



Executive Group Summary - 2019

Consolidated Trading Result

	<u>2019</u>	<u>2018</u>
Income	\$ 9,981,347	\$10,186,373
Expenses	<u>\$10,079,339</u>	<u>\$10,267,127</u>
Net Profit /(Loss)	<u>(\$ 97,992)</u>	<u>(\$ 80,754)</u>

EBITDA

	<u>2019</u>	<u>2018</u>
Net Profit/(Loss)	(\$97,992)	(\$80,754)
Dep'n/Amort'n	\$577,867	\$567,941
Interest	<u>\$117,884</u>	<u>\$117,266</u>
EBITDA	<u>\$597,759</u>	<u>\$604,453</u>

Debt Levels

	<u>2019</u>	<u>2018</u>
Core Debt	\$1.60 million	\$1.72 million
Debt Reduction	\$123,681	\$66,523

NORTH ADELAIDE FOOTBALL CLUB INC AND CONTROLLED ENTITY

(includes operations of NAFC, Northern Tavern and the Grand North)

Financial Statements

For the Year Ended 31 October 2019

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

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For the Year Ended 31 October 2019

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Board's Report

31 October 2019

Your Board members present their report on the North Adelaide Football Club Inc. and controlled entity for the financial year ended 31 October 2019.

For the purpose of these statements, North Adelaide Football Club Inc. (NAFC) is the Controlling entity and includes the Northern Tavern as a function legally operated by NAFC. The Controlled entity is the Roosters Club Inc., which operates the Grand North. The Consolidated Group refers to the operations of the NAFC and the Roosters Club Inc.

1. General information

Board members

The names of the board members in office at any time during or since the end of the year are:

Lee Virgin (President)	Wayne Jeffries (Chairman)
Pat Hodby (Finance Director)	Malcolm Ellis
Simon Trenorden (resigned 11 June 2019)	Chris McSparran
Andrew Souter	Susan Girke
Conny Wilson	Ray Ebel (appointed 26 August 2019)

Board members have been in office since the start of the financial year to date of this report unless otherwise stated.

Principal activities

The principal activity of the economic entity during the financial year was to provide a football team to compete in the South Australian National Football League.

The principal activity of the controlled entity is to provide social facilities to the members of the association and to generate revenue to support the operations of the club.

2. Operating results and review of operations for the year

Operating result

The loss of the Association for the financial year after providing for income tax amounted to \$ (97,992)(2018: Profit \$ (84,281)).

3. Other items

Significant changes in state of affairs

No significant changes in the nature of entity's activities occurred during the year.

Events after the reporting date


No material events have occurred since balance date.

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

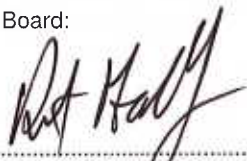
Board's Report

31 October 2019

Signed in accordance with a resolution of the Members of the Board:



.....
Lee Virgin (President)



.....
Pat Hodby (Finance Director)

Dated 17 January 2020

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Profit or Loss
For the Year Ended 31 October 2019

	Note	Consolidated Group		NAFC Inc.	
		2019	2018	2019	2018
		\$	\$	\$	\$
Revenue	2	9,981,347	10,186,373	6,874,808	7,287,517
Cost of sales		(3,402,336)	(3,478,702)	(2,067,154)	(2,130,789)
Gross Profit		6,579,011	6,707,671	4,807,654	5,156,728
Employment Expenses		(3,177,108)	(3,164,515)	(2,235,901)	(2,176,294)
Occupancy costs		(1,118,190)	(1,140,153)	(853,115)	(863,851)
Depreciation		(488,343)	(478,417)	(355,146)	(341,933)
Amortisation of oval development		(89,524)	(89,524)	(89,524)	(89,524)
Advertising and promotion		(143,875)	(173,682)	(71,877)	(74,270)
Administrative expenses		(271,851)	(290,753)	(256,870)	(277,503)
Professional and consulting		(52,302)	(67,968)	(38,177)	(55,578)
Insurance		(71,591)	(65,040)	(46,178)	(45,136)
Gaming Expenses		(307,767)	(311,072)	(230,772)	(234,837)
Fundraising Expenses		(77,404)	(62,771)	(77,404)	(62,771)
Team maintenance		(343,412)	(399,915)	(343,412)	(399,915)
Youth development		(138,312)	(125,345)	(138,312)	(125,345)
Finance costs		(117,884)	(117,266)	(115,442)	(116,837)
Prospect pavilion		(24,289)	(16,909)	(24,289)	(16,909)
Hotel operations		(107,339)	(128,381)	(51,779)	(59,820)
Gaming operations		(57,860)	(65,042)	-	-
Hotel security		(40,710)	(44,812)	(8,707)	(7,644)
Motor vehicles		(30,163)	(29,639)	(30,163)	(29,639)
Repairs, Replacements and Equipment Hire		(19,079)	(20,748)	(10,225)	(8,961)
Net current year surplus		(97,992)	(84,281)	(169,639)	169,961
Net current year surplus attributable to members		(97,992)	(84,281)	(169,639)	169,961

The accompanying notes form part of these financial statements.

North Adelaide Football Club Incorporated

Statement of Other Comprehensive Income

For the Year Ended 31 October 2019

	Note	Consolidated Group		NAFC Inc.	
		2019	2018	2019	2018
		\$	\$	\$	\$
Net current year surplus		<u>(97,992)</u>	<u>(84,281)</u>	<u>(169,639)</u>	<u>169,961</u>
Other comprehensive income					
Fair value revaluation on intangible assets	11	<u>(227,520)</u>	-	-	-
Total comprehensive income for the year		<u>(325,512)</u>	<u>(84,281)</u>	<u>(169,639)</u>	<u>169,961</u>

The accompanying notes form part of these financial statements.

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Financial Position

31 October 2019

	Note	Consolidated Group		NAFC Inc.	
		2019	2018	2019	2018
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	1,601,588	1,672,798	1,248,339	1,263,867
Trade and other receivables	6	57,461	99,691	88,620	839,711
Inventories	7	201,485	193,138	180,032	171,157
Other assets	8	54,161	28,884	967,002	308,002
TOTAL CURRENT ASSETS		1,914,695	1,994,511	2,483,993	2,582,737
NON-CURRENT ASSETS					
Property, plant and equipment	10	2,658,318	2,948,585	2,307,975	2,536,248
Right of use asset	10(b)	1,163,810	1,253,333	1,163,810	1,253,333
Intangible assets	11	460,000	687,520	5,000	5,000
TOTAL NON-CURRENT ASSETS		4,282,128	4,889,438	3,476,785	3,794,581
TOTAL ASSETS		6,196,823	6,883,949	5,960,778	6,377,318
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	12	436,554	695,000	338,873	463,919
Borrowings	13	246,962	224,129	218,220	206,930
Employee benefits	14	364,038	275,675	228,392	199,845
TOTAL CURRENT LIABILITIES		1,047,554	1,194,804	785,485	870,694
NON-CURRENT LIABILITIES					
Borrowings	13	1,371,835	1,520,154	4,466,718	4,607,886
Employee benefits	14	19,361	85,406	19,361	39,885
TOTAL NON-CURRENT LIABILITIES		1,391,196	1,605,560	4,486,079	4,647,771
TOTAL LIABILITIES		2,438,750	2,800,364	5,271,564	5,518,465
NET ASSETS		3,758,073	4,083,585	689,214	858,853
EQUITY					
Reserves		3,157,542	3,385,062	88,683	88,683
Retained earnings		600,531	698,523	600,531	770,170
TOTAL EQUITY		3,758,073	4,083,585	689,214	858,853

The accompanying notes form part of these financial statements.

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Changes in Equity

For the Year Ended 31 October 2019

2019

	NAFC Inc.				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve		
	\$	\$	\$	\$	
Balance at 1 November 2018	770,170	88,683	-	-	858,853
Profit attributable to members of the entity	(169,639)	-	-	-	(169,639)
Balance at 31 October 2019	600,531	88,683	-	-	689,214

2018

	NAFC Inc.				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve		
	\$	\$	\$	\$	
Balance at 1 November 2017	600,209	88,683	-	-	688,892
Profit attributable to members of the entity	169,961	-	-	-	169,961
Balance at 31 October 2018	770,170	88,683	-	-	858,853

2019

Note	Consolidated Group				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve	Gift Reserves	
	\$	\$	\$	\$	
Balance at 1 November 2018	698,523	150,508	682,520	2,552,034	4,083,585
Profit attributable to members of the entity	(97,992)	-	-	-	(97,992)
Movement in reserves	-	-	(227,520)	-	(227,520)
Balance at 31 October 2019	600,531	150,508	455,000	2,552,034	3,758,073

2018

	Consolidated Group				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve	Gift Reserves	
	\$	\$	\$	\$	
Balance at 1 November 2017	3,334,838	150,508	682,520	-	4,167,866
Profit attributable to members of the entity	(84,281)	-	-	-	(84,281)
Movement in reserves	(2,552,034)	-	-	2,552,034	-
Balance at 31 October 2018	698,523	150,508	682,520	2,552,034	4,083,585

The accompanying notes form part of these financial statements.

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Cash Flows

For the Year Ended 31 October 2019

	Note	Consolidated Group		NAFC Inc.	
		2019	2018	2019	2018
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		10,037,411	10,148,588	6,985,549	7,045,195
Payments to suppliers and employees		(9,677,708)	(9,364,306)	(6,639,417)	(6,432,343)
Interest received		7,045	5,994	7,045	5,994
Finance costs		(117,884)	(117,266)	(115,442)	(116,837)
Net cash provided by (used in) operating activities	19	248,864	673,010	237,735	502,009
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of plant and equipment		58,944	20,000	58,944	20,000
Purchase of property, plant and equipment		(253,532)	(632,603)	(182,328)	(536,981)
Net cash used by investing activities		(194,588)	(612,603)	(123,384)	(516,981)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings		92,137	155,807	69,147	69,661
Repayment of borrowings		(215,818)	(222,330)	(197,220)	(185,667)
Net cash used by financing activities		(123,681)	(66,523)	(128,073)	(116,006)
Net increase (decrease) in cash and cash equivalents held		(69,405)	(6,116)	(13,722)	(130,978)
Cash and cash equivalents at beginning of year	5	1,656,713	1,662,829	1,247,782	1,378,760
Cash and cash equivalents at end of financial year	5	1,587,308	1,656,713	1,234,060	1,247,782

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 October 2019

1 Summary of Significant Accounting Policies

The financial statements cover the economic entity of North Adelaide Football Club Inc. and the controlled entity, and North Adelaide Football Club Inc. as an individual entity. North Adelaide Football Club Inc. is an associated incorporation in South Australia under the Associations Incorporation Act (SA) 1985.

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Associations Incorporation Act 1985 (SA).

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant information about transactions, events and conditions to which they apply. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accrual basis and are based on historic costs, modified, where applicable, by the measurement of fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements were authorised for issue on 17 January 2020 by the board of the association.

(a) Principles of Consolidation

A controlled entity is any entity North Adelaide Football Club Inc. has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 9 to the financial statements. All controlled entities have an October financial year end.

All inter-entity balances and transactions between entities in the economic entity, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of controlled entity have been changed where necessary to ensure consistencies with those policies applied by the controlling entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

The board has decided to present the financial information of the North Adelaide Football Club Inc. and its controlled entities in a consolidated format as the entities are operated jointly by common management.

(b) Income Tax

The economic entity is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(c) Revenue and other income

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Membership revenue is recognised on a straight-line basis over the financial year.

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

Notes to the Financial Statements

For the Year Ended 31 October 2019

1 Summary of Significant Accounting Policies

(c) Revenue and other income

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

Transfer fees from AFL clubs are recognised once it is probable that they will be received.

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

(d) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(e) Borrowing costs

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

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(f) Goods and Services Tax (GST)

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

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(g) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

Notes to the Financial Statements

For the Year Ended 31 October 2019

1 Summary of Significant Accounting Policies

(h) Inventories

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

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at date of acquisition

(i) Financial Instruments

Financial instruments are recognised initially on the date that the Consolidated Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Classification

On initial recognition, the Consolidated Group classifies its financial assets as amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Consolidated Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Consolidated Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis.

Notes to the Financial Statements

For the Year Ended 31 October 2019

1 Summary of Significant Accounting Policies

(i) Financial instruments

Financial assets

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Consolidated 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 Consolidated Group's historical experience and informed credit assessment and including forward looking information.

The Consolidated Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Consolidated Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Consolidated Group in full, without recourse to the Consolidated Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Consolidated Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Consolidated Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Consolidated Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flowa are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Consolidated Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Consolidated Group comprise trade payables, finance leases and other loans.

Notes to the Financial Statements

For the Year Ended 31 October 2019

1 Summary of Significant Accounting Policies

(j) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Leasehold land and buildings are measured using the cost model. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, is depreciated on a straight-line basis over the asset's useful life commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	15% - 20%
Leasehold improvements	4% - 15%
Gaming Machines	33%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

(k) Intangibles

Gaming machines

Gaming machine licenses are carried at the board's valuation. The gaming machine licenses have an indefinite life, as they do not deteriorate, and are tested annually for impairment.

(l) Gaming entitlements

The Club measures and recognises Gaming Entitlements at fair value on a recurring basis after initial recognition. The market approach is used to value the gaming entitlements using market prices and other relevant information generated by market transactions involving identical or similar assets.

Notes to the Financial Statements

For the Year Ended 31 October 2019

1 Summary of Significant Accounting Policies

(m) Impairment of non-financial assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. For tangible assets, any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. For intangible assets, any fair value adjustments are made to OCI against the revaluation reserve.

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

(n) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(o) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgements that have a risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- Estimation of the economic life of property, plant and equipment;
- Testing for impairment; and
- Measurement of provisions, including employee benefits, contract closure, doubtful debts;

(p) Comparative Figures

In 2018, the Roosters Club was transformed to a trust structure. As a result, the net assets of the entity were transferred to a Gift Reserve as at 1 July 2018. The comparative figures in this financial report have been amended to reflect this change.

(q) Adoption of new and revised accounting standards

The Consolidated Group has adopted all standards which became effective for the first time at 31 October 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Consolidated Group.

Notes to the Financial Statements

For the Year Ended 31 October 2019

1 Summary of Significant Accounting Policies

(r) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Consolidated Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Consolidated Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	1 January 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	Whilst the impact of AASB 16 has not yet been quantified, the entity currently has \$6,534,282 worth of operating leases which we anticipate will be brought onto the statement of financial position. Interest and amortisation expense will increase and rental expense will decrease.

Notes to the Financial Statements

For the Year Ended 31 October 2019

2 Revenue and Other Income

	Consolidated Group		NAFC Inc.	
	2019	2018	2019	2018
	\$	\$	\$	\$
- Gaming income	5,287,987	5,152,184	2,971,519	2,921,354
- Venue income	2,595,962	2,746,780	1,165,796	1,203,754
- Membership	129,058	112,445	129,058	112,445
- Sponsorship	499,001	439,919	499,001	1,189,919
- SANFL distribution	894,131	968,596	894,131	968,596
- Fundraising	44,603	61,145	44,603	61,145
- Football development	77,500	77,818	77,500	77,818
- Match day income	373,404	485,884	373,404	485,884
- Trust distributions	-	-	633,311	-
- Other income	129,701	141,602	136,485	266,602
Total Revenue	9,981,347	10,186,373	6,874,808	7,287,517

3 Profit from Ordinary Activities

Profit/(loss) from ordinary activities has been determined after:

Finance costs	117,884	117,266	115,442	116,837
Depreciation	488,343	478,417	355,146	341,933
Amortisation of oval development	89,524	89,524	89,524	89,524
	577,867	567,941	444,670	431,457

4 Remuneration of Auditors

Remuneration of the auditor for:

- auditing the financial report	13,250	13,000	9,090	8,920
- preparation of the financial report	8,560	8,400	8,560	8,400
	21,810	21,400	17,650	17,320

5 Cash and cash equivalents

Cash on hand	148,004	149,280	88,059	89,335
Cash at bank	1,453,584	1,523,518	1,160,280	1,174,532
	1,601,588	1,672,798	1,248,339	1,263,867

Reconciliation of cash

Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:

Cash and cash equivalents		1,601,588	1,672,798	1,248,339	1,263,867
Bank overdrafts	13	(14,280)	(16,085)	(14,280)	(16,085)
Balance as per statement of cash flows		1,587,308	1,656,713	1,234,059	1,247,782

NORTH ADELAIDE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Notes to the Financial Statements

For the Year Ended 31 October 2019

6 Trade and other receivables

	Consolidated Group		NAFC Inc.	
	2019	2018	2019	2018
	\$	\$	\$	\$
CURRENT				
Trade receivables	57,461	99,691	88,620	839,711
Total current trade and other receivables	57,461	99,691	88,620	839,711

Current Trade Receivables are generally received within 30 days. No collateral has been held as security for any trade and other receivable balances.

7 Inventories

CURRENT				
Stock on hand	201,485	193,138	180,032	171,157
	201,485	193,138	180,032	171,157

8 Other assets

CURRENT				
Prepayments	54,161	28,884	54,161	28,472
Related party loan			912,841	279,530
	54,161	28,884	967,002	308,002

9 Controlled Entities

(a) Name	Country of incorporation
Controlling entity: North Adelaide Football Club Inc.	Australia
Controlled entity: The Roosters Club Inc.	Australia

North Adelaide Football Club Inc. (NAFC) is recognised as the controlling entity as both entities are managed by the same board. The Roosters Club Inc. exists to provide the North Adelaide Football Club Inc. financial support through donations and sponsorship.

For the purpose of these accounts, the operations of the football club and the Northern Tavern are reported as NAFC, as both functions are legally operated by NAFC.

Notes to the Financial Statements
For the Year Ended 31 October 2019

9 Controlled Entities

Controlled Entities

(b) Performance of controlled entities/operations

<u>North Adelaide Football Club Inc.</u>	2019	2018
	\$	\$
Revenue	2,045,896	2,369,889
Expenditure	(2,844,054)	(2,940,908)
Performance before receipt of sponsorship from related parties	(798,158)	(571,019)
Receipt of sponsorship from Nothern Tavern	-	225,000
Receipt of sponsorship from Roosters Club Inc.	-	750,000
Performance of the NAFC	(798,158)	403,981

<u>Northern Tavern</u>	2019	2018
	\$	\$
Revenue	4,192,117	4,178,029
Expenditure	(4,196,908)	(4,177,965)
Performance before expense of sponsorship to related entities	(4,791)	64
Sponsorship to NAFC	-	(225,000)
Performance of the Northern Tavern	(4,791)	(224,936)

The North Adelaide Football Club Inc. operates the Northern Tavern as a function of the football club.

<u>The Roosters Club Inc.</u> (Grand North)	2019	2018
	\$	\$
Revenue	3,746,634	3,773,856
Expenditure	(3,034,893)	(3,284,879)
Performance before expense of sponsorship to related entities	711,741	488,977
Sponsorship to NAFC	-	(750,000)
Performance of the Roosters Club Inc.	711,741	(261,023)

Notes to the Financial Statements

For the Year Ended 31 October 2019

10 Property, plant and equipment

Note	Consolidated Group		NAFC Inc.	
	2019	2018	2019	2018
	\$	\$	\$	\$
LAND AND BUILDINGS				
Leasehold improvements at cost	6,412,563	6,405,120	4,664,087	4,656,644
Accumulated amortisation	(4,387,249)	(4,164,736)	(2,802,889)	(2,614,767)
	2,025,314	2,240,384	1,861,198	2,041,877
Oval redevelopment at cost				
Oval redevelopment at cost	257,720	257,720	257,720	257,720
Accumulated depreciation	(235,165)	(226,977)	(235,165)	(226,977)
	22,555	30,743	22,555	30,743
PLANT AND EQUIPMENT				
Plant and equipment at cost	1,250,726	1,228,791	1,107,392	1,089,537
Accumulated depreciation	(1,071,131)	(1,066,337)	(937,080)	(935,934)
	179,595	162,454	170,312	153,603
Furniture, fixtures and fittings at cost				
Furniture, fixtures and fittings at cost	451,420	448,488	334,091	331,159
Accumulated depreciation	(416,779)	(400,486)	(303,605)	(289,547)
	34,641	48,002	30,486	41,612
Office equipment at cost				
Office equipment at cost	81,986	80,088	81,986	80,088
Accumulated depreciation	(71,258)	(60,949)	(71,258)	(60,949)
	10,728	19,139	10,728	19,139
Club loyalty system				
Club loyalty system	159,951	159,951	48,152	48,152
Accumulated depreciation	(159,951)	(159,951)	(48,152)	(48,152)
Total club loyalty system	-	-	-	-
Gaming equipment at cost				
Gaming equipment at cost	1,486,521	1,445,207	735,866	719,374
Accumulated depreciation	(1,101,036)	(997,344)	(523,170)	(470,100)
	385,485	447,863	212,696	249,274
Total property, plant and equipment	2,658,318	2,948,585	2,307,975	2,536,248

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Notes to the Financial Statements
For the Year Ended 31 October 2019

10 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Leasehold improvements	Club loyalty system	Gaming equipment	Oval redevelopment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
NAFC Inc.								
Year ended 31 October 2019								
Balance at the beginning of year	153,603	41,612	19,139	2,041,877	-	249,274	30,743	2,536,248
Additions	105,235	2,931	1,897	8,776	-	63,490	-	182,329
Disposals	(55,455)	-	-	-	-	-	-	(55,455)
Depreciation expense	(33,071)	(14,057)	(10,308)	(189,455)	-	(100,068)	(8,188)	(355,147)
Balance at the end of the year	170,312	30,486	10,728	1,861,198	-	212,696	22,555	2,307,975
Consolidated Group								
Year ended 31 October 2019								
Balance at the beginning of year	162,454	48,002	19,139	2,240,384	-	447,863	30,743	2,948,585
Additions	109,315	2,930	1,898	8,774	-	130,615	-	253,532
Disposals	(55,455)	-	-	-	-	-	-	(55,455)
Depreciation expense	(36,719)	(16,291)	(10,309)	(223,844)	-	(192,993)	(8,188)	(488,344)
Balance at the end of the year	179,595	34,641	10,728	2,025,314	-	385,485	22,555	2,658,318

Notes to the Financial Statements
For the Year Ended 31 October 2019

10 Property, plant and equipment

(b) Right of Use Asset

	Consolidated Group		NAFC Inc.	
	2019	2018	2019	2018
	\$	\$	\$	\$
Prospect oval development	1,880,000	1,880,000	1,880,000	1,880,000
Less: accumulated amortisation	(716,190)	(626,667)	(716,190)	(626,667)
	1,163,810	1,253,333	1,163,810	1,253,333

In 2011 (finalised in 2012) the Club entered into an agreement with the Prospect Council to pay \$1.88m for the development that occurred at Prospect Oval. As the upgrades to the building are legally the ownership and right of the Council, the asset recorded in the books of the club is a Right of Use asset. This right of use is granted to the club for 21 years. On that basis, the \$1.88m will be amortised equally over the life of the contract.

11 Intangible Assets

Other Licenses	455,000	682,520	-	-
Gaming machine licenses	5,000	5,000	5,000	5,000
Total Intangibles	460,000	687,520	5,000	5,000

Following the introduction of the Gaming Machines (Miscellaneous) Amendment Bill 2004 into parliament in 2004, the board members decided to value the club's gaming machines at \$1,520,000 being \$38,000 per machine. The club is licensed to operate 40 gaming machines. In the 2019 gaming machine license trading round, the vendor price of a gaming machine licence was \$11,375. This would give the 40 licenses held a value of \$455,000.

12 Trade and other payables

CURRENT

Unsecured liabilities

Trade payables	281,601	489,794	241,208	323,846
Sundry creditors and accruals	154,953	205,206	97,665	140,073
	436,554	695,000	338,873	463,919

Notes to the Financial Statements

For the Year Ended 31 October 2019

13 Borrowings

	Consolidated Group		NAFC Inc.	
	2019	2018	2019	2018
	\$	\$	\$	\$
CURRENT				
Secured liabilities:				
Bank overdraft	14,280	16,085	14,280	16,085
Lease liability	17 77,440	56,169	48,698	38,970
Prospect Council	155,242	151,875	155,242	151,875
Total current borrowings	246,962	224,129	218,220	206,930
NON-CURRENT				
Unsecured liabilities:				
Related party loan	-	-	3,120,000	3,120,000
	-	-	3,120,000	3,120,000
Secured liabilities:				
Lease liability	17 82,523	75,600	57,406	43,332
Prospect Council	1,289,312	1,444,554	1,289,312	1,444,554
Total non-current borrowings	1,371,835	1,520,154	4,466,718	4,607,886

Security provided over the entity's banking facilities is via first registered mortgage debenture over assets and undertakings of the North Adelaide Football Club Inc. & The Roosters Club Inc.

The loan from the Prospect Council for the oval redevelopment is a 15 year loan with the first 5 years being interest only. From the 6th year (2016) both principal and interest payments have been made. Security is a fixed and floating charge over all present and future rights, property and undertakings of the Club.

14 Provisions

Current liabilities				
Annual leave	128,694	138,179	86,915	96,919
Long service leave	235,344	137,496	141,477	102,926
	364,038	275,675	228,392	199,845
Non-current assets				
Long service leave	19,361	85,406	19,361	39,885
	19,361	85,406	19,361	39,885

Notes to the Financial Statements

For the Year Ended 31 October 2019

15 Reserves

(a) Revaluation reserve

The revaluation reserve records fair value movements on non-current assets.

(b) Gift reserve

As of 1 July 2018, the Roosters Club was transformed into a trust structure and the net assets of the entity as at that date were transferred to the Gift Reserve.

16 Trust Distribution Reconciliation

As the Roosters Club was transformed into a trust as at 1 July 2018, it must distribute its earnings to the North Adelaide Football Club Inc as at the end of the financial year to avoid paying tax at the maximum rate. However, as the trust generated a loss for the period, no distribution could be made as at 31 October 2018. As a surplus was generated for the financial year ended 31 October 2019, the carry forward losses were offset against the surplus made and the net amount was paid to North Adelaide Football Club Inc.

	\$
Loss from 1 July 2018 to 31 October 2018	(78,430)
Profit from 1 November 2018 to 31 October 2019	<u>711,741</u>
Net balance available to distribute as at 31 October 2019	<u>633,311</u>
Amount Distributed to NAFC	<u>633,311</u>
Balance to be distributed	<u><u>-</u></u>

Notes to the Financial Statements
For the Year Ended 31 October 2019

17 Capital and Leasing Commitments

(a) Finance Leases

	Consolidated Group		NAFC Inc.	
	2019	2018	2019	2018
	\$	\$	\$	\$
Minimum lease payments:				
- not later than one year	71,436	61,044	49,367	41,750
- between one year and five years	97,051	78,723	61,880	44,933
Minimum lease payments	168,487	139,767	111,247	86,683
Less: finance charges	(8,526)	(7,998)	(5,143)	(4,381)
Present value of minimum lease payments	159,961	131,769	106,104	82,302

Finance leases are in place for gaming machines and vehicles and normally have a term between 1 and 5 years.

(b) Operating Leases

Minimum lease payments under non-cancellable operating leases:				
- not later than one year	688,634	670,674	616,634	598,674
- between one year and five years	2,657,162	2,651,769	2,657,162	2,579,769
- later than five years	3,188,486	3,882,513	3,188,486	3,882,513
	6,534,282	7,204,956	6,462,282	7,060,956

The property lease commitments are non-cancellable operating leases contracted for but not recognised in the financial statements with remaining terms ranging from 1 to 3 years each with an option to extend the lease between 3 and 5 years. Increase in lease commitments may occur in line with the Consumer Price Index (CPI).

The lease for the oval development is a 21 year lease commitment commencing in 2012.

The term of the lease of the Northern Tavern is 6 years which commenced on 2017 and will expire in 2029. The rent and outgoings will increase every year by a minimum of either CPI or 2%.

18 Related Parties

Human Resources & Accounting Services - Pat Hodby	13,730	13,310	9,153	11,900
Total related party transactions	13,730	13,310	9,153	11,900

Transactions between related parties are on normal commercial terms and under conditions no more favourable than those available to other persons unless otherwise stated.

Notes to the Financial Statements
For the Year Ended 31 October 2019

19 Cash Flow Information

Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax

	Consolidated Group		NAFC Inc.	
	2019	2018	2019	2018
	\$	\$	\$	\$
Profit for the year	(97,992)	(91,063)	(169,639)	169,961
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit:				
- Depreciation and amortisation	577,867	567,941	444,670	431,457
- net gain on disposal of property, plant and equipment	(3,489)	1,316	(3,489)	1,316
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:				
- (increase)/decrease in trade and other receivables	42,230	(43,779)	751,091	(236,329)
- (increase)/decrease in other assets	(25,277)	(14,395)	(659,000)	(14,395)
- (increase)/decrease in inventories	(8,347)	(20,633)	(8,875)	(22,333)
- increase/(decrease) in trade and other payables	(258,446)	233,210	(125,046)	144,525
- increase/(decrease) in employee benefits	22,318	40,413	8,023	27,807
Cashflow from operations	248,864	673,010	237,735	502,009

20 Financial Instruments

Financial Risk Management

NAFC's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

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

Liquidity risk

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

Credit risk

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

NAFC has implemented controls to reduce the credit risk exposure to the association, these controls include but are not limited to continual review of amounts outstanding.

The credit risk for the gaming venues is minimal as their main income is derived from cash transactions.

Notes to the Financial Statements
For the Year Ended 31 October 2019

20 Financial Instruments

(a) Interest Rate Risk

The Consolidated Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Interest Bearing	
	2019	2018	2019	2018
	%	%	\$	\$
Financial Assets:				
Cash and cash equivalents	0.50	0.50	294,250	294,250
Trade & other receivables	-	-	-	-
Total Financial Assets			294,250	294,250
Financial Liabilities:				
Trade and sundry creditors	-	-	-	-
Lease liabilities	-	0.90	159,961	131,769
Prospect Council	-	7.00	1,444,554	1,596,429
Total Financial Liabilities			1,604,515	1,728,198
	Non-interest Bearing		Total	
	2019	2018	2019	2018
	\$	\$	\$	\$
Financial Assets:				
Cash and cash equivalents	-	-	294,250	294,250
Trade & other receivables	57,461	99,691	57,461	99,691
Total Financial Assets	57,461	99,691	351,711	393,941
Financial Liabilities:				
Trade and sundry creditors	281,601	484,564	281,601	484,564
Lease liabilities	-	-	159,961	131,769
Prospect Council	-	-	1,444,554	1,596,429
Total Financial Liabilities	281,601	484,564	1,886,116	2,212,762

Notes to the Financial Statements

For the Year Ended 31 October 2019

21 Capital Management

The Board controls the capital of the club in order to maintain a good debt-to-equity ratio and to ensure that the club can fund its operations to continue as a going concern.

The club's debt and capital includes financial liabilities supported by assets.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the club since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and sundry payables and borrowings.

22 Events Occurring After the Reporting Date

The financial report was authorised for issue on 22 January 2020 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in future financial years.

23 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 31 October 2019 (31 October 2018:None).

24 Association Details

Registered office and principal place of business:
Prospect Oval, Menzies Crescent,
Prospect SA 5082

North Adelaide Football Club Incorporated

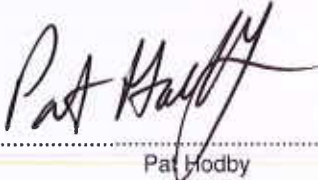
Statement by Members of the Board

In the opinion of the board the financial report as set out on pages 3 to 26:

- 1. Present fairly the results of the operations of North Adelaide Football Club INC. and controlled entities as at 31 October 2019 and its state of affairs for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- 2. At the date of this statement, there are reasonable grounds to believe that North Adelaide Football Club Inc. and controlled entities will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President 
Lee Virgin


Treasurer.....
Pat Hodby

Dated this 17th day of January 2020

Bentleys SA Audit Partnership

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NORTH ADELAIDE FOOTBALL CLUB INC AND CONTROLLED ENTITY**

Report on the Financial Report

Opinion

We have audited the accompanying financial report of North Adelaide Football Club Inc and Controlled Entity, which comprises the statement of financial position as at 31 October 2019, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and the statement by the Board of the association.

In our opinion, the financial report gives a true and fair view of the financial position of North Adelaide Football Club Inc and Controlled Entity as of 31 October 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1985 (SA)*.

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 entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1985 (SA)*, and for such internal control as the committee and management determines is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the entity'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 management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 20th day of January 2020.