



TASMANIAN



# ANNUAL FINANCIAL REPORT

HAWTHORN FOOTBALL CLUB LIMITED

| YEAR ENDING 31 OCTOBER 2022 |

ACN 005 068 851



**HAWTHORN FOOTBALL CLUB LIMITED  
AND ITS CONTROLLED ENTITIES  
ACN 005 068 851**  
GENERAL PURPOSE (SDS) FINANCIAL REPORT FOR  
THE YEAR ENDED 31 OCTOBER 2022

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## Directors' report

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The directors of Hawthorn Football Club Limited (the "Club") and its controlled entities (collectively, the "Group") submit their report for the year ended 31 October 2022.

### Directors

The Directors of the Club at any time during or since the end of the financial year are:

Jeff Kennett AC

Peter Nankivell

Katie Hudson

Anne-Marie Pellizzer

Radek Sali (Resigned: 28 February 2022)

Tim Shearer

Luke Stambolis

Richie Vandenberg

Owen Wilson

Ian Silk (Appointed: 21 February 2022)

### Information on Directors/Company secretary

#### Jeff Kennett AC, (President)

Jeff joined the Board in 2005, serving as President until 2011. He re-joined the Board as President in 2017 and will be retiring at the AGM this year.

Jeff was Premier of Victoria from 1992 to 1999 and Leader of the Opposition 1982-1989 and 1991-1992.

Jeff is currently Chairman of CT Management Group Pty Ltd. and a Director of Amtek Corporation Pty Ltd.

He is also Chairman of The Torch, a program assisting incarcerated Indigenous men and women post their release. He was one of only three non-Indigenous people to be invited to serve on the National Co-Design Group developing details of The Voice to the Federal Parliament for the Indigenous community.

Jeff was the founder of BeyondBlue: the national depression, anxiety and suicide initiative and was Chairman from 2000-2017. He was also Chairman of Equity Trustees from October 2017 to October 2020 and a Director from 2008 to October 2020.

#### Peter Nankivell (Vice-President)

Bachelor of Commerce, Bachelor of Laws, Master of Laws

Peter joined the Board in 2014. He has been a practising commercial lawyer for 35 years. Peter consults to Thomson Geer Lawyers and is a director and advisory board member to companies in funds management, professional services and real estate sectors.

In previous roles he was the Chair of Partners at Herbert Geer Lawyers, a Director and Chair of the Centre for Eye Research Australia, a Director of Xavier College Foundation and member of the Xavier College Finance and Audit Committee.

Peter is the Chair of the Governance Risk Integrity and Compliance Committee and a member of the Finance and Audit Committee, Kennedy Community Centre Control Group and CSJV committee.



## Directors' report (continued)

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### Directors (continued)

#### Katie Hudson

Bachelor of Commerce, Chartered Accountant.

Katie joined the board in 2019. Katie is a director and co-founder of Yarra Capital Management and has worked as a fund manager for more than 20 years. In previous roles Katie was Managing Director of Goldman Sachs Asset Management, a partner and equities analyst at JBWere and earlier in her career worked at PwC as a senior manager.

Katie is the Chair of the Finance and Audit Committee, Chair of the AFLW Football Sub-Committee and Chair of the CSJV committee and during the year was a member of the Nominations Committee.

#### Anne-Marie Pellizzer

Bachelor of Medicine, Bachelor of Surgery, Fellow of the Royal Australasian College of Physicians, Fellow of the Joint Faculty of Intensive Care Medicine, PhD.

Anne-Marie joined the Board in 2019 with the dual portfolios of Medical and Hawthorn history and tradition.

Anne-Marie is an Intensive Care Physician and practises peri-operative medicine in the St Vincent's and Epworth groups of hospitals. She is a VMO at St Vincent's Public Hospital and was Chairman of the St Vincent's Human Research and Ethics Committee 2003-2011. Anne-Marie is also a Company Director.

Anne-Marie's membership scarf reads 36 years and she first served in an official capacity on the Membership Committee convened after the successful Operation Payback campaign in 1996. She has been a member of Tucky's Ton, the Confreses, the Thornbirds, Glenferrie Gold and the Inner Hawks.

Anne-Marie Chairs the History, Tradition and Past Players Committee and is a member of the Awards Committee, the Governance Risk, Integrity & Compliance Committee and the Past Players and Officials Association Committee. She also served on the Nominations Committee and the COVID response team.

#### Radek Sali

Bachelor of Arts, Certificate of Finance, Certificate of Leadership.

Radek joined the Board in 2018. He founded and is Executive Chairman of investment group Light Warrior, having previously been CEO of Swisse Wellness group.

Radek was a member of the Club's Commercial Investments Committee and Capital Campaign Committee before resigning.

#### Tim Shearer

Bachelor of Business - Economics and Marketing, Graduate Diploma of Education.

Tim joined the Board in 2018. Tim had a 13-year commercial career at Unilever and Coca Cola Amatil from 1989 until 2002. In 2002 he transitioned into the education sector where he has been Executive Director of the Scotch College Alumni Association and more recently Director of Development and Executive Director of the Scotch College Foundation.

Tim Chairs the Hawthorn Football Club Foundation and the Club's Capital Campaign Committee. He is also a member of the Kennedy Community Centre Control Group, AFLW Football Sub-Committee and Nominations Committee.

## Directors' report (continued)

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### Directors (continued)

#### Ian Silk

Bachelor of Economics; Graduate Diploma in Labour Relations Law; Diploma of Financial Planning.

Ian was elected to the Board in the 2022 financial year. He has worked in the superannuation and financial services industry for 25 years and has recently been appointed the Chair of Crown Melbourne. In previous roles Ian was the Chief Executive of AustralianSuper and Australian Retirement Fund.

Ian is the Chair of the People and Culture Committee and the Nominations Committee and a member of the Commercial Investments Committee.

#### Luke Stambolis

B.Sc Construction Management (Hons.), Building Licence Category: Unlimited Commercial, Unlimited Residential Williamson Fellow, Leadership Victoria 2009.

Luke joined the Board in 2021. Luke has been in the commercial construction industry for 25 years. Currently Luke is the Managing Director of the Victorian business of RobertsCo and has leadership roles in previous Tier1 construction companies, Probuild and Multiplex. He brings a high level skill set in managing large scale developments and commercial building, specifically navigating design and risk management across feasibility planning, procurement, delivery and maintenance.

Luke Chairs the Kennedy Community Centre Control Group.

#### Richie Vandenberg

Bachelor of Business

Richie joined the Board in 2016. Richie is a past Hawthorn Football Club player and Captain, playing 145 AFL games and captaining the Club during 2005 - 2007. Richie is Co-Founder and Chief Executive Officer of the global wine business Limestone Coast Wines and The Hidden Sea, positions held since 2013. Richie has a 25-year association with the wine industry through his family enterprise as a grower and through ventures in the re-development and operations of vineyards throughout the South Australian Limestone Coast wine region and beyond.

Richie is Chair of the Football Sub Committee.

#### Owen Wilson

Bachelor of Commerce & Computer Science, Chartered Accountant, GAICD (Associate of Institute of Company Directors).

Owen joined the board in 2020 having more than 30 years' experience working across the information technology, recruitment and banking industries. He is currently the Chief Executive Officer of the ASX20 company REA Group, operator of realestate.com.au. Owen is also a director of the NYSE listed Property Guru Group, southeast Asia's leading property portal company. Prior to joining REA Group in 2014 he was Chief Financial Officer and Company Secretary of Chandler MacLeod Group. He has previously held positions with ANZ and KPMG across Australia, Asia and the UK. During his 15 years at ANZ, his roles included Chief Operating Officer of ANZ's Institutional and Investment Bank and Managing Director Retail Banking and International Partnerships Asia.

Owen is the Chair of the Commercial Investments Committee.



## Directors' report (continued)

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### Company Secretary

#### Nicholas Holland

Bachelor of Law, Bachelor of Applied Science, GAICD (Company Directors Course).

Nicholas was appointed Company Secretary of Hawthorn Football Club on 7 May 2021 and is currently General Manager - Legal, Risk & Integrity. Nick is a past Hawthorn Football Club player from 1994 - 2005, playing 179 games.

Nicholas is a member of the Governance, Risk, Integrity & Compliance Committee.

### Dividends

The Constitution of the Club prohibits the Club from the payment of dividends and accordingly no dividends were paid or declared during the year.

### Principal activities

The principal activities during the year of the Club were to compete within the Australian Football League ("AFL") by maintaining, providing, supporting, and controlling teams of footballers bearing the name of the Hawthorn Football Club.

### Controlled entities

The Club is required to present consolidated financial accounts. The consolidated group ("Group") comprises the Club, HFC CS Fixed Trust ("CSFT"), HFC CS Fixed Trust No.2 ("CSFT No.2"), Box Hill Hawks Football Club Ltd ("BHHFC"), HFC Foundation including the Public Ancillary Fund through its nominee HFC Foundation Nominees Pty Ltd ("Foundation"), Hawks Community Foundation Ltd, HFC Land Pty Ltd ("HFC Land") as trustee of the HFC Land Trust and Sweat Sports Pty Ltd ("Legacy Sports") as trustee of Sweat Sports Unit Trust.

The Club is the sole shareholder of the Foundation which is the trustee of the HFC Foundation, a Public Ancillary Fund.

The Club is the sole shareholder of Hawks Community Foundation Ltd which is a Public Benevolent Institution.

The Club is the sole unit holder of HFC Land Trust for which HFC Land Pty Ltd is the trustee.

The Club is the sole unit holder of Sweat Sports Unit Trust for which Sweat Sports Pty Ltd is the trustee. Legacy Sports generates consulting fees through providing sport and hospitality consulting services which was formed during the 2019 financial year.

The Club is the sole unit holder of CSFT and CSFT No.2 which collectively owns 100% interest in the Caroline Springs Joint Venture (CSJV), the nominee for which is CSJV Nominees Pty Ltd. CSJV was the leasehold operator of the WestWaters Hotel & Entertainment Complex. The hotel was sold during the financial year with settlement on 24 October 2022 and is included in discontinued operations.

While the Club does not hold an ownership interest in BHHFC, the Club is deemed to have the ability to control the financial and operating policies of BHHFC; and consequently, consolidates this entity.

## Directors' report (continued)

### Operating results for the year

The Club announces that the consolidated net surplus attributable to the members of the Club for the year ended 31 October 2022 is \$35,130,203 (2021: \$1,653,219). The Club also notes a net surplus of \$752,006 for the Club's football operations\* (2021: \$255,747). A summary of results for the financial year is displayed in the table below:

	<b>2022</b>
	<b>\$</b>
Consolidated surplus	35,130,203
Consolidated surplus excluding gain on sale	3,117,824
Club football operations surplus*	752,006

\*Football operations relates to the Football Club's surplus/deficit prior to depreciation, investments, foundations and other consolidated entities.

### Short and long-term objectives of the Club

The Club is well positioned both on and off the field to continue to build upon our purpose of being a successful, sustainable and socially inclusive Club.

On the football field, the Club had a year of significant growth. Under new Senior Coach Sam Mitchell, the focus remained on embedding a new game plan that will stand the test of finals pressure when the time comes and ensuring our next generation of players emerge and develop.

With the Club's first AFLW season now successfully completed, work is underway to build on the early progress, further embed the women's program into all aspects of the Club and ensure a 'one Club' mentality.

Off the field, the Club exits 2022 in a strong financial position, with a set of commercial partners signed on for 2023. Alongside the sale of the Club's gaming venues, the Club enters a new era focusing on remaining financially sustainable and independent.

The Kennedy Community Centre ("KCC") remains a priority for the future of the Club, with work continuing throughout 2022.

Given the impact of COVID-19 in the past few years, a key focus for the Club is to continue to support our staff, players and members. In 2023 the Club will aim to continue to reward members for their ongoing support in recent years.

### Exit from Gaming | Future State

Previously, gaming and hospitality contributed significantly to the profitability and financial strength of the Club. In the 2022 financial year gaming and hospitality generated income of \$2.8m and in the years prior to covid this number was considerably higher. The consistent income and surpluses generated helped position the Club to be able to withstand unexpected financial events such as COVID-19.

The Club was able to exit gaming in 2022, achieving strong prices for both assets with net proceeds across both transactions just short of \$40m. This reduces the Club's income but increases our investment asset base. Excluding income from investment assets, the Club's operations are projected to run at a modest surplus without gaming revenues and including the operating costs of the Kennedy Community Centre. The Club is focused on deploying capital in a diversified investment portfolio, generating less income than what gaming assets offered but with the potential for increased capital growth.

The Club also wishes to thank its members, commercial partners and community and philanthropic donors for their continued support. Despite one of the most challenging economic periods in decades, all have continued to loyally support the Club - and that has not gone unnoticed.



## Directors' report (continued)

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### Operating results for the year (continued)

#### Exit from Gaming | Future State (continued)

The KCC is the largest capital works project the Club has undertaken to date, with a total cost in the vicinity of \$100m. The project will be funded from a combination of key stakeholders including major donors, Government, AFL, Club funds and a significant portion of gaming sale proceeds. Post project, it is anticipated the Club will invest the remainder of the gaming and hospitality proceeds to generate income to in part replace gaming revenues.

The future state will provide the Club with a leading football and community facility but with far more modest investable assets and income than the past and current states. Accordingly, with less financial flexibility to be able to respond to unexpected events beyond the Club's control, the Club will continue to remain commercially prudent in running its operations whilst also partnering closely with the AFL and members and fans to raise funds required to build an asset with broader AFL benefit.

#### Performance management

After two years of disruptions, 2022 presented a return to normality, with members and fans back in the stands without restrictions.

The Club broke its membership record with 81,494 signed up in 2022. With the Club playing its inaugural season in AFLW, this number also includes more than 5,500 AFLW members. This AFLW membership figure is comparatively one of the strongest in the competition. The focus next year will be on continuing to grow our total membership number while also ensuring our members are rewarded for their loyalty in recent years.

The Kennedy Community Centre remains a key strategic priority for the Club, with significant work undertaken throughout 2022 to ensure the facility caters to the elite requirements of the Club whilst also creating an engaging, welcoming home for all Hawthorn members and fans.

Our members, staff and partners have played a critical role in ensuring the Club remains in a stable and sustainable position.

#### Board of directors

During the year, the Board welcomed Ian Silk as a director. In turn, the Board farewelled Radek Sali who retired as a director at the end of the 2021 financial year. On behalf of all members the Board extends our sincere thanks to Radek for his contribution to the Club.

#### Cultural safety review

The Hawthorn Football Club Limited is committed to putting the best interests and welfare of the players and staff as our number one priority and ensuring a safe and inclusive environment for all.

Earlier this year, the Club initiated and engaged external First Nations consultants (Binmada) to liaise with current and former First Nations players and staff and learn more about their experience at the Club.

This important work has raised matters that require further investigation and consideration. These matters were referred to AFL integrity as is appropriate and the Club is currently cooperating with the AFL as part of their investigative process.

#### Football

2022 was a year of solid growth and development on the football field, with the Hawks showing positive signs to record eight wins (one more than last year) and finish in 13th position on the ladder. Despite not making the finals, significant steps were taken on the journey towards the Club's next premiership, with further foundations laid for the Club's future success.

Sam Mitchell has led brilliantly throughout his first year as Senior Coach, working hard to embed a brand of football that is exciting and attacking, but can also stand up to the rigours of finals football, whenever that time may come. More broadly in our coaching ranks, we bid farewell to Damian Monkhorst and Andy Otten, who have both departed the Club following thirteen years and three years of service, respectively.

## Directors' report (continued)

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### Operating results for the year (continued)

#### Football (continued)

A new wave of talent has filled Hawks fans with genuine excitement for what's to come in 2023, with the likes of Dylan Moore, Jai Newcombe, Mitch Lewis and Finn Maginness making significant leaps when given their opportunities. While First-year Hawks, such as Josh Ward and Connor MacDonald have showed glimpses of their potential in the brown and gold. Hawthorn blooded eight debutants across the season, on top of a further eight last year.

James Sicily completed a remarkable comeback following more than a year on the sidelines with a serious knee injury to claim his first Peter Crimmins Medal. Ned Reeves was awarded the Club's Most Promising Player after taking some big strides, while Mitch Lewis took out the Most Improved Player for 2022. Jai Newcombe's stellar campaign saw him secure the coveted Lethal Award, and Blake Hardwick was recognised as Most Courageous Player.

Captain Ben McEvoy and premierships player Liam Shiels announced their retirements from the game. Ben exited the game as a dual premierships Hawk, having played 252 games. While Liam won three premierships in the brown and gold and leaves the game as a one-club player, representing the Hawks 255 times.

Additions during the trade and free agency window included Karl Amon from Port Adelaide, Lloyd Meek from Fremantle, and Cooper Stephens from Geelong. Karl joins the Club fresh from a career-best year, where he cemented his status as one of the league's elite wingmen and topped the Power's Brownlow vote-getters. Having turned 27 this year and played 124 games, Karl perfectly complements the Club's list.

Three-time Peter Crimmins Medallist Tom Mitchell departed the Club through a trade with Collingwood, while West Australian Jaeger O'Meara returned to his home state after the Hawks facilitated a trade with Fremantle. The Club also farewelled Daniel Howe, Kyle Hartigan, Tom Phillips, Connor Downie, Jackson Callow and Jack Saunders, who were not offered contracts for the 2023 season.

The Hawks AFLW program was a real highlight in 2022, in what was the historic first season in the AFLW competition. The Hawks unveiled 18 debutants across their inaugural season and rewarded all 30 players on their list with a game in the brown and gold. Led by Senior Coach Bec Goddard, the Hawks finished with three wins, which placed them 15th on the ladder at the conclusion of the season.

The women's program also placed a significant emphasis on growth and development among a young and exciting list. This was highlighted through two AFLW Rising Star nominations, with Jasmine Fleming nominated in Round 5 following Hawthorn's first win over Sydney and Lucy Wales nominated in Round 7 following Hawthorn's victory over Port Adelaide.

Senior players Tilly Lucas-Rodd and Kaitlyn Ashmore also celebrated milestones of their own, playing their 50th AFLW games throughout the season. At the end of the season, the Hawks said goodbye to Vice-Captain Jess Duffin, who announced her retirement following seven seasons in the league as an inaugural AFLW player.

#### Tasmania

Set against the backdrop of a highly visible and vocal national campaign for a Tasmanian team, Hawthorn continued its 22-year focus on delivering economic, community and tourism results for the people of Tasmania. The Club's four Launceston matches amplified important social and cultural themes with the ANZAC Round, Sir Doug Nicholls Round, our Member Legends Round, and the State's inaugural Emergency Services match highlighting Hawthorn's commitment to understanding and supporting issues and opportunities important to the local Tasmanian community.

A mid-season reprieve on COVID-19 capacity restrictions enabled the Tasmanian budget to be comfortably surpassed, with new government partnerships established in the 2022 season presenting opportunities for greater collaboration with the State across future seasons.

2022 also saw a significant re-evaluation of the Club's partnership with AFL Tasmania, culminating in a more strategic and meaningful collaboration on projects that have delivered a suite of school programs aimed at increasing interest and participation in junior and senior school football programs.



## Directors' report (continued)

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### Operating results for the year (continued)

#### Tasmania (continued)

The Club is particularly proud of its contribution to the pre-season game against Richmond played in Devonport. The Healing for Hillcrest match was an expression of support of, and hope for, the north-west community as they come to terms with the terrible loss experienced at the end of 2021.

With a 20-year association with Tasmania and its community, the Club looks forward to a long and healthy relationship with Tasmania, and our Tasmanian members, regardless of the AFL's decision regarding a 19th AFL team to be based in Tasmania.

#### Facilities

Work continues preparing the Kennedy Community Centre for major construction, with the environmental phase ongoing, but essential in ensuring the site is ready for construction to commence next year.

After a significant amount of work, the finishing touches to the design and scope of the project are being applied in close consultation with contractors and the football department before contracts are finalised.

The escalation in building and labour costs, a problem nationally, means the Club has had to be very cautious as it progresses through the planning stages. However, the Club remains committed to delivering the project which will ensure Hawthorn has an elite training, administrative and community facility, equal to the best in the AFL.

The Club has now attracted support from all levels of government towards the project and the philanthropic contributions from the Hawthorn community through pledges continues to form a significant part of funding the project.

With the AFLW season brought forward, works were completed at Bunjil Bagora to ensure our players had new changerooms, enabling the facility to become truly equal for both our elite men's and women's teams.

#### Investments

The Club's hospitality venues and leased gymnasium were able to remain open for trade during the financial year and subsequently recover from COVID impacted trading in prior years. Venues were able to fully open and consistently improve trading performance despite ongoing staffing challenges impacting the hospitality industry.

The Club completed its exit from gaming investments in 2022 with the sale of both The Garden Bar and Bistro (August 2022) and WestWaters Hotel and Entertainment Complex leasehold (October 2022). Both transactions reflect important strategic decisions which will help enable the Club to establish a future fund to assist it to remain financially sustainable and support the construction of and relocation to the Kennedy Community Centre.

#### Commercial partnerships

Throughout Season 2022 the Club continued to receive fantastic support from our major partners, the Tasmanian Government, iiNet, Nissan Motors, KFC and adidas. The Club welcomed new partners The ARQ Group and Bass Coast to an already extensive portfolio of brands that support the Club.

The inaugural season of the AFLW saw Nissan and KFC expand their partnerships to feature on the AFLW apparel, along with new partners Valo and Wise Employment. The Club welcomed Nature Valley as a major partner to the program, a fantastic demonstration of support to our inaugural team.

The Club is extremely appreciative of all our partners for their continued support throughout the season.

#### Corporate sales and coterie groups

Despite some COVID-19 restrictions remaining in place early in the season, the Club rebounded strongly and welcomed hospitality partners and coterie groups back to games and events throughout the season. Demand was particularly strong for private suites for games in Melbourne and Tasmania.

We were excited to welcome back our extremely important coterie groups to events and games. In particular, the Inner Hawks, the 3122 group, Confreres and player sponsors amongst many others and the Club's key corporate clients who have again showed their loyalty, support, and passion throughout 2022.

## Directors' report (continued)

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### Operating results for the year (continued)

#### Membership and merchandise

In 2022, we welcomed our members back to venues across Australia. Our members have endured some challenging times over the past two seasons and we are truly grateful to all members who continued to support the Club during this time.

This season we are incredibly proud to have set an all-time membership record, with 81,494 members signing up in 2022. The tally includes over 5,500 AFLW members - a tremendous showing of support in our inaugural season. We believe our member benefits are the best in the competition and in 2023 we will continue to provide members with more benefits and more experiences to bring them closer to the inner sanctum.

After two seasons of COVID-19 interruptions, our HawksNest merchandise store returned to full-scale operations with the Bunjil Bagora (Waverley Park) store enjoying a full season without retail restrictions. Key product highlights included the Geoff Slattery publication "The Three-Peat: History of the Hawthorn Football Club 2009-2021" and the new "Legends" guernsey that honoured the contribution of Hawthorn Legend, Peter Hudson.

#### Match day attendances

Across our seven home games in Melbourne and four in Tasmania, our attendance tally reached 291,479 (average 34,748 in Victoria, 12,060 in Tasmania).

After two interrupted seasons, members were welcomed back to their seasonal reserved seats for the first time since 2019 and enjoyed key home games including the traditional Easter Monday blockbuster against Geelong, together with games against Richmond and Collingwood.

Of the four home matches played in Tasmania, the clear highlight for the season was the Round 6 ANZAC Day blockbuster against the Sydney Swans which attracted 14,107 fans (COVID-19 restricted).

#### Hawthorn Football Club Foundation

The role of the Hawthorn Football Club Foundation is to support the Club now and into the future, ensuring Hawthorn thrives regardless of the competitive and complex environment in which it operates. The Foundation has four pillars: Yesterday, Today, Tomorrow and Always.

##### Yesterday – Hawks Museum

The Foundation is committed to preserving and honouring the past so all Hawthorn supporters and the wider community can access the stories behind the Hawthorn of today and understand the role the Hawks have played in shaping the Australian sporting landscape.

In 2022, the Hawks Museum had 44 new donors to the Glenferrie Gold program and 440 Friends of the Hawks Museum. Activity to grow the Knights of the Museum membership continues.

##### Today – Hawks Community Foundation and AFLW

The Hawks Community Foundation is registered as a Public Benevolent Institution with Deductible Gift Recipient 1 (DGR1) status. The Hawthorn Football Club Foundation directly supports the Hawks Community Foundation to utilise sport as the ultimate vehicle to facilitate sustainable social and cultural change within our community. See the Hawks Community Foundation Annual Report for further details.

In preparation for the Hawks debut in AFLW Season 7, 416 supporters signed up as inaugural AFLW Foundation members and were recognised at a thank you event with inaugural coach Bec Goddard and three AFLW players including Captain Tilly Lucas-Rodd in attendance.



## Directors' report (continued)

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### Operating results for the year (continued)

#### Hawthorn Football Club Foundation (continued)

##### Tomorrow – Kennedy Community Centre

In 2022, active fundraising for the Kennedy Community Centre's Time to Fly Capital Campaign resumed and was bolstered by the recruitment of Declan Lourey, Capital Campaign Manager.

Despite the uncertain economic environment our existing donors continued to honour their pledges and new pledges were received - we thank these donors for their unwavering support and generosity in committing to assist us in building our new home in Dingley.

##### Always – Always Hawthorn Bequest Club

The Always Hawthorn Bequest Club is a special group of supporters. Through the generous commitment of our bequestors, the Always Hawthorn Bequest Club will ensure the Club remains strong and viable for generations to come. We thank all 84 members of the Always Hawthorn Bequest Club who have made a significant commitment to the Club's future and welcome the seven new bequestors who joined the Always Hawthorn Bequest Club in 2022.

The balance of funds in the Public Ancillary Fund on 31 October 2022 was \$12,182,336. This includes donations received during 2022 of \$973,130 and \$84,900 in investment earnings less donations acquitted towards the Kennedy Community Centre project during 2022.

We thank the board of the Hawthorn Football Club Foundation for their continued guidance, support, and governance - Chair Tim Shearer, Geraldine Farrell, Richard Garvey, Brad Harris, Maria Lui, Scott Patterson and Chris Voigt who worked alongside Foundation ambassadors, Liam Shiels, Rebecca Goddard, Peter Hudson and Peter Knights.

#### Legacy sports consulting

The Club's consulting arm, Legacy Sports Consulting continued to provide elite operational and management services to sporting and business organisations during 2022.

By leveraging its experience and expertise, Legacy aims to provide world-class shared services support to its clients. Legacy has the capacity to scale up to help support organisations across many industries and execute a strategy which adapts to changing conditions and ensures they emerge more sustainable and resilient.

#### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the year.

#### Significant events after the balance date

There were no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

#### Environmental regulation and performance

The Dingley property owned by HFC Land is subject to environmental regulations and the Group actively manages its obligations in this respect.

The Club's day-to-day operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Club should be environmentally responsible and have an objective to be a leader within the AFL and sporting community generally.

## Directors' report (continued)

### Indemnification and insurance of officers and auditors

The directors have not included details of the nature of the liabilities covered or the amount of the premium paid in respect of the directors' and officers' liability and legal expenses' insurance contracts; as such disclosure is prohibited under the terms of the contract.

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

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

### Governance

The number of Directors' meetings and number of meetings attended by each of the Directors of the Club during the financial year were:

	A	B
Jeff Kennett AC	11	11
Peter Nankivell	11	11
Katie Hudson	11	11
Anne-Marie Pellizzer	11	11
Radek Sali	2	2
Tim Shearer	11	11
Ian Silk	9	9
Luke Stambolis	11	11
Richie Vandenberg	11	11
Owen Wilson	11	11

A - Reflects the number of meetings held during the time the director held office during the year

B - Number of meetings attended

### Finance & Audit Committee

The Club's Finance & Audit Committee comprises: K Hudson (Chair), P Nankivell (Director), J Reeves, A Klein, H Hogan, K Brewer, M Lin (Executives), A Cronin and A Gregory (Independent members) which meets monthly prior to the board meetings and is primarily responsible for reviewing the Clubs consolidated statement of financial position and providing recommendations to the board.

### Governance Risk, Integrity and Compliance Committee

The Club's Governance Risk, Integrity and Compliance Committee comprises: P Nankivell (Chair), A-M Pellizzer (Director), J Reeves, N Holland, (Executives), G Dalbosco and J Webb (Independent members) which meets monthly and is primarily responsible for reviewing the integrity and compliance regulatory requirements across the Club.

### Caroline Springs Joint Venture

The Board of Directors of CSJV Nominees Pty Ltd (the manager) comprises: K Hudson (Chair), P Nankivell, T Shearer (Directors), J Reeves, A Klein (Executives), M O'Reilly (Independent member). The board meets bi-monthly to review and assess the operations of WestWaters Hotel and Entertainment Complex and provide strategic direction.

## Directors' report (continued)

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### Operating results for the year (continued)

#### Hawthorn Football Club Foundation (continued)

##### Tomorrow – Kennedy Community Centre

In 2022, active fundraising for the Kennedy Community Centre's Time to Fly Capital Campaign resumed and was bolstered by the recruitment of Declan Lourey, Capital Campaign Manager.

Despite the uncertain economic environment our existing donors continued to honour their pledges and new pledges were received - we thank these donors for their unwavering support and generosity in committing to assist us in building our new home in Dingley.

##### Always – Always Hawthorn Bequest Club

The Always Hawthorn Bequest Club is a special group of supporters. Through the generous commitment of our bequestors, the Always Hawthorn Bequest Club will ensure the Club remains strong and viable for generations to come. We thank all 84 members of the Always Hawthorn Bequest Club who have made a significant commitment to the Club's future and welcome the seven new bequestors who joined the Always Hawthorn Bequest Club in 2022.

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#### Legacy sports consulting

The Club's consulting arm, Legacy Sports Consulting continued to provide elite operational and management services to sporting and business organisations during 2022.

By leveraging its experience and expertise, Legacy aims to provide world-class shared services support to its clients. Legacy has the capacity to scale up to help support organisations across many industries and execute a strategy which adapts to changing conditions and ensures they emerge more sustainable and resilient.

#### Significant changes in the state of affairs

There were no significant changes in the state of affairs of the Group during the year.

#### Significant events after the balance date

There were no significant events occurring after the balance date which may affect either the Group's operations or results of those operations or the Group's state of affairs.

#### Environmental regulation and performance

The Dingley property owned by HFC Land is subject to environmental regulations and the Group actively manages its obligations in this respect.

The Club's day-to-day operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the Club should be environmentally responsible and have an objective to be a leader within the AFL and sporting community generally.

## Directors' report (continued)

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### Governance (continued)

#### Nominations Committee

The Nominations Committee comprises: I Silk (Chair), T Shearer (Director), G Harris, T Gallina, L Nolan (Independent Members). The HFC nominations committee oversees the Board succession planning by reviewing the skills and experience necessary to govern the organisation and making recommendations on candidates who will bring the requisite skills to the Board.

#### HFC Foundation Board

The HFC Foundation Board comprises: T Shearer (Chair), G Farrell, M Lui, S Patterson, R Garvey, C Voigt, B Harris (Foundation Directors), K Brewer, H Hogan (Executive), Claire McKendry, Adam Moedt (Staff). The committee meet quarterly and is primarily responsible to provide strategic direction and governance of the HFC Foundation.

#### Hawks Community Foundation Board

The HFC Foundation Board comprises: M Lui (Chair), T Shearer, R Garvey, B Harris (Foundation Directors), K Brewer, H Hogan (Executive), Claire McKendry, Adam Moedt (Staff). The committee meet quarterly and is primarily responsible to provide strategic direction and governance of the Hawks Community Foundation's programs and partnerships.

#### Other

Individual Club Directors chair meetings of these board sub committees. The Group is represented on the board of Box Hill Hawks Ltd.

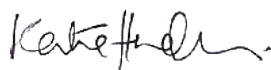
#### Auditor's independence

The directors have received a declaration from the auditor of Hawthorn Football Club Limited and its controlled entities. This has been included on page 14.

Signed in accordance with a resolution of the directors.



Jeff Kennett AC  
President  
Melbourne  
15 November 2022



Katie Hudson  
Director  
Melbourne  
15 November 2022



## Auditor's independence declaration to the directors of Hawthorn Football Club Limited

As lead auditor for the audit of the financial report of Hawthorn Football Club Limited for the financial year ended 31 October 2022, I declare to the best of my knowledge and belief, there have been:

- a. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit;
- b. No contraventions of any applicable code of professional conduct in relation to the audit; and
- c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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



Ernst & Young



Kester Brown  
Partner  
15 November 2022

## Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 October 2022

	Notes	2022 \$	2021 \$
Revenue	5	49,066,520	43,247,482
Cost of sales		(29,160)	(624,412)
<b>Gross surplus</b>		<b>49,037,360</b>	<b>42,623,070</b>
Other income	6.1	32,234,137	1,303,731
Sponsorship, membership and fundraising expenses		(8,794,557)	(7,312,291)
Employee and player expenses		(33,053,539)	(29,212,850)
Marketing expenses		(600,923)	(473,024)
Depreciation	6.2	(1,050,799)	(945,079)
Other football operations expenses		(2,093,960)	(1,498,671)
Other expenses in respect to ordinary activities		(3,851,230)	(2,485,328)
Finance income	6.3	547,736	217,117
Finance costs	6.4	(9,672)	(11,274)
<b>Surplus before tax from continuing operations</b>		<b>32,364,553</b>	<b>2,205,401</b>
Income tax expense		-	-
<b>Surplus for the year from continuing operations</b>		<b>32,364,553</b>	<b>2,205,401</b>
<b>Discontinued operations</b>			
Surplus/(loss) after tax for the year from discontinued operations	4	2,765,650	(552,182)
<b>Surplus for the year</b>		<b>35,130,203</b>	<b>1,653,219</b>
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods (net of tax):</i>			
Net change in fair value of investments		(364,743)	892,193
Other comprehensive (loss)/income		(364,743)	892,193
<b>Total comprehensive income for the year, net of tax</b>		<b>34,765,460</b>	<b>2,545,412</b>
Total income attributable to:			
Members of Hawthorn Football Club		35,130,203	1,715,480
Minority interests		-	(62,261)
		<b>35,130,203</b>	<b>1,653,219</b>
Total comprehensive income attributable to:			
Members of Hawthorn Football Club		34,765,460	2,607,673
Minority interests		-	(62,261)
		<b>34,765,460</b>	<b>2,545,412</b>

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

## Consolidated statement of financial position

As at 31 October 2022

		2022	2021
		\$	\$
	Notes		
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	69,128,764	30,962,683
Trade and other receivables	8	3,742,388	3,158,548
Inventories	9	27,492	158,904
Other assets	10	151,237	170,202
<b>Total current assets</b>		<b>73,049,881</b>	<b>34,450,337</b>
<b>Non-current assets</b>			
Other assets	10	-	830,346
Investments	11	4,433,205	4,519,905
Investment properties	12	3,208,902	3,283,898
Property, plant and equipment	13	21,852,989	22,287,779
Intangible assets	14	-	11,135,655
Right-of-use assets	15	294,610	23,695,472
<b>Total non-current assets</b>		<b>29,789,706</b>	<b>65,753,055</b>
<b>Total assets</b>		<b>102,839,587</b>	<b>100,203,392</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	16	8,943,782	8,775,958
Contract liabilities		2,239,301	1,661,048
Interest-bearing loans and borrowings	17	-	500,000
Employee benefit liabilities	18	1,127,904	1,588,398
Lease liabilities		241,420	3,013,724
<b>Total current liabilities</b>		<b>12,552,407</b>	<b>15,539,128</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	17	-	7,458,273
Employee benefit liabilities	18	187,580	156,830
Lease liabilities		79,678	21,794,699
<b>Total non-current liabilities</b>		<b>267,258</b>	<b>29,409,802</b>
<b>Total liabilities</b>		<b>12,819,665</b>	<b>44,948,930</b>
<b>Net assets</b>		<b>90,019,922</b>	<b>55,254,462</b>
<b>Equity</b>			
Retained earnings		89,337,615	54,207,412
Fair value reserve	20	682,307	1,047,050
<b>Total equity</b>		<b>90,019,922</b>	<b>55,254,462</b>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## Consolidated statement of changes in equity

For the year ended 31 October 2022

	Retained earnings	Fair value reserve (Note 20)	Minority interest	Total equity
	\$	\$	\$	\$
<b>As at 1 November 2021</b>	<b>54,207,412</b>	<b>1,047,050</b>	<b>-</b>	<b>55,254,462</b>
Profit for the year	35,130,203	-	-	35,130,203
Other comprehensive loss	-	(364,743)	-	(364,743)
Total comprehensive income/(loss) for the year	<u>35,130,203</u>	<u>(364,743)</u>	<u>-</u>	<u>34,765,460</u>
<b>As at 31 October 2022</b>	<b><u>89,337,615</u></b>	<b><u>682,307</u></b>	<b><u>-</u></b>	<b><u>90,019,922</u></b>
 <b>As at 1 November 2020</b>	 <b>54,591,131</b>	 <b>154,857</b>	 <b>(286,938)</b>	 <b>54,459,050</b>
Profit/(loss) for the year	1,715,480	-	(62,261)	1,653,219
Other comprehensive income	-	892,193	-	892,193
Total comprehensive income/(loss) for the year	<u>1,715,480</u>	<u>892,193</u>	<u>(62,261)</u>	<u>2,545,412</u>
Acquisition of minority interest	<u>(2,099,199)</u>	<u>-</u>	<u>349,199</u>	<u>(1,750,000)</u>
<b>As at 31 October 2021</b>	<b><u>54,207,412</u></b>	<b><u>1,047,050</u></b>	<b><u>-</u></b>	<b><u>55,254,462</u></b>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.



## Consolidated statement of cash flows

For the year ended 31 October 2022

	Note	2022 \$	2021 \$
<b>Operating activities</b>			
Receipts from customers		62,615,727	64,017,361
Payments to suppliers and employees		(54,512,504)	(54,395,735)
Interest received		269,693	156,733
Interest paid		(9,672)	-
Proceeds from sale of discontinued operations		46,500,000	-
<b>Net cash flows from operating activities</b>		<b>54,863,244</b>	<b>9,778,359</b>
<b>Investing activities</b>			
Purchase of property, plant and equipment		(5,657,062)	(1,181,257)
Acquisition of minority interest		-	(1,750,000)
Dividends received		278,043	60,911
<b>Net cash flows used in investing activities</b>		<b>(5,379,019)</b>	<b>(2,870,346)</b>
<b>Financing activities</b>			
Payment for principal portion of lease liabilities		(2,823,352)	(1,978,027)
Borrowing costs paid		(536,519)	(604,196)
Proceeds from borrowings		-	360,000
Repayment of borrowings		(7,958,273)	(375,000)
<b>Net cash flows used in financing activities</b>		<b>(11,318,144)</b>	<b>(2,597,223)</b>
Net increase in cash and cash equivalents		38,166,081	4,310,790
Cash and cash equivalents at 1 November		30,962,683	26,651,893
<b>Cash and cash equivalents at 31 October</b>	7	<b>69,128,764</b>	<b>30,962,683</b>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# Notes to the consolidated financial statements

## For the year ended 31 October 2022

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### 1. Corporate information

The consolidated financial statements of Hawthorn Football Club Limited (the "Club") and its subsidiary (collectively, the "Group") for the year ended 31 October 2022 were authorised for issue in accordance with a resolution of the directors on 15 November 2022.

Hawthorn Football Club Limited is a not-for-profit company limited by guarantee incorporated and domiciled in Australia.

The registered office and principal place of business of the Group is 3, 2 Stadium Circuit, Mulgrave, VIC 3170.

Further information on the nature of the operations and principal activities of the Group is provided in the directors' report. Information on the Group's structure is provided in Note 21. Information on other related party relationships of the Group is provided in Note 23.

### 2. Significant accounting policies

#### 2.1 Basis of preparation

These general purpose consolidated financial statements have been prepared in compliance with the requirements of the *Corporations Act 2001* and *Australian Accounting Standards - Simplified Disclosures*. The Group is a not-for-profit entity for the purposes of preparing these consolidated financial statements.

The consolidated financial statements, for the year ended 31 October 2022 are the first financial statements the Group has prepared in accordance with the *Australian Accounting Standards - Simplified Disclosures*. The adoption of the *Australian Accounting Standards - Simplified Disclosures* has no significant impact in the consolidated financial statements because the Group's previous financial statements were prepared in compliance with the recognition and measurement requirements of Australian Accounting Standards.

The financial report is presented in Australian dollars, all values are rounded to the nearest dollar (\$), and is prepared on a historical cost basis, except for investments which are measured at fair value.

#### 2.2 Changes in accounting policies and disclosures

##### New and amended standards and interpretations

The Group applied for the first time AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities*. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

##### Accounting Standards and Interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the financial year ended 31 October 2022. The Group intends to adopt these new and amended standards and interpretations, when they become effective.

#### 2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Club and its subsidiaries as at 31 October 2022. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 2. Significant accounting policies (continued)

##### 2.3 Basis of consolidation (continued)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

##### 2.4 Summary of significant accounting policies

###### a) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

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#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### a) Current versus non-current classification (continued)

The Group classifies all other liabilities as non-current.

###### b) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

###### c) Cash and cash equivalents

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term highly liquid deposits with a maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

###### d) Inventories

Inventories comprise clothing, Club merchandise and food and beverage.

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

Costs incurred in bringing each product to its present location and condition are accounted for, as follows:

- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost of inventory is based on the average cost and incorporates expenditure incurred in acquiring inventories and bringing them to their existing condition and location.

###### e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.



## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### e) Financial instruments (continued)

###### (i) Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

###### Subsequent measurement

###### *Financial assets at amortised cost (debt instruments)*

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade and other receivables.

###### *Trade and other receivables*

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). They are generally due for settlement within 14 days and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the EIR method.

For trade receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

###### *Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 *Financial Instruments: Disclosure and Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

##### e) Financial instruments (continued)

##### (i) Financial assets (continued)

##### Subsequent measurement (continued)

##### Financial assets designated at fair value through OCI (equity instruments) (continued)

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the consolidated statement of profit or loss and other comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Group elected to classify irrevocably its non-listed equity investments under this category.

##### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

##### Impairment

The Group recognises loss allowances equal to the lifetime ECL on financial assets measured at amortised cost. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and cash flows that the Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The carrying amounts of the Group's assets, other than inventories (Note 2.4(d) Inventories) are reviewed at each consolidated statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Goodwill and intangible assets with an indefinite useful life are tested annually for impairment.

## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### e) Financial instruments (continued)

###### (i) Financial assets (continued)

###### Impairment (continued)

An impairment loss on non-financial assets is recognised whenever the carrying amount of an asset or its cash-generating unit (CGU) exceeds its recoverable amount. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Impairment losses are recognised in the consolidated statement of profit or loss and other comprehensive income, unless an asset has previously been revalued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised through the consolidated statement of profit or loss and other comprehensive income.

ECLs are discounted at the effective interest rate of the financial asset. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

###### Reversals of impairment

Impairment losses are reversed when there is an indication that the impairment loss may no longer exist and there has been a change in the estimate used to determine the recoverable amount.

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.

An impairment loss in respect of goodwill is not reversed.

###### (ii) Financial liabilities

###### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings.

###### Subsequent measurement

###### Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

###### Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### e) Financial instruments (continued)

###### (ii) Financial liabilities (continued)

###### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit or loss and other comprehensive income.

###### (iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

##### f) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Land	Not depreciated
Buildings	25 to 40 years
Building improvements	5 to 40 years
Plant and equipment	5 to 40 years
Building leasehold improvements	5 to 40 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

##### g) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.



## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### g) Intangible assets (continued)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the consolidated statement of profit or loss and other comprehensive income in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

An intangible asset is derecognised upon disposal (i.e., at the date the recipient obtains control) or losses when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit or loss and other comprehensive income.

##### **Goodwill**

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a CGU and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

##### **Other intangible assets**

A summary of the policies applied to the Group's intangible assets is as follows:

	<b>Lease premium</b>	<b>Gaming entitlements</b>
<b>Useful lives</b>	40 years	10 years
<b>Amortisation method used</b>	Amortised on a straight-line basis over the period of the lease	Amortised on a straight-line basis over the estimated useful life
<b>Internally generated or acquired</b>	Acquired	Acquired

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### h) Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

###### *Group as a lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

###### *(i) Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Premises	1 to 2 years
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If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2.4 (j) Impairment of non-financial assets.

###### *(ii) Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in interest-bearing loans and borrowings.

###### *(iii) Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

# Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

## 2. Significant accounting policies (continued)

### 2.4 Summary of significant accounting policies (continued)

#### h) Leases (continued)

##### *Group as a lessor*

Leases in which the Group 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 revenue in the statement of profit or loss due to its operating 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. Contingent rents are recognised as revenue in the period in which they are earned.

#### i) Investment properties

Investment property is held to earn rental income and for capital appreciation, however, is not for sale in the ordinary course of business or used for administrative purposes. Investment property is measured at cost on initial recognition and depreciated over the asset's useful life, being 40 years.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

#### j) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the consolidated statement of profit or loss and other comprehensive income in expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the consolidated statement of profit or loss and other comprehensive income.

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

###### k) Assets held for sale for discontinued operations

The Group classifies assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 4. All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise.

###### l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit or loss and other comprehensive income net of any reimbursement.

## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

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### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### m) Employee benefit liabilities

###### *Defined contribution superannuation funds*

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the consolidated statement of profit or loss and other comprehensive income as incurred.

###### *Long service leave and annual leave*

The provision for employee benefits for long service leave is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using expected future increases in wages and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to the high-quality corporate bond rate at balance date which most closely match the terms of maturity of the related liabilities. The unwinding of the discount is treated as a long service leave expense.

As a result of a federally certified long service leave agreement between the players and the AFL, the Group has no obligation for long service leave in respect of players.

###### *Wages, salaries and sick leave*

Employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided up to the reporting date. The provisions are calculated at undiscounted amounts based on remuneration rates the Group expects to pay including on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

##### n) Revenue from contracts with customers

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the Australian Taxation Office (ATO). Revenue is recognised when it transfers control over a good or service to a customer.

###### *Sales revenue*

Sales revenue from football activities comprises revenue earned from the sales of memberships, corporate marketing, the sale of merchandise, gate receipts and AFL distributions. Membership, donations, corporate marketing and merchandise income are all recognised as earned, whilst gate receipts and AFL distributions are recognised as received.

###### *AFL distribution and prize money*

AFL distribution is recognised on a monthly basis in line with the relevant performance obligations. AFL prize money revenue is recognised as it is received.

###### *Donations*

Donations are recognised at the fair value of the contribution received or receivable.

###### *Membership and match day revenue*

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

###### *Merchandise revenue*

Merchandise revenue is recognised as the merchandise is provided to the customer.

###### *Marketing revenue*

Marketing revenue is recognised in proportion to the state of completion of the transaction at balance date in accordance with the terms and conditions of the sponsorship contract.

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 2. Significant accounting policies (continued)

##### 2.4 Summary of significant accounting policies (continued)

##### n) Revenue from contracts with customers (continued)

###### **Accommodation revenue**

Accommodation revenue is recognised as it is provided.

###### **Gaming, bar and bistro revenue**

Sales comprise revenue earned (net of returns, discounts and allowances) from gaming machines and provisions of food and beverages. Gaming, bar and bistro revenue is recognised as they are provided.

###### **Rental income**

Rental income is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment

###### **Contract liabilities**

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

##### o) Segment reporting

The Club operates solely as a constituent member of the Australian Football League (AFL).

##### p) Finance income

Interest income is recorded using the EIR method. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the consolidated statement of profit or loss and other comprehensive income. Finance cost consist of interest revenue on funds invested, dividend revenue, gains on the disposal of investments, gains on extinguishment of financial liabilities and changes in the fair value of financial assets.

##### q) Finance costs

Finance costs are expensed in the period in which they occur. Finance costs consist of interest expense on borrowings, changes in the fair value of financial assets and impairment losses recognised on financial assets.

##### r) Taxes

No provision has been made for income tax as the Group is exempt in accordance with the terms of s50-45 of the Income Tax Assessment Act 1997.

###### **Goods and services tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the consolidated statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.



## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

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### 2. Significant accounting policies (continued)

#### 2.4 Summary of significant accounting policies (continued)

##### s) Comparatives

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

## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

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### 3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

COVID-19 has vastly altered the AFL industry and continues to cause uncertainty for the Group's key estimates and judgements. Uncertainty remains across the industry and management has adopted a prudent approach to ensuring its financial independence, which has influenced strategic decision making.

A key focus has been ensuring the Group's sustainability and remaining unassisted by the AFL through the conservation of capital and adopting a prudent approach to discretionary expenditure to preserve operating liquidity whilst revenues continue to be impacted.

Management will continue to remain agile amidst the current economic landscape and reconsider the status of key material factors impacting the Group to help ensure the Group is best placed to make well informed and measured decisions.

## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

### 4. Discontinued operations

During 2022, the Group announced its exit from all forms of gaming revenues, and subsequently signed sales agreements for both the Garden Bar & Bistro and Westwaters Hotel & Entertainment Complex on 23 May 2022 and 13 May 2022, respectively. The sale of the Garden Bar & Bistro was settled on 29 August 2022, with Westwaters Hotel & Entertainment Complex following on 24 October 2022. This has resulted in the disposal of assets and liabilities associated with the venues, and the operating results being classified as discontinued operations for the period prior to each sale.

	2022	2021
	\$	\$
Revenue	21,342,215	13,005,013
Expenses	(18,576,565)	(14,674,695)
Other income	-	1,117,500
Income tax	-	-
<b>Profit/(loss) after tax for the year from discontinued operations</b>	<b>2,765,650</b>	<b>(552,182)</b>

	The Garden Bar & Bistro	Westwaters Hotel & Entertainment Complex
	\$	\$
<b>Assets</b>		
Plant and equipment (Note 13)	2,418,977	2,349,149
Intangible assets (Note 14)	5,073,462	12,291,506
Right-of-use assets (Note 15)	5,006,830	15,574,188
Goodwill (Note 14)	-	4,037,046
<b>Total assets</b>	<b>12,499,269</b>	<b>34,251,889</b>
<b>Liabilities</b>		
Lease liabilities	10,275,472	21,988,066
<b>Total liabilities</b>	<b>10,275,472</b>	<b>21,988,066</b>
<b>Net assets</b>	<b>2,223,797</b>	<b>12,263,823</b>
<b>Net cash completion payment on sale of The Garden Bar &amp; Bistro and Westwaters Hotel &amp; Entertainment</b>	<b>19,500,000</b>	<b>27,000,000</b>
<b>Net gain on sale of The Garden Bar &amp; Bistro and Westwaters Hotel &amp; Entertainment Complex</b>	<b>17,276,202</b>	<b>14,736,177</b>

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 5. Revenue

##### Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	2022	2021
	\$	\$
<b>Type of goods or service</b>		
AFL distribution and prize money	11,318,387	10,646,432
Membership income	11,522,106	11,240,933
Match day income	6,288,379	4,782,828
Marketing income	16,642,073	12,302,816
Merchandise income	255,458	1,214,365
Bar and bistro income	2,000	9,516
Donations and special fundraising	995,144	1,102,269
Consulting fees	400,000	400,000
Rental income	669,843	662,285
<b>Total revenue from contracts with customers</b>	<b>48,093,390</b>	<b>42,361,444</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	7,540,981	7,108,978
Services transferred over time	40,552,409	35,252,466
<b>Total revenue from contracts with customers</b>	<b>48,093,390</b>	<b>42,361,444</b>
Non-operating revenue*	973,130	886,038
<b>Total revenue</b>	<b>49,066,520</b>	<b>43,247,482</b>

\* HFC Foundation (Public Ancillary Fund) received donations of \$973,130 towards the Kennedy Community Centre facility project during the year (2021: \$886,038).

#### 6. Other income and expenses

##### 6.1 Other income

	2022	2021
	\$	\$
JobKeeper income	-	1,257,143
Distribution income	221,758	46,588
Gain on sale of venues	32,012,379	-
	<b>32,234,137</b>	<b>1,303,731</b>

\* The Group has qualified for and complied with the conditions to receive wage subsidy grants from the Federal Government during 2021. The grant income has been presented within other income. During 2022, the Group received \$nil (2021: \$1,257,143).

## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

### 6. Other income and expenses (continued)

#### 6.2 Depreciation and amortisation

	2022	2021
	\$	\$
Depreciation expense of property, plant and equipment	819,067	734,684
Depreciation expense of right-of-use assets	231,732	210,395
	<b>1,050,799</b>	<b>945,079</b>

#### 6.3 Finance income

	2022	2021
	\$	\$
Interest income on bank deposits	269,693	156,206
Dividend income from investments	278,043	60,911
	<b>547,736</b>	<b>217,117</b>

#### 6.4 Finance costs

	2022	2021
	\$	\$
Interest expense on lease liabilities	<b>9,672</b>	<b>11,274</b>

### 7. Cash and cash equivalents

	2022	2021
	\$	\$
Cash on hand	2,740	365,072
Cash at bank*	27,447,241	5,509,718
Short-term deposits*	41,678,783	25,087,893
	<b>69,128,764</b>	<b>30,962,683</b>

\* Cash is held by the Club, the HFC Foundation (DGR2) and Hawks Community Foundation (DGR1), and the majority of funds are specifically attributable to the Kennedy Community Centre project and community programs, respectively.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the above.

### 8. Trade and other receivables

	2022	2021
	\$	\$
Trade receivables*	3,306,216	2,850,270
Other receivables	436,172	308,278
	<b>3,742,388</b>	<b>3,158,548</b>

\* Amount is presented net of expected credit losses.

## Notes to the consolidated financial statements (continued)

For the year ended 31 October 2022

### 9. Inventories

	2022	2021
	\$	\$
Finished goods	<u>27,492</u>	<u>158,904</u>

### 10. Other assets

	2022	2021
	\$	\$
<b>Current</b>		
Prepayments	<u>151,237</u>	<u>170,202</u>
<b>Non-current</b>		
Prepayments	<u>-</u>	<u>830,346</u>

### 11. Investments

	2022	2021
	\$	\$
Equity securities/managed funds	<u>4,433,205</u>	<u>4,519,905</u>

These investments are made up of managed funds with a maturity greater than 3 months and equities which are invested in line with the Group's investment policy.

### 12. Investment properties

	2022	2021
	\$	\$
<b>Reconciliation of carrying amounts at the beginning of the year</b>		
At cost	4,328,720	4,328,720
Accumulated depreciation	<u>(1,044,822)</u>	<u>(969,826)</u>
Net carrying amount	3,283,898	3,358,894
Depreciation charge for the year	<u>(74,996)</u>	<u>(74,996)</u>
<b>Balance at the end of the year - net carrying amount</b>	<u><b>3,208,902</b></u>	<u><b>3,283,898</b></u>

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, used in the production or supply of goods or services or for administrative purposes.

Investment properties comprise the gymnasium at Waverley Park which is leased to a third party under commercial leasing terms and conditions. Included in investment properties is land totalling \$1,100,000 which is not depreciated.



## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 13. Property, plant and equipment

	Land and building improvements*	Plant and equipment	Building leasehold improvements	Total
	\$	\$	\$	\$
<b>Cost</b>				
At 1 November 2021	14,838,606	25,790,963	1,353,848	41,983,417
Additions	2,391,077	3,265,985	-	5,657,062
Disposal on sale of venues	-	(11,065,349)	(1,101,890)	(12,167,239)
<b>At 31 October 2022</b>	<b>17,229,683</b>	<b>17,991,599</b>	<b>251,958</b>	<b>35,473,240</b>
<b>Accumulated depreciation</b>				
At 1 November 2021	1,033,059	18,235,865	426,714	19,695,638
Depreciation charge for the year**	72,842	1,228,430	51,774	1,353,046
Disposal on sale of venues	-	(7,089,329)	(339,104)	(7,428,433)
<b>At 31 October 2022</b>	<b>1,105,901</b>	<b>12,374,966</b>	<b>139,384</b>	<b>13,620,251</b>
<b>Net book value</b>				
<b>At 31 October 2022</b>	<b>16,123,782</b>	<b>5,616,633</b>	<b>112,574</b>	<b>21,852,989</b>
<b>At 31 October 2021</b>	<b>13,805,547</b>	<b>7,555,098</b>	<b>927,134</b>	<b>22,287,779</b>

\* The Waverley Park land, buildings and oval are subject to certain usage and disposal restrictions.

\*\* Depreciation charge for the year includes depreciation expenses of the disposed venues. These are included in surplus from discontinued operations.

# Notes to the consolidated financial statements (continued)

## For the year ended 31 October 2022

### 14. Intangible assets

	Goodwill	Lease premium	Gaming entitlements	Total
	\$	\$	\$	\$
<b>Cost</b>				
At 1 November 2021	8,237,046	9,150,000	3,849,046	21,236,092
Additions	-	-	10,970,975	10,970,975
Disposal on sale of venues	(8,237,046)	(9,150,000)	(14,820,021)	(32,207,067)
<b>At 31 October 2022</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated amortisation and impairment</b>				
At 1 November 2021	4,200,000	2,401,877	3,498,560	10,100,437
Amortisation*	-	228,750	475,866	704,616
Disposal on sale of venues	(4,200,000)	(2,630,627)	(3,974,426)	(10,805,053)
<b>At 31 October 2022</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>				
<b>At 31 October 2022</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>At 31 October 2021</b>	<u>4,037,046</u>	<u>6,748,123</u>	<u>350,486</u>	<u>11,135,655</u>

#### Lease premium

As part of commercial arrangements in respect to the acquisition of the WestWaters Hotel & Entertainment Complex in 2010, CSJV Nominees Pty Ltd entered into an agreement to pay \$9,150,000 as a lease premium for access to the site. The premium is amortised over the 40 years of the joint venture's rental option period.

#### Gaming entitlements

On 16 August 2022, gaming machine entitlements to the value of \$10,849,245 were purchased by the venues. These were purchased for a 10-year period from 2022 to 2032.

The lease premium, as well as the goodwill and gaming entitlements were all disposed of on sale of the venues.

\* Amortisation charge for the year relates to the discontinued operations and is presented as part of the surplus from discontinued operations.

### 15. Leases

#### Group as a lessee

The Group has lease contracts for various items of premises used in its operations. Leases of premises generally have lease terms between 1 and 2 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios.

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 15. Leases (continued)

##### Group as a lessee (continued)

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

The following are the amounts recognised in profit or loss:

	<b>Premises</b>
	<b>\$</b>
<b>At 31 October 2021</b>	<b>23,695,472</b>
Modifications	27,422
Depreciation expense*	(2,847,266)
Disposal on sale of venues	(20,581,018)
<b>At 31 October 2022</b>	<b>294,610</b>

\* Depreciation expense includes depreciation of right-of-use assets relating to the discontinued operations.

The following are the amounts recognised in profit or loss:

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
Depreciation expense	231,732	210,395
Interest on lease liabilities	9,672	11,274
<b>At 31 October</b>	<b>241,404</b>	<b>221,669</b>

There were no expense relating to short-term leases and leases of low-value assets recognised in profit or loss during the year ended 31 October 2022 (2021: \$nil).

The Group had total cash outflows for leases of \$2,833,024 in 2022 (2021: \$2,422,426).

The Group has recognised rent concessions that are a direct consequence of the COVID-19 pandemic of \$316,584 in the consolidated statement of profit or loss and other comprehensive income for the year ended 31 October 2022 (2021: \$551,239).

#### 16. Trade and other payables

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade payables	2,243,855	1,447,483
Other creditors and accruals	6,699,927	7,328,475
	<b>8,943,782</b>	<b>8,775,958</b>

#### 17. Interest-bearing loans and borrowings

	<b>2022</b>	<b>2021</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Bank loan - secured	-	500,000
<b>Non-current</b>		
Bank loan - secured	-	7,458,273

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 17. Interest-bearing loans and borrowings (continued)

##### Terms and conditions

In 2014, CSJV Nominees refinanced the existing bank loan and used the funds to extinguish the special rent liability. A general security interest existed over the assets and undertaking of CSJV Nominees Pty Ltd. Interest is charged on these loans at a variable rate. The loan balance at 31 October 2021 totalled \$7,958,273. This financial year the loan was fully repaid using funds from the settlement of the sale of the WestWaters Hotel and Entertainment Complex.

#### 18. Employee benefit liabilities

	2022	2021
	\$	\$
<b>Current</b>		
Annual leave	730,267	923,800
Long service leave	397,637	664,598
	<u><b>1,127,904</b></u>	<u><b>1,588,398</b></u>
<b>Non-current</b>		
Long service leave	<u><b>187,580</b></u>	<u><b>156,830</b></u>

#### Defined contribution superannuation funds

The Group makes contributions to a defined contribution superannuation fund. The amount recognised as an expense for the Group for the financial year ended 31 October 2022 was \$2,418,146 (2021: \$1,917,935).

#### 19. Contributed equity

Hawthorn Football Club Limited is a company limited by guarantee only and therefore does not have share capital. The amount capable of being called up only in the event of, and for the purpose of, the winding up of the Club is limited to the outstanding annual membership fee per member in line with Note 2.1 of the Club's constitution.

#### 20. Reserves

	Fair value reserve
	\$
<b>As at 1 November 2020</b>	<b>154,857</b>
Net gain on financial instruments at fair value through other comprehensive income	892,193
<b>As at 31 October 2021</b>	<u><b>1,047,050</b></u>
Net loss on financial instruments at fair value through other comprehensive income	(364,743)
<b>As at 31 October 2022</b>	<u><b>682,307</b></u>

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

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#### 20. Reserves (continued)

##### Nature and purpose of reserves

##### Other capital reserves

##### *Fair value reserve*

The fair value reserve comprises the cumulative net change in the fair value of financial assets, until the investments are derecognised or impaired.

#### 21. Group entities

The Group presents consolidated information which comprises the Club (Hawthorn Football Club Limited), HFC CSFT (Hawthorn Football Club Caroline Springs Fixed Trust), HFC CSFT No. 2 (Hawthorn Football Club Caroline Springs Fixed Trust No. 2) (established 7 December 2020), BHHFC (Box Hill Hawks Football Club Ltd), HFC Foundation including the Public Ancillary Fund and Hawks Community Foundation, HFC Land and Sweat Sports.

The Foundation is the trustee of HFC Foundation (Public Ancillary Fund), the trust being established on 10 March 2016.

The Group is the sole unit holder of Sweat Sports Unit Trust. Sweat Sports Pty Ltd is the trustee, which became a subsidiary on 18 December 2018.

The Group is the sole unit holder of HFC Land Trust. HFC Land Pty Ltd is the trustee, which became a subsidiary on 8 May 2016.

The Group is the sole unit holder of CSFT and CSFT No.2 which combined owns 100% interest in the Caroline Springs Joint Venture (CSJV), the nominee for which is CSJV Nominees Pty Ltd. CSJV is the leasehold operator of the WestWaters Hotel & Entertainment Complex. The Group sold the WestWaters Hotel & Entertainment Complex settling on 24 October 2022.

The Group is the sole shareholder of Hawks Community Foundation Ltd, which became a subsidiary on 1 November 2019.

While the Group does not hold an ownership interest in BHHFC, the Group is deemed to govern the financial and operating policies of BHHFC, and consequently, the Group is required to consolidate this entity.

#### 22. HFC Foundation

The HFC Foundation actively continued its role of providing the Group with access to income and capital for specific projects which may not be otherwise funded from normal profits or reserves. HFC Foundation Nominees Pty Ltd ("Foundation") acts as nominee for the HFC Foundation and is primarily responsible for its operation and governance and the Group owns all the shares in Foundation. The Foundation's relationship with the Group and its responsibilities are governed by both a charter and nominee agreement. The Foundation's financial operations and position are included within the Club's consolidated financial statements.

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 23. Related party disclosures

##### *Transactions with directors*

During the year, a number of the directors purchased Club membership packages, made donations, and contributed towards fundraising activities. It is the Groups policy that 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.

In 2022, the Group had a partnership with Limestone Coast Wines as the Group's major wine sponsor. Club director Richie Vandenberg is a major shareholder of Limestone Coast Wines and did not participate in any decision-making in relation to this arrangement. Details of the related party transaction with Limestone Coast and Wines for the year ended 31 October 2022 are as follows:

- Income transactions (relating to sponsorship and product contra contributions) totalling \$146,587
- Outstanding receivable balance (relating to remaining product contra contributions) as at 31 October 2022 of \$57,193

In 2022, the Group procured legal services from Thomson Geer Lawyers who also had a partnership as a legal services provider to the Group. Club Director Peter Nankivell is an employee of Thomson Geer Lawyers and did not participate in any decision making in relation to either the procurement of legal services or the sponsorship of the Group. Details of the related party transaction with Thomson Geer Lawyers are:

- Legal expenses totalling \$170,250
- Income transactions (relating to sponsorship and service contra contributions) totalling \$171,700

##### *Other related parties*

The Group has a combined related party receivable totalling \$nil (2021: \$4,620,063) with CSFT and CSFT No.2, both wholly owned subsidiaries. The amount is not repayable within twelve months, is non-interest bearing and is unsecured.

The Group has a related party receivable totalling \$nil (2021: \$2,431,021) with CSJV which the Group transitioned to 100% ownership (from 73%) interest during December 2020. The amount is not repayable within twelve months, is non-interest bearing and is unsecured.

The Group also made operating payments totalling \$201,760 (2021: \$194,000) to the BHHFC. These payments have been eliminated in the consolidated financial statements.

The Group has a related party receivable totalling \$14,793,604 (2021: \$11,722,387) with HFC Land Trust, a wholly owned subsidiary. The amount is not repayable within twelve months, is non-interest bearing and is unsecured.

The Group has a related party payable totalling \$nil (2021: \$30,750) with the Hawks Community Foundation, a wholly owned subsidiary. The amount is not repayable within twelve months, is non-interest bearing and is unsecured.

The Group has a related party receivable totalling \$77,531 (2021: \$77,531) with HFC Foundation, a wholly owned subsidiary. The amount is not repayable within twelve months, is non-interest bearing and is unsecured.

##### *Terms and conditions of transactions with related parties*

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 October 2022, there were no provision for expected credit losses recognised in relation to amounts owed by related parties (2021: \$nil).



## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

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#### 23. Related party disclosures (continued)

##### *Compensation of key management personnel of the Group*

Compensation expense of key management personnel amounted to \$3,310,348 during the year ended 31 October 2022 (2021: \$2,833,274).

#### 24. Commitments and contingencies

##### **Bank guarantees**

The Group has in place bank guarantees of \$nil and \$nil for the CSJV and The Garden Bar & Bistro (2021: \$500,000 and \$152,477), respectively.

##### **Player commitments**

Due to the contract terms varying considerably amongst players it is not practical to reliably measure the future commitments under player contracts. The Group will continue to comply with the prescribed AFL's Total Player Payments limits.

##### **Capital commitments**

As at 31 October 2022, capital commitments relating to the venues no longer exist due to the sale of the venues. The Group's capital commitments as at 31 October 2021 were \$10,466,059 which relate to the gaming entitlements to take effect from 2022 to 2032. The Group was required to apply and make a second deposit towards the gaming entitlements during the 2019 financial year of \$383,186. This deposit is classified as a prepayment at Note 10. No additional deposits were required to be paid during 2020 to 2022 financial years.

There are no capital commitments with respect to the Kennedy Community Centre exist as at 31 October 2022 (2021: \$nil).

##### **Contingencies**

During the year the Club commissioned a 'Cultural Safety Review of past and present Indigenous Players & Staff of the Hawthorn Football Club' (Review) prepared by a consultant (Binmada). The report was provided to the Club in late August 2022 and contained various allegations relating to the treatment of certain former indigenous players and their families.

The review was provided to the AFL by the Club given the serious nature of the allegations, after which the AFL set up an Independent Investigation into the allegations detailed in the Review and engaged a panel of four barristers to undertake the investigation. The Club is participating in that Independent Investigation process. Certain complainants have indicated they will participate in that process and certain complainants have indicated that they will not participate in the process. It would be premature at this time to conclude that the Club has any potential legal liability for alleged historical actions of past employees or agents.

In October 2022, WorkSafe Victoria commenced an investigation into Hawthorn arising from press reports about the Review. Whether there have been breaches of the Occupational Health and Safety Act 2004 (Vic) (the OHS Act) can only be determined once the investigation is concluded and WorkSafe decides whether it will lay any charges against the Club. It would be premature at this time to conclude that the Club has any liability for penalties under the OHS Act.

At the date of this report the AFL Independent Panel process has just commenced. The WorkSafe Investigation has not proceeded past the provision by the Club of requested documents and there have been no civil proceedings issued or threatened against the Club. The Club is not currently aware of any breaches of the OHS Act or the AFL Rules as at 31 October 2022. Any contingent liability for these matters is therefore not capable of being quantified at this time.

#### 25. Events after the reporting period

There were no significant events occurring after the reporting period which may affect either the Group's operations or results of those operations or the Group's state of affairs.

## Notes to the consolidated financial statements (continued)

### For the year ended 31 October 2022

#### 26. Auditor's remuneration

The auditor of Hawthorn Football Club Limited and its controlled entities is Ernst & Young (Australia).

	2022	2021
	\$	\$
<i>Amounts received or due and receivable by Ernst &amp; Young (Australia) for:</i>		
An audit or review of the financial report of the Group	95,000	84,000
Other services in relation to the Group		
Compilation of financial statements	12,500	-
	<u>107,500</u>	<u>84,000</u>

#### 27. Information relating to Hawthorn Football Club Limited (Parent)

	2022	2021
	\$	\$
Current assets	74,516,613	20,987,057
Total Assets	94,309,237	62,821,258
Current liabilities	11,093,826	8,174,066
Total Liabilities	11,173,504	13,787,702
Retained earnings	82,453,426	47,986,506
Fair value reserve	682,307	1,047,050
	<u>83,135,733</u>	<u>49,033,556</u>
Surplus of the Parent entity	34,831,663	4,224,512
Other comprehensive (loss)/income of the Parent entity	(364,743)	892,193
Total comprehensive income of the Parent entity	34,466,920	5,116,705

#### Bank guarantees

The Parent entity has in place bank guarantee of \$nil as at 31 October 2022 (2021: \$152,477)

#### Capital commitments

The Parent entity's capital commitments as at 31 October 2022 were \$nil (2021: \$4,836,998) which relate to the gaming entitlements.

#### Contingencies

There were no contingent assets or contingent liabilities as at the reporting date which would have a material effect on the Parent entity's financial statements as at 31 October 2022 (2021: \$nil).

## Directors' declaration

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In accordance with a resolution of the directors of Hawthorn Football Club Limited and its controlled entities, I state that:

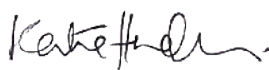
In the opinion of the directors:

- (a) the consolidated financial statements and notes of Hawthorn Football Club Limited and its controlled entities for the financial year ended 31 October 2022 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 2022 and its performance for the year ended on that date; and
  - (ii) complying with *Australian Accounting Standards - Simplified Disclosures* and the *Corporations Regulations 2001*;
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

On behalf of the board



Jeff Kennett AC  
President  
Melbourne  
15 November 2022



Katie Hudson  
Director  
Melbourne  
15 November 2022

## Independent auditor's report to the members of Hawthorn Football Club Limited

### Opinion

We have audited the financial report of Hawthorn Football Club Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 October 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 October 2022 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards - Simplified Disclosure Requirements and the *Corporations Regulations 2001*.

### Basis for opinion

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

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

### Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is the directors' report accompanying the financial report.

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

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

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

## **Responsibilities of the directors for the financial report**

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Simplified Disclosure Requirements and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

## **Auditor's responsibilities for the audit of the financial report**

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

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

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

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

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



Ernst & Young



Kester Brown  
Partner  
Melbourne  
15 November 2022



NOTES:





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AFL MAJOR SPONSORS

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TASMANIAN

**iinet**

NISSAN

**KFC**

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AFLW MAJOR SPONSORS

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**KFC**

NATURE VALLEY

NISSAN