

# Melbourne Cricket Club

*AND CONTROLLED ENTITIES*

Annual Financial Report  
for the year ended 31 March 2011

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## Committee Report

Your Committee submit their report for the year ended 31 March 2011.

### Committee Members

The names of the Committee Members of the Melbourne Cricket Club ("the Club") in office during the financial year and until the date of this report are as follows. Committee members were in office for the entire period unless otherwise stated.

A. Paul Sheahan, David A. Crawford AO, Steven J. Smith, Stephen C. Spargo, Michael J. Andrew, David S. Crow, Peter A. Dakin, William D. Fowles, Jane L. Nathan, Karen J. Wood, Edward R. Yencken, David E. Meiklejohn AM (resigned 16 February 2011), Robert G. Lloyd (resigned 15 March 2011), Peter A. Mitchell (resigned 6 June 2011) and Michael J. Happell (appointed 17 May 2011).

### Nature of Operations and Principal Activities

The principal activities of the Club during the year were the ground management of the Melbourne Cricket Ground ("MCG") and the encouragement and promotion of sport.

There was no significant change in the nature of these activities during that period. The current financial year also reflects the first full year of the Club's role as Manager of Yarra Park.

### Results and Review of Operations

The consolidated net profit of the Club and its controlled entities amounted to \$11.529 million compared with a net loss of the previous year of \$4.683 million. Included in this result is Government grant income of \$8.000 million (2010: nil) for the Great Southern Stand Project. The total grant is \$30.000 million and the project cost is \$55.000 million.

MCG event attendances were very strong in 2010/11. The Boxing Day 'Ashes' test match boosted cricket attendances, with over 350,000 people attending international matches over the summer. Football was also very well supported with over 3.1 million patrons attending matches. Consequently, event related income and members contribution-to-the-gate expenses increased significantly. One major impact on the financial performance of the Club was the hosting of the 2010 Grand Final replay, which resulted in a net loss of approximately \$1.400 million.

In the Club's first full year of Yarra Park management, a net surplus of \$1.047 million was recorded (2010: net deficit of \$0.002 million for a one month period). This surplus will be spent on the operation, maintenance and improvement of Yarra Park as required under legislation. A Master Plan for Yarra Park has been approved as the Club begins the major improvements to Yarra Park. All monies generated within Yarra Park are used to support the Master Plan which includes major upgrades to the irrigation, grasses, soils and landscaping works.

The development of a new membership database system is currently in progress and will significantly enhance our data collection, management and service to members. This project will run over two years and has seen an investment of \$2.000 million to the end of the financial year.

It should be noted that the Club faces large capital expenditure commitments in coming years that will result in significant calls upon its cash reserves. After receipt and expenditure of Government grants, the Club will spend a further \$25.000 million on the Great Southern Stand Improvement Project and a further estimated amount of \$18.000 million will be spent on a Water Recycling Facility in Yarra Park. These commitments will be funded from Club operations.

The Club continues to generate positive operational cash flows from its activities and the Club will review the cash flows and the ability to further reduce the Club's debt.

The net operating result of the parent entity is materially in line with results of the consolidated entity.

### **Significant changes in the state of affairs**

There have been no significant changes in the Club's state of affairs during the financial year.

### **Significant events after the balance date**

There have been no significant events occurring after balance date, which may affect either the Club's operations or results of those operations or the Club's state of affairs.

### **Likely developments and Expected Results**

The Committee does not expect any significant changes to the operations of the Club.

### **Environmental Regulation and Performance**

The Club has completed an environmental management plan for the MCG. The plan establishes guidelines for energy, water and waste management at the arena and is constantly under review to account for legislative amendments and changing social expectations. Major undertakings during 2011 include a sports lighting review, the commencement of construction of a Water Recycling Facility, participation in the Greener Government Buildings initiative and the establishment of an environmental committee.

### **Security**

Given the MCG's status as an iconic event venue in Australia, the Club has placed high importance upon the management and mitigation of security risk issues. Accordingly, several strategic security management initiatives are ongoing. These measures have enhanced the safety of ground users on event and non-event days. The Committee and Club management will continue to develop and implement security risk reduction strategies.

### **Safety**

The Club provides a strong focus on Occupational Health and Safety at the MCG. This is evidenced by the Club maintaining its Advanced SafetyMAP accreditation following the annual independent audit.

SafetyMAP covers Committee, staff, contractors and MCG tenants and is always under review.

The review of policies and procedures occurs regularly through reporting to the Committee and its Sub-Committees, management and staff and Health and Safety Committee.

### **Indemnification and Insurance of Committee Members**

The Club has provided and paid premiums for Directors' and Officers' Liability and Legal Expenses insurance contracts, covering members of the Committee, and the Directors, Executives and Statutory Officers of the Club.

The insurance is in respect of legal liability for damages and legal costs arising from claims made by reason of any omission or acts (other than dishonesty) by them, whilst acting in their individual or collective capacity as members of the Committee or officers of the Club.

The total amount of insurance contract premiums paid during the period was \$51,000.

## **Rounding**

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars (\$'000) (where rounding is applicable, with the exception of Auditors' Remuneration) under the option available to the Club under ASIC Class Order 98/0100. The Club is an entity to which the Class Order applies.

Signed in accordance with a resolution of the Committee.

A. Paul Sheahan  
President

Michael J. Andrew  
Treasurer

Melbourne, 7 July 2011

## Consolidated Statement of Comprehensive Income

Year Ended 31 March 2011	Notes	Consolidated	
		2011 \$000	2010 \$000
Revenue	3(a)	118,295	103,180
Other income	3(b)	18,794	9,003
<b>Total Income</b>		<b>137,089</b>	<b>112,183</b>
Arena expenses		(5,618)	(5,848)
Facilities expenses		(12,431)	(12,663)
Commercial Operations expenses		(8,551)	(6,878)
Member contributions to the gate		(16,470)	(11,775)
Membership and Customer Services expenses		(5,976)	(5,210)
Events Administration expenses		(15,841)	(14,081)
Administration expenses		(9,885)	(10,070)
Depreciation expenses	4(a)	(26,167)	(27,056)
National Sports Museum Limited ("NSM") expenses		(2,750)	(2,597)
Yarra Park expenses		(1,806)	(2)
Finance costs	4(b)	(20,065)	(20,686)
<b>Net Profit / (Loss) for the period</b>		<b>11,529</b>	<b>(4,683)</b>
<b>Other Comprehensive Income</b>			
Fair value revaluation of National Sports Museum Collection ("NSM Collection")		-	10
Changes in fair value of cash flow hedge		(499)	192
<b>Other comprehensive income / (loss) for the period</b>		<b>(499)</b>	<b>202</b>
<b>Total comprehensive income / (loss) for the period</b>		<b>11,030</b>	<b>(4,481)</b>

## Consolidated Statement of Financial Position

At 31 March 2011	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>Current Assets</b>			
Cash and cash equivalents	15(b)	47,488	39,368
Trade and other receivables	5	16,351	13,387
Other assets	6	1,135	1,168
<b>Total Current Assets</b>		<b>64,974</b>	<b>53,923</b>
<b>Non-Current Assets</b>			
Property, plant and equipment			
MCG building improvements	7	484,811	507,002
Plant and equipment	7	13,674	12,514
Work in progress	7	6,963	1,933
Yarra Park assets	7	1,079	1,203
Other assets	6	34	152
Derivative financial instruments	8	98	88
<b>Total Non-Current Assets</b>		<b>506,659</b>	<b>522,892</b>
<b>Total Assets</b>		<b>571,633</b>	<b>576,815</b>
<b>Current Liabilities</b>			
Trade and other payables	9	43,121	41,463
Interest bearing loans and borrowings	10	12,374	11,498
Provisions	11	2,661	2,421
<b>Total Current Liabilities</b>		<b>58,156</b>	<b>55,382</b>
<b>Non-Current Liabilities</b>			
Trade and other payables	12	6,612	10,063
Interest bearing loans and borrowings	13	280,641	296,231
Provisions	11	191	136
<b>Total Non-Current Liabilities</b>		<b>287,444</b>	<b>306,430</b>
<b>Total Liabilities</b>		<b>345,600</b>	<b>361,812</b>
<b>Net Assets</b>		<b>226,033</b>	<b>215,003</b>
<b>Equity</b>			
Accumulated funds	14(a)	225,285	214,803
Reserves	14(b) (c) (d)	748	200
<b>Total Equity</b>		<b>226,033</b>	<b>215,003</b>

## Consolidated Statement of Changes in Equity

Year Ended 31 March 2011

Consolidated

	Accumulated Funds \$000	Asset Revaluation Reserve \$000	Yarra Park Reserve \$000	Cash Flow Hedge Reserve \$000	Total Equity \$000
<b>Balance at 1 April 2009</b>	<b>219,484</b>	-	-	-	<b>219,484</b>
(Loss) for the year	(4,683)	-	-	-	(4,683)
Transfer to Yarra Park reserve	2	-	(2)	-	-
Other Comprehensive Income for the year	-	10	-	192	202
<b>Total Comprehensive Income for the period</b>	<b>(4,681)</b>	<b>10</b>	<b>(2)</b>	<b>192</b>	<b>(4,481)</b>
<b>Balance at 31 March 2010</b>	<b>214,803</b>	<b>10</b>	<b>(2)</b>	<b>192</b>	<b>215,003</b>
Profit for the year	11,529	-	-	-	11,529
Transfer to Yarra Park reserve	(1,047)	-	1,047	-	-
Other Comprehensive Income for the year	-	-	-	(499)	(499)
<b>Total Comprehensive Income for the period</b>	<b>10,482</b>	<b>-</b>	<b>1,047</b>	<b>(499)</b>	<b>11,030</b>
<b>Balance at 31 March 2011</b>	<b>225,285</b>	<b>10</b>	<b>1,045</b>	<b>(307)</b>	<b>226,033</b>

## Consolidated Statement of Cash Flows

Year Ended 31 March 2011	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>Cash Flows from Operating Activities</b>			
Receipts from operating activities (inclusive of GST)		111,417	104,897
Payments to suppliers and employees (inclusive of GST)		(79,600)	(72,802)
Interest received		2,490	1,262
Interest paid		(20,585)	(20,083)
<b>Net Cash Flows from Operating Activities</b>	15(a)	<b>13,722</b>	<b>13,274</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment		(9,682)	(4,223)
Contributions relating to MCG Redevelopment	3(b)	5,294	4,110
Contributions relating to Great Southern Stand Improvement Project	3(b)	8,000	-
Contributions relating to the National Sports Museum	3(b)	1,750	-
<b>Net Cash Flows from / (used in) Investing Activities</b>		<b>5,362</b>	<b>(113)</b>
<b>Cash Flows from Financing Activities</b>			
Contributions from related party	3(b)	3,750	3,690
Repayments of borrowings		(14,714)	(11,080)
<b>Net Cash Flows (used in) Financing Activities</b>		<b>(10,964)</b>	<b>(7,390)</b>
<b>Net Increase in Cash and Cash Equivalents</b>		<b>8,120</b>	<b>5,771</b>
Cash and cash equivalents at beginning of the year		39,368	33,597
<b>Cash and Cash Equivalents at End of the Year</b>	15(b)	<b>47,488</b>	<b>39,368</b>

## Notes to the Financial Statements

31 March 2011

### 1. Club Information

The consolidated financial report of the Club for the year ended 31 March 2011 was authorised for issue in accordance with a resolution of the Committee on 7 July 2011. The consolidated financial report is presented in Australian dollars, and all values are rounded to the nearest thousand dollars unless stated otherwise.

The Club is a body corporate incorporated under the Melbourne Cricket Club Act 1974 consisting of persons who under, and in accordance with the provisions of the Club's rules, are members of the Club.

The registered office and domicile of the Club is located at:

Melbourne Cricket Ground  
Yarra Park  
Jolimont, Victoria, 3002

The principal activities of the Club during the year were the ground management of the MCG and the encouragement and promotion of playing sports.

### 2. Summary of significant accounting policies

#### **(a) Basis of preparation**

The consolidated financial report is a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board. The consolidated financial report has also been prepared on a historical cost basis, except for NSM Collection assets and derivative financial instruments, which have been measured at fair value.

#### **(b) Statement of compliance and new accounting standards**

The financial report complies with Australian Accounting Standards – Reduced Disclosure requirements.

#### **(i) Changes in Accounting Policies and Disclosures**

The accounting policies adopted in this financial report are consistent with those of the previous period except as follows:

- *AASB 1053 Application of Tiers of Australian Accounting Standards*
- *AASB 2010-2 Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements*
- *Revisions to the Corporations Act in regard to Parent Entity Disclosures*
- *AASB 3 Business Combinations (revised 2008)*
- *AASB 2008-11 Combinations Among Not-for-Profit Entities*
- *AASB 127 (revised) Consolidated and Separate Financial Statements*
- *AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB 5, 8, 101, 107, 117, 118, 136, 139) effective 1 January 2010*
- *AASB 2009-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project effective 1 July 2009*
- *AASB 2008-8 Amendments to Australian Accounting Standards – Eligible Hedged Items*
- *AASB 2008-6 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project (AASB1 & AASB 5) effective 1 July 2009*
- *AASB 2008-3 Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### *(b) Statement of compliance and new accounting standards (continued)*

Where the adoption of any new standards and any Corporations Act amendments has affected the financial statements or performance of the Club, the effects are described below.

- *Adoption of AASB 1053 Application of Tiers of Australia Accounting Standards and AASB 2010-2 Amendment to Australian Accounting Standards arising from Reduced Disclosure Requirements*

The Club has adopted the new Australian Accounting Standard – Reduced Disclosure Requirements in these financial statements which has resulted in a reduction in disclosures to those required under full AASB disclosure requirements applicable in previous years.

- *Revisions to the Corporations Act in regard to Parent Entity Disclosures*

The Club has applied Corporations Act amendments requiring an entity to prepare either consolidated financial statements where required by accounting standards, or individual entity financial statements if the accounting standards do not require the preparation of consolidated financial statements. The Club has presented consolidated financial statements along with summarised parent entity information (refer Note 18) in compliance with these changes.

#### *(ii) Australian Accounting Standards issued but not yet effective*

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Club for the annual reporting period ending 31 March 2011. These are outlined in the table that follows.

There are a number of other new and revised standards and interpretations in addition to those listed below; however, these are not expected to materially affect the Club's financial report.

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### (b) Statement of compliance and new accounting standards (continued)

Reference	Title	Application date of standard	Impact on Club financial report	Application date for the Club
AASB 9	Financial Instruments	1 January 2013	AASB 9 includes requirements for the classification and measurement of financial assets resulting from a project and will replace AASB 139. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The Club will consider any possible implications.	1 April 2013
AASB 124 (Revised)	Related Party Disclosures	1 January 2011	The revised AASB 124 simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition. The Club will consider any possible implications.	1 April 2011
AASB 2010-7	Amendments to Australian Accounting Standards arising from AASB 9	1 January 2013	The requirements for classifying and measuring financial liabilities have been added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> <li>(i) The change attributable to changes in credit risk is presented in other comprehensive income (OCI); and</li> <li>(ii) The remaining change is presented in profit or loss</li> </ul> If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. The Club will consider any possible implications.	1 April 2013
AASB 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	1 January 2013	These amendments arise from the issuance of AASB 9 <i>Financial Instruments</i> that sets out requirements for the classification and measurement of financial assets. The requirements in AASB 9 form part of the first phase of the International Accounting Standards Board's project to replace IAS 39 <i>Financial Instruments: Recognition and Measurement</i> . This Standard shall be applied when AASB 9 is applied.	1 April 2013

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### (c) Yarra Park

Effective 15 March 2010, the Melbourne Cricket Ground and Yarra Park Amendment Act 2009 ("Yarra Park Amendment Act") appointed the Melbourne Cricket Ground Trust ("MCG Trust") as the Committee of Management for Yarra Park, thereby expanding the functions of the MCG Trust and specifying the management arrangements and the implementation of an improvements plan for Yarra Park.

Under the Yarra Park Amendment Act, the MCG Trust assumed responsibility for car parking arrangements, receiving advice from the Yarra Park Advisory Committee on the operation and management of Yarra Park, and the honouring of existing licences and contracts. Further, any money received by or on behalf of the MCG Trust in relation to Yarra Park may only be spent on the operation, management, maintenance and improvement of Yarra Park, and such monies received and spent must be separately accounted for in the financial report.

The Yarra Park Amendment Act allowed the MCG Trust to delegate its functions and responsibilities for Yarra Park to the Club and it has done so via the execution by the MCG Trust, the Club and the relevant Ministers of the State Government of Victoria through a formal *Instrument of Delegation and Second Deed of Amendment to the MCG Management and Indemnity Deed*. These agreements appoint and allow the Club to fulfil all of the responsibilities assigned to the MCG Trust under the Yarra Park Amendment Act as the Reserve Manager of Yarra Park.

The Club has agreed a separate accounting policy with the MCG Trust that details those revenue and expense items that are received or incurred by the Club in the performance of their role as the Manager of Yarra Park. These amounts are included in the totals in the Statement of Comprehensive Income of the Club.

The net surplus / deficit of these identified items is then transferred to a separate reserve as a sub-component of equity (refer Note 14(c)) so that these amounts can be identified and spent on the operation, management, maintenance and improvement of Yarra Park.

In the prior financial year, the Club also recorded a number of Yarra Park plant and equipment assets that were contributed by the MCG Trust for nil consideration. These are detailed in Note 7(d) of the financial report.

#### (d) Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Club designates certain derivatives as hedges of highly probable forecast transactions (cash flow hedges).

At the inception of the transaction, the Club documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Club also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### *(d) Derivative Financial Instruments (continued)*

##### *Cash flow hedge*

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in other comprehensive income.

Amounts accumulated in equity are recycled in the Statement of Comprehensive Income in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Statement of Comprehensive Income. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Statement of Comprehensive Income.

##### *Derivatives that do not qualify for hedge accounting*

Certain derivative instruments do not qualify for hedge accounting. A change in the fair value of any derivative instrument that does not qualify for hedge accounting is immediately recognised in profit and loss. All current derivatives within the financial statements are currently designated in a hedging relationship.

#### *(e) Basis of consolidation*

The consolidated financial statements are those of the consolidated entity, comprising the Club, MCC Nominees Pty Ltd (a subsidiary) and NSM (a controlled entity). The ultimate parent is the Club. The Club recognises the operations of NSM within its financial statements, but the Australian Gallery of Sport and Olympic Museum ("AGOS-OM") Sporting Collection is an asset recorded in the financial statements of the MCG Trust.

Amounts relating to the construction and fit out of NSM are recorded in the Club's financial report as they are considered part of the MCG. There are no equity investments included in the parent entity relating to NSM.

The financial statements of the controlled entity are prepared for the same reporting period as the parent company, using consistent accounting policies.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

The subsidiary and controlled entity are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

The Melbourne Cricket Club Foundation Limited ("Foundation"), a company limited by guarantee, is categorised as a director related entity and is not consolidated into the Club's accounts. Established as a vehicle to encourage and promote the playing of sports and preserve and manage the Foundation's Museum and Library, it has a distinctly separate purpose to the Club, which acts as the manager of the MCG under a management agreement with the MCG Trust and the State Government of Victoria.

#### *(f) Significant accounting judgements, estimates and assumptions*

The Club's accounting policies do not contain significant accounting judgement or significant accounting estimates and assumptions that would have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period.

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### **(g) Cash and cash equivalents**

Cash and short-term deposits in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within three months, net of outstanding bank overdrafts. Interest is charged as expense / revenue as it accrues.

#### **(h) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost less an allowance for any impairment. An impairment provision is made when there is objective evidence that the Club will not be able to collect the receivable. The Club's receivables are predominantly contractually based and are due from reputable and recurring third parties. Objective evidence includes notification of a company entering liquidation or a breach of contract terms. Bad debts are written off as incurred.

#### **(i) Property, Plant and Equipment**

Plant and equipment is stated at cost less accumulated depreciation and any accumulated impairment losses other than the NSM Collection which is carried at fair value. The NSM Collection is recognised at fair value with regard to its highest and best use and is not depreciated. A valuation of the NSM Collection from an independent assessor is completed at a maximum every five years with any future acquisitions being valued at cost until the next valuation.

##### *Depreciation*

Depreciation is provided on a straight-line basis on all plant and equipment.

Major depreciation periods are:

	<b>2011</b>	<b>2010</b>
MCG improvements:	The lease term	The lease term
Plant and equipment:	5 to 15 years	5 to 15 years

Effective 15 August 2002, the Club entered into a lease agreement with the MCG Trust extending the existing ground lease to 31 March 2042.

#### **(i) Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with the recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

Depreciated replacement cost is defined as the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset. The current replacement cost of an asset is its cost measured by reference to the lowest cost at which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### **(i) Property, Plant and Equipment (continued)**

##### (ii) Derecognition and disposal

An item of property, plant and equipment is derecognised upon disposal or when no further 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 profit or loss in the year the asset is derecognised.

#### **(j) Leases**

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

##### *Finance leases*

The Club does not have any finance leases.

##### *Operating leases*

Operating lease payments are recognised as an expense in the Consolidated Statement of Comprehensive Income on a straight-line basis over the lease term.

#### **(k) 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 Club prior to the end of the financial year that are unpaid and arise when the Club becomes obliged to make future payments in respect of the purchase of these goods and services.

#### **(l) Interest bearing loans and borrowings**

All loans are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans are subsequently measured at amortised cost using the effective interest method. Interest is charged as an expense as it accrues on an effective interest basis.

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### *(m) Borrowing costs*

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use) are capitalised as part of the cost of that asset.

All other borrowing costs are expensed in the period they occur.

#### *(n) Revenue recognition*

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

##### *Sale of goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

##### *Rendering of services and income in advance*

Income in advance is recognised in line with the terms of specific contracts. Membership subscription income in advance is recognised in line with the membership subscription period and the service obligations of the Club.

Where a contract outcome cannot be reliably measured, revenue is recognised only to the extent that costs have been incurred.

##### *Interest*

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

##### *Government grants*

Contributions of assets (including contributions that are government grants) are recognised immediately as revenue, at the fair value of the contribution, when:

- (i) the Club gains control of the contribution;
- (ii) it is probable that the economic benefits will flow to the Club; and
- (iii) the amount of the contribution can be reliably measured.

##### *Contributions of NSM Collection assets and Yarra Park assets*

Under AASB 1004, contributions of assets are recognised immediately as revenue, at the fair value of the contribution, when:

- (i) the entity gains control of the contribution;
- (ii) it is probable that the economic benefits will flow to the entity; and
- (iii) the amount of the contribution can be reliably measured.

## Notes to the Financial Statements (continued)

31 March 2011

### 2. Summary of significant accounting policies (continued)

#### **(o) Employee leave benefits**

##### (i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date, are recognised in provisions for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken, are measured at the rates paid or payable and are not provided for.

##### (ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows. Long service leave includes casual employees of the Club, in accordance with Victorian legislation.

#### **(p) Taxes**

##### *Income taxes*

The Club is exempt from income tax under Section 50-45 of the Income Tax Assessment Act ("ITAA") 1997.

##### *Goods and Services Tax ("GST")*

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

- i) where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- ii) trade receivables and trade payables are stated with the amount of GST included.

The net amount of GST receivable from, or payable to the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

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.

#### **(q) Parent Entity Financial Information**

The financial information for the parent entity, the Melbourne Cricket Club is disclosed in Note 18.

#### **(r) Comparatives**

Where necessary, comparative figures have been reclassified and repositioned for consistency with current year disclosures.

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>3. Income</b>			
<b>(a) Revenue</b>			
Revenue from sales		568	463
Membership and Customer Services related revenue		43,442	41,189
Event related revenue		29,634	24,427
Commercial Operations revenue		26,280	23,555
NSM revenues		3,348	2,877
Yarra Park revenues		2,853	-
AFL revenues		8,195	8,013
Interest income		2,490	1,262
Other revenues		1,485	1,394
		<b>118,295</b>	<b>103,180</b>
<b>(b) Other income</b>			
Distribution from the MCG Trust for repayment of debt		3,750	3,690
MCG Redevelopment contributions		5,294	4,110
NSM contributions		1,750	-
State Government of Victoria contribution – Great Southern Stand Improvement Project		8,000	-
Contributed assets from the MCG Trust – Yarra Park		-	1,203
		<b>18,794</b>	<b>9,003</b>
<b>Total income</b>		<b>137,089</b>	<b>112,183</b>

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>4. Expenses</b>			
<b>(a) Depreciation and amortisation</b>			
MCG building improvements		22,756	24,090
Plant and equipment		3,287	2,966
Yarra Park assets		124	-
<b>Total depreciation of non-current assets</b>		<b>26,167</b>	<b>27,056</b>
<b>(b) Finance costs</b>			
Amortising inflation indexed bonds		3,386	3,528
Treasury Corporation of Victoria ("TCV") – term loans and revolving credit facilities		16,679	17,158
		<b>20,065</b>	<b>20,686</b>
<b>(c) Lease payments included in the Consolidated Statement of Comprehensive Income</b>			
Included in administrative expenses			
- Minimum lease payments		221	697
		<b>221</b>	<b>697</b>
<b>(d) Employee benefits expense</b>			
Included in various departmental expense categories			
Wages and salaries		12,166	11,889
Contribution plan expense		1,460	1,212
		<b>13,626</b>	<b>13,101</b>

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>5. Trade and Other Receivables (Current)</b>			
Trade receivables		15,231	12,611
Provision for impairment		-	-
		<b>15,231</b>	12,611
Sundry receivables		1,120	776
		<b>16,351</b>	13,387
<b>(a) Related party receivables</b>			
Other related parties	5(a)(i)	12	-
Director-related entities	5(a)(i)	286	13
		<b>298</b>	13

(i) Details of the terms and conditions of related party receivables are set out in note 22(b).

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>6. Other Assets</b>			
Prepayments – current		<u>1,135</u>	1,168
Prepayments – non current		34	136
Other receivables – non current		<u>-</u>	16
		<b>34</b>	<b>152</b>
<b>7. Property, Plant and Equipment</b>			
MCG building improvements			
At cost		<b>672,706</b>	672,141
Accumulated depreciation		<b>(187,895)</b>	(165,139)
Net carrying amount	7(a)	<u><b>484,811</b></u>	507,002
Plant and equipment			
At fair value		<b>457</b>	457
At cost		<b>29,686</b>	25,239
Accumulated depreciation		<b>(16,469)</b>	(13,182)
Net carrying amount	7(b)	<u><b>13,674</b></u>	12,514
Work in progress			
At cost		<b>6,963</b>	1,933
	7(c)	<u><b>6,963</b></u>	1,933
Yarra Park Assets			
At cost		<b>1,203</b>	1,203
Accumulated Depreciation		<b>(124)</b>	-
Net carrying amount	7(d)	<u><b>1,079</b></u>	1,203
Total property, plant and equipment			
Total at fair value		<b>457</b>	457
Total at cost		<b>710,557</b>	700,516
Accumulated depreciation		<b>(204,488)</b>	(178,321)
Net carrying amount		<u><b>506,526</b></u>	<u>522,652</u>

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>7. Property, Plant and Equipment (continued)</b>			
<b>Reconciliations</b>			
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the financial year			
<b>7(a) MCG building improvements</b>			
Carrying amount at beginning		507,002	530,333
Additions		565	759
Disposals		-	-
Depreciation expense		(22,756)	(24,090)
		<b>484,811</b>	<b>507,002</b>
<b>7(b) Plant and equipment</b>			
Carrying amount at beginning		12,514	11,467
Additions at cost		4,447	3,912
Fair value of donated NSM Collection assets		-	91
Revaluation increment of NSM Collection assets		-	10
Disposals		-	-
Depreciation expense		(3,287)	(2,966)
		<b>13,674</b>	<b>12,514</b>
<b>7(c) Work in progress</b>			
Carrying amount at beginning		1,933	1,929
Additions		10,642	4,675
Transfer of WIP to MCG building improvements and plant and equipment		(5,012)	(4,671)
Write-off expense		(600)	-
		<b>6,963</b>	<b>1,933</b>
<b>7(d) Yarra Park Assets</b>			
Carrying amount at beginning		1,203	-
Contributed assets from MCG Trust		-	1,203
Depreciation expense		(124)	-
		<b>1,079</b>	<b>1,203</b>

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>8. Derivative financial instruments</b>			
CPI swap contract	8(a)	<b>98</b>	88
		<b>98</b>	88

### (a) Terms and conditions

The CPI swap has been designated in a cash flow hedge relationship to hedge against the variability of the cash flows arising from the inflation-indexed bonds. The critical terms of the CPI swap are matched to the terms of the inflation-indexed bonds.

The CPI Swaps are not quoted in an active market and the Club uses present value techniques using observable market data to measure fair value. In determining fair value assumptions surrounding the future CPI rate have been made.

### 9. Trade and Other Payables (Current)

Trade payables	<b>2,587</b>	2,665
Other payables	<b>10,343</b>	9,162
Income in advance	<b>28,565</b>	27,769
Accrued charges	<b>1,626</b>	1,867
	<b>43,121</b>	41,463

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>10. Interest Bearing Loans and Borrowings (Current)</b>			
Borrowings secured by Government guarantee			
- Amortising inflation indexed bonds		3,490	3,147
- TCV term loans		8,884	8,351
		<u>12,374</u>	<u>11,498</u>
<b>11. Provisions</b>			
Employee benefits – Current	17	2,661	2,421
Employee benefits – Non-Current	17	191	136
		<u>2,852</u>	<u>2,557</u>
<b>12. Trade and Other Payables (Non-Current)</b>			
Income in advance		6,612	10,063
		<u>6,612</u>	<u>10,063</u>

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>13. Interest Bearing Loans and Borrowings (Non-Current)</b>			
Borrowings secured by Government guarantee			
- Amortising inflation indexed bonds		29,559	33,265
- TCV Term Loans		251,082	262,966
		<b>280,641</b>	<b>296,231</b>
<b>14. Accumulated Funds &amp; Reserves</b>			
Accumulated funds	14(a)	225,285	214,803
Asset revaluation reserve	14(b)	10	10
Yarra Park reserve	14(c)	1,045	(2)
Cash flow hedge reserve	14(d)	(307)	192
		<b>226,033</b>	<b>215,003</b>

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>14. Accumulated Funds &amp; Reserves (continued)</b>			
<b>(a) Accumulated funds</b>			
Balance at beginning of the year		214,803	219,484
Net profit / (loss) attributable to Melbourne Cricket Club and Controlled Entities		11,529	(4,683)
Transfer net (surplus) / deficit to Yarra Park reserve		(1,047)	2
Balance at end of the year		<u>225,285</u>	<u>214,803</u>
<b>(b) Asset revaluation reserve</b>			
	14(b)(i)		
Balance at beginning of the year		10	-
Revaluation increment / (decrement) on NSM Collection assets		-	10
Balance at end of the year		<u>10</u>	<u>10</u>
(i) Revaluation increments relate to movements in the fair value of the NSM Collection			
<b>(c) Yarra Park reserve</b>			
	14(c)(i)		
Balance at beginning of the year		(2)	-
Transfer of net surplus / (deficit) from accumulated funds		1,047	(2)
Balance at end of the year		<u>1,045</u>	<u>(2)</u>
(i) Balance relates to the net surplus / (deficit) from the Club's management of the operations of Yarra Park. Refer to Note 2(c).			
<b>(d) Cash flow Hedge Reserve</b>			
	14(d)(i)		
Balance at beginning of the year		192	-
Change in fair value of cash flow hedge		(499)	192
Balance at end of the year		<u>(307)</u>	<u>192</u>
(i) The cash flow hedge reserve is used to record gains or losses on the effective portion of cash flow hedges that are recognised directly in equity, as described in Note 2(d). Amounts are recognised in the Consolidated Statement of Comprehensive Income when the associated hedge transaction affects the Consolidated Statement of Comprehensive Income.			

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>15. Statement of Cash Flows</b>			
<b>(a) Reconciliation of the net profit / (loss) to the net cash flows from operations</b>			
Net profit / (loss)		11,529	(4,683)
<b>Non-cash and non-operating items</b>			
Depreciation of non-current assets	4(a)	26,167	27,056
Contributions from other parties for MCG Redevelopment, Great Southern Stand Improvement project, NSM and debt reduction	3(b)	(18,794)	(7,800)
Asset write-off expense		600	-
Contributions from donated NSM Collection assets		-	(91)
Contributed assets from MCG Trust		-	(1,203)
Adjustments for Derivatives		(509)	100
<b>Changes in assets and liabilities</b>			
(Increase)/decrease in trade receivables		(2,620)	(1,567)
(Increase)/decrease in other receivables and assets		(193)	179
(Decrease)/increase in trade and other payables		(2,753)	1,547
(Decrease)/increase in employee benefits		295	(264)
Net cash flow from operating activities		<u>13,722</u>	<u>13,274</u>
<b>(b) Reconciliation of cash</b>			
Cash and cash equivalents comprises:			
- cash on hand		2,016	2,960
- short term deposits		45,472	36,408
Closing cash and cash equivalents balance		<u>47,488</u>	<u>39,368</u>

Movement in trade and other payables excludes movements of \$0.960 million in the consolidated entity relating to the purchase of fixed assets that is reported as part of Investing Activities (purchase of property, plant and equipment) in the Consolidated Statement of Cash Flows.

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Club, and earn interest at the respective short-term deposit rates.

The overall cash balance includes \$7.231 million (2010: \$0.490 million) that relates to Government Grants for the re-development of the Great Southern Stand. The use of this balance is restricted for this purpose.

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>15. Statement of Cash Flows (continued)</b>			
<b>(c) Financing facilities available</b>			
Total facilities			
- Bank overdraft		500	500
- MCG redevelopment borrowing facility		360,000	360,000
		<b>360,500</b>	<b>360,500</b>
Facilities unused at balance date			
- Bank overdraft		500	500
- MCG redevelopment borrowing facility		100,034	88,683
		<b>100,534</b>	<b>89,183</b>
<b>16. Expenditure Commitments</b>			
<b>(a) Ground lease of the MCG</b>			
The Club's tenancy of the MCG extends to 31 March 2042.			
Estimated amounts contracted for at reporting date, but not provided for, payable:			
- not later than one year		4,035	3,900
- later than one year but not later than five years		17,387	16,806
- later than five years		180,338	184,055
		<b>201,760</b>	<b>204,761</b>
<b>(b) Lease expenditure commitments</b>			
<i>Operating leases (non-cancellable)</i>			
Minimum lease payments			
- not later than one year		181	246
- later than one year and not later than five years		219	75
- later than five years		-	-
		<b>400</b>	<b>321</b>
Aggregate lease expenditure contracted for at reporting date			
		<b>400</b>	<b>321</b>
<b>(c) Capital expenditure commitments</b>			
Estimated capital expenditure contracted at reporting date, but not provided for, payable:			
- not later than one year		48,060	490
- later than one year but not later than five years		28,500	-
- later than five years		-	-
		<b>76,560</b>	<b>490</b>

## Notes to the Financial Statements (continued)

31 March 2011

	Notes	Consolidated	
		2011 \$000	2010 \$000
<b>17. Employee Benefit and Superannuation Commitments</b>			
<b>Employee benefits</b>			
The aggregate employee benefit liability is comprised of:			
Provisions (current)	11	<b>2,661</b>	2,421
Provisions (non-current)	11	<b>191</b>	136
		<b>2,852</b>	2,557

### Superannuation Commitments

The Club meets all superannuation guarantee legislative requirements. The Club's employees are members of an industry accumulation fund with Equisuper, known as the Equisuper Fund – Melbourne Cricket Club. For a number of the Club's employees, the Club has individual employee agreements that guarantee a return on the employees' superannuation balances.

At 31 March 2011, all of the Club's obligations to the Fund and to employees with individual agreements had been provided for.

## Notes to the Financial Statements

31 March 2011

	<b>Melbourne Cricket Club</b>	
	<b>2011</b>	2010
	<b>\$000</b>	\$000
<b>18. Parent Entity Information</b>		
<b>Current Assets</b>	<b>64,515</b>	52,961
<b>Total Assets</b>	<b>568,514</b>	575,396
<b>Current Liabilities</b>	<b>58,204</b>	54,772
<b>Total Liabilities</b>	<b>345,604</b>	361,202
<b>Net Assets</b>	<b>222,910</b>	214,194
Accumulated Funds	<b>222,172</b>	214,004
Yarra Park reserve	<b>1,045</b>	(2)
Cash flow hedge reserve	<b>(307)</b>	192
<b>Total Equity</b>	<b>222,910</b>	214,194
Profit/(Loss) of the Club	<b>9,216</b>	(5,007)
Total comprehensive income / (loss) of the Club	<b>8,717</b>	(4,815)

The Parent Entity of the consolidated entity is the Melbourne Cricket Club ("the Club").

The Club has no guarantees in relation to the debts of any of its subsidiaries (2010: nil).

The Club has no contingent liabilities as at 31 March 2011 (2010: nil).

The Club has contractual commitments for the acquisition of property, plant and equipment estimated to be \$76.560 million (2010: \$0.490 million).

### 19. CONTINGENT ASSETS & LIABILITIES

At the date of this report, the Club is not aware of any contingent assets or liabilities (2010: Nil).

### 20. SUBSEQUENT EVENTS

There have been no significant events occurring after balance date, which may affect either the Club's operations or results of those operations or the Club's state of affairs.

### 21. AUDITORS' REMUNERATION

	<b>Consolidated</b>	
	<b>2011</b>	2010
	<b>\$</b>	\$
Amounts received or due and receivable by Ernst & Young for:		
- an audit of the financial report of the Club	<b>90,000</b>	88,190
- other services (which included MCG Redevelopment business model assessment and risk reviews) in relation to the Club	<b>96,426</b>	125,631
	<b>186,426</b>	213,821

## Notes to the Financial Statements (continued)

31 March 2011

### 22. Related Party Disclosures

(a) The Committee Members of the Melbourne Cricket Club and Controlled Entities during the financial year were:

A. Paul Sheahan (Vice-President, appointed President 17 February 2011)  
David A. Crawford AO (Vice-President)  
Steven J. Smith (appointed Vice-President 15 March 2011)  
Stephen C. Spargo (appointed Vice-President 15 March 2011)  
Michael J. Andrew (Treasurer)  
David S. Crow  
Peter A. Dakin  
William D. Fowles  
Peter A. Mitchell  
Jane L. Nathan  
Karen J. Wood  
Edward R. Yencken  
David E. Meiklejohn AM (resigned 16 February 2011)  
Robert G. Lloyd (resigned 15 March 2011)

No remuneration was paid to the Committee Members during the year.

(b) The following related party transactions occurred during the financial year:

(i) *Transactions with other related parties*

a) MCG Trust

The Club is party to a "Deed of Variation of Lease" with the MCG Trust pursuant to which, the Club's existing tenancy of the MCG was extended until 31 March 2042 with an option to extend its lease over the members' reserve for a further 25 years.

Under a separate management agreement with the MCG Trust and the State of Victoria, the Club's role as ground manager of the MCG has also been extended until 31 March 2042.

During the year, the Club paid the MCG Trust \$3.899 million (2010: \$3.793 million) in respect of its lease rental of the MCG.

The MCG Trust distributed \$3.750 million to the Club for the repayment of term loans and amortising inflation indexed bonds (2010: \$3.690 million).

From time to time, the Club undertakes transactions on behalf of the MCG Trust. As at year-end, amounts receivable by the Club from the MCG Trust were \$0.012 million (2010: nil). Amounts owing to the Club are settled on 30 day terms and are non interest bearing.

The MCG Trust has delegated its functions and responsibilities for the management of Yarra Park to the Club. It has done so via the execution by the MCG Trust, the Club and the relevant State Government of Victoria Ministers through a formal *Instrument of Delegation* and *Second Deed of Amendment to the MCG Management and Indemnity Deed*. These agreements appoint and allow the Club to fulfil all of the responsibilities assigned to the MCG Trust under the Yarra Park Amendment Act as the Reserve Manager of Yarra Park.

## Notes to the Financial Statements (continued)

31 March 2011

### 22. Related Party Disclosures (continued)

b) National Sports Museum

From time to time, the Club undertakes transactions on behalf of NSM. As at year-end, amounts payable by the Club to NSM were \$0.487 million (2010: receivable by the Club \$0.071 million). Amounts owing to the Club and NSM are settled on 30 day terms and are non interest bearing. These amounts are eliminated in the consolidated financial report.

c) Other

Key management personnel are determined to be the Chief Executive Officer, General Managers and Executive Managers of the Club. During the year, a total annual remuneration of \$2,344,622 (2010: \$2,282,826) was paid to these personnel for the services provided to the Club.

(ii) *Transactions with director-related entities*

The Foundation is a director related entity of the Club as it shares common directorships.

During the year, the Club remitted to the Foundation \$3.897 million (2010: \$3.797 million) in line with the provisions of the amended Indemnity Deed between the MCG Trust and the Club.

From time to time, the Club undertakes transactions on behalf of the Foundation. As at year-end, amounts receivable by the Club from the Foundation were \$0.273 million (2010: \$0.012 million). Amounts payable by the Club to the Foundation totalled \$0.173 million (2010: nil). Amounts receivable by NSM from the Foundation at year end were \$0.013 million (2010: \$0.001 million).

A number of the Club's Committee members held directorships with other entities during the current year. Those entities entering into business transactions with the Club on normal commercial terms and conditions during the year were:

Mr David E. Meiklejohn AM

- Director of Coca-Cola Amatil Limited
- Director of Australia & New Zealand Banking Group Limited

Mr David A. Crawford AO

- Chairman of Foster's Group Limited
- Director of BHP Billiton Limited

Mr Michael J. Andrew

- Chairman of KPMG Australia

These Committee members did not participate in the decisions to enter into business transactions with the Club.

## Statement by the Committee

In accordance with a resolution of the Committee of the Melbourne Cricket Club, we state that:

In the opinion of the Committee members:

- (a) The financial statements and notes of the Melbourne Cricket Club and controlled entities:
  - (i) Give a true and fair view of the financial position as at 31 March 2011 and financial performance for the year ended 31 March 2011
  - (ii) Comply with Australian Accounting Standards – Reduced Disclosure Requirements
  
- (b) There are reasonable grounds to believe that the Melbourne Cricket Club will be able to pay its debts as and when they become due and payable.

On behalf of the Committee

A. Paul Sheahan  
President

Michael J. Andrew  
Treasurer

Melbourne, 7 July 2011

## **Independent auditor's report to the members of the Melbourne Cricket Club**

We have audited the accompanying financial report of the Melbourne Cricket Club (the Club), which comprises the consolidated statement of financial position as at 31 March 2011, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Committee of the consolidated entity comprising the Club and the entities it controlled at the year's end or from time to time during the financial year.

### **Committee's Responsibility for the Financial Report**

The Committee of the Club are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and for such internal controls as the Committee determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Committee, as well as evaluating the overall presentation of the financial report.

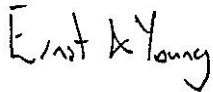
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Independence**

In conducting our audit we have complied with the independence requirements of the Australian professional accounting bodies.

## Auditor's Opinion

In our opinion the financial report presents fairly, in all material respects, the financial position of the Melbourne Cricket Club as of 31 March 2011, and of its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards - Reduced Disclosure Requirements.

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink, appearing to be 'Tim Wallace'.

Tim Wallace  
Partner

Melbourne  
7 July 2011