 5,380 | 16,080 |
| Cash at bank and on deposit | <u>221,957</u> | <u>348,367</u> |
| | <u>227,337</u> | <u>364,447</u> |
| 10. ABNORMAL LOSS DUE TO WRITE OFF OF PROPERTY, PLANT & EQUIPMENT | | |
| During the financial year the Club relocated its premises from Claremont Oval to the Showgrounds. This relocation occurred to facilitate the demolition of the Club's premises at Claremont Oval ahead of the construction of new premises for the Club at Claremont Oval. | | |
| As a consequence of this event, certain items of property, plant & equipment have been written off as the demolition of the Club's premises meant that they no longer had any economic benefit to the Club. | | |
| The amount written off totalled \$35,845. | | |
| 11. SUBSEQUENT EVENTS | | |
| No matters or circumstances have arisen since the end of the financial year that have significantly affected or may significantly affect: | | |
| a) the operations of the Club; | | |
| b) the results of those operations; or | | |
| c) the state of affairs of the Club in subsequent financial years. | | |
| 12. SEGMENT INFORMATION | | |
| Claremont Football Club (Inc) operates solely within the sporting industry in Australia. | | |

CLAREMONT FOOTBALL CLUB (INC.)
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 OCTOBER 2014

13. RELATED PARTY TRANSACTIONS

- (a) The Directors of Claremont Football Club (Inc) during the year were:

K Somes (appointed 12/12/13)
 K Casellas
 I Haggerty
 V Haskins (appointed 12/12/13)
 P Higgins (appointed 12/12/13)
 P Hollins (seconded March 2014)
 D Panizza
 J Ryan

- (b) The following payments have been made during the financial year to related parties:

Somes Cooke, of which Kevin Somes is a Partner, were paid audit fees totalling \$6,500 for 2013. Upon the appointment of Kevin Somes as President of the Club, Somes Cooke resigned as club auditors.

Murfett Legal, of which Jarrod Ryan is a Partner, were paid \$126,096 for legal services in respect of the Claremont Oval Redevelopment Project. This was funded by Landcorp.

14. FINANCIAL INSTRUMENTS

The club's accounting policies, including the terms and conditions of each class of financial asset and liability recognised at balance date are:

- (a) Trade Receivables

Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer possible.

Credit Sales are on 30 day terms.

- (b) Trade Creditors and Accruals

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the economic entity.

Trade liabilities are normally settled on 30 day terms.

- (c) Interest Rate Risk Exposure

The club's exposure to interest rate risk is considered minimal. The only financial instruments subject to fluctuations in interest rates are the investments in deposits which earn interest at the ruling rate. All other balances are non-interest bearing.

- (d) Net Fair Values

The aggregate net fair value of financial assets and financial liabilities approximate the carrying amount of the financial liabilities as indicated in the balance sheet. There are no unrecognised financial assets or financial liabilities at balance sheet date.

The following methods and assumptions are used to determine the net fair values of financial assets and liabilities.

Recognised Financial Instruments

Cash, cash equivalents and short term investments:

Trade receivables and payables:

Short-term borrowings:

Long-term borrowings:

The carrying amount approximates fair value because of their short-term to maturity.

The carrying amount approximates fair value because of their short-term to maturity.

The fair values of long-term borrowings are estimated using discounted cash flow analysis based on current incremental lending rates for similar types of lending arrangements.

- (e) Credit Risk Exposures

The club's maximum exposure to credit risk at balance sheet in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position.

- (f) Hedging Instruments

No hedging instruments were used by the club during the financial period.