

# **Football Federation Victoria**

## **Financial Statements**

**For the Year Ended 31 October 2009**

## FOOTBALL FEDERATION VICTORIA

### Income Statement For the year ended 31 October 2009

	Note	2009 \$	2008 \$
Revenue	2(a)	7,620,523	6,901,237
Other Revenue	2(b)	<u>246,053</u>	<u>446,037</u>
		<u>7,866,576</u>	<u>7,347,274</u>
Employee benefits expense	3	(2,871,720)	(2,646,527)
Depreciation and amortisation	3	(193,582)	(357,446)
Finance and borrowing costs	3	(53,872)	(108,729)
Changes in the value of investment property		-	(60,000)
Operating expenses	3	<u>(4,476,692)</u>	<u>(4,063,443)</u>
		<u>(7,595,866)</u>	<u>(7,236,144)</u>
<b>Surplus / (Deficit) from operations</b>		<u>270,710</u>	<u>111,130</u>

The accompanying notes form part of these financial statements

## FOOTBALL FEDERATION VICTORIA

### Balance Sheet

For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	1,236,727	624,581
Trade and other receivables	5	602,461	551,046
Inventories	6	5,707	66,203
Other current assets	7	119,813	47,958
<b>Total current assets</b>		<u>1,964,709</u>	<u>1,289,788</u>
<b>Non-current assets</b>			
Property, plant and equipment	8	961,350	765,322
Investment property	9	1,607,509	1,600,000
<b>Total non-current assets</b>		<u>2,568,859</u>	<u>2,365,322</u>
<b>TOTAL ASSETS</b>		<u>4,533,568</u>	<u>3,655,110</u>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	10	890,175	537,498
Interest bearing loans and borrowings	11	73,876	72,895
Employee benefits	12	208,162	153,121
Income in advance	13	445,739	197,224
<b>Total current liabilities</b>		<u>1,617,952</u>	<u>960,737</u>
<b>Non-current liabilities</b>			
Interest bearing loans and borrowings	11	454,385	509,542
Employee benefits	12	15,724	10,034
<b>Total non-current liabilities</b>		<u>470,109</u>	<u>519,576</u>
<b>TOTAL LIABILITIES</b>		<u>2,088,061</u>	<u>1,480,313</u>
<b>NET ASSETS</b>		<u>2,445,508</u>	<u>2,174,798</u>
<b>MEMBERS' FUNDS</b>			
Building Trust Fund		964,079	964,079
Accumulated surplus		1,481,429	1,210,719
<b>TOTAL MEMEBERS FUNDS</b>		<u>2,445,508</u>	<u>2,174,798</u>

The accompanying notes form part of these financial statements

FOOTBALL FEDERATION VICTORIA

**Statement of Changes in Members' Funds**  
For the year ended 31 October 2009

	Note	Building Trust Fund \$	Accumulated surplus \$	Members Funds \$
Balance at 1 November 2007		964,079	1,099,589	2,063,668
Surplus from operations		<u>-</u>	<u>111,130</u>	<u>111,130</u>
<b>Balance as at 31 October 2008</b>		964,079	1,210,719	2,174,798
Surplus from operations		<u>-</u>	<u>270,710</u>	<u>270,710</u>
<b>Balance as at 31 October 2009</b>		<u><u>964,079</u></u>	<u><u>1,481,429</u></u>	<u><u>2,445,508</u></u>

The accompanying notes form part of these financial statements

**FOOTBALL FEDERATION VICTORIA**

**Cash Flow Statement**

For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>Cash flows from operating activities:</b>			
Receipts from customers		7,766,890	7,125,104
Payments to suppliers and employees		(6,963,318)	(6,801,498)
Finance and borrowing costs		(53,872)	(63,398)
Payroll tax refund received		176,222	-
Interest received		<u>39,514</u>	<u>60,740</u>
<b>Total cash from operating activities</b>	<b>15(a)</b>	<u><u>965,436</u></u>	<u><u>409,231</u></u>
<b>Cash flow from investing activities:</b>			
Proceeds received as contribution for payments for plant and equipment		125,000	-
Receipts received from investment income		98,006	88,283
Payments for plant and equipment for investment property		(10,875)	-
Payments for plant and equipment		<u>(511,244)</u>	<u>(52,820)</u>
<b>Net cash used by investing activities</b>		<u><u>(299,114)</u></u>	<u><u>(52,820)</u></u>
<b>Cash flows from financing activities:</b>			
Repayment of borrowings		(54,176)	(66,499)
<b>Net cash used by financing activities</b>		<u><u>(54,176)</u></u>	<u><u>(66,499)</u></u>
<b>Net cash increase in cash and cash equivalents</b>		612,146	289,911
Cash and cash equivalents at beginning of year		624,581	334,670
<b>Cash and cash equivalents at end of year</b>	<b>4</b>	<u><u>1,236,727</u></u>	<u><u>624,581</u></u>

The accompanying notes form part of these financial statements

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements For the year ended 31 October 2009

#### 1 Statement of Significant Accounting Policies

##### (a) Corporate information

The financial report is for the Football Federation Victoria Incorporated as an individual entity as an association incorporated in Victoria under the Associations Incorporations Act 1981.

The financial report of Football Federation Victoria Incorporated was authorised for issue by the Committee on 28 January 2010.

##### (b) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Standards Board Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporations Act 1981.

The financial report has been prepared on a historical cost basis, modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

##### (c) Adoption of new and revised Accounting Standards

In the current year, the Federation has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period.

Significant effects on current, prior or future periods arising from the first-time application of the standards discussed above in respect of presentation, recognition and measurement of accounts are described in the following notes.

##### Adoption of AASB 8 Operating Segments

Football Federation Victoria has early adopted AASB 8 Operating segments in this financial statement which has resulted in the non disclosure of a segment reporting note.

##### Standards and interpretations not yet effective and have not been early adopted by the Federation

The following applicable Australian Accounting Standards and Interpretations that have recently been issued or amended, but are not yet effective, have not been adopted by the Federation for the annual reporting period ending 31 October 2009. These are outlined in the table below.

Reference	Title	Summary	Application date of standard	Impact on group financial report	Application date for Federation
AASB 101 (Revised), AASB 2007-8 and AASB 2007-10	Presentation of Financial Statements and consequential amendments to other Australian Accounting Standards.	Introduces a statement of comprehensive income.  Other revisions include impacts on the presentation of items in the statement of changes in equity, new presentations requirements for restatements or reclassifications of items in the financial statements, changes in the presentation requirements for dividends and changes to the titles of the financial statements.	1 January 2009	The amendments will only affect the presentation of the Group's financial report and will not have a direct impact on the measurement and recognition of amounts under the current AASB 101. The Group has not determined at this stage whether to present the new statement of comprehensive income as a single or two statements.	1 November 2009

Management anticipate that all the above pronouncements will be adopted in the Federation's financial statements for the first period beginning after the effective date of the pronouncement.

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements

For the year ended 31 October 2009

#### 1 Statement of Significant Accounting Policies (Cont)

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

##### (d) Income tax

Football Federation Victoria Incorporated is exempt from income tax in accordance with the provisions of the Income Tax Assessment Act. Football Federation Victoria Incorporated is a not for profit entity which is established for developing and promoting football within Victoria.

##### (e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, less any accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

##### *Depreciation*

The depreciable amount of all fixed assets including capitalised leased assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the Federation 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 assets are:

Class of Asset	Depreciation Rates	Depreciation Basis
Leasehold improvements	10 - 33	Straight Line
Leased motor vehicles	22.5	Straight Line
Leased office equipment	33	Straight Line
Motor vehicles	20	Straight Line
Office equipment and software	17 - 40	Straight Line
Furniture, fixture and fittings	10 - 33	Straight Line

The assets' carrying value and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

##### (f) 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 are shown within short-term borrowings in current liabilities on the balance sheet.

##### (g) Impairment of Assets

At each reporting date, the Federation reviews the carrying values of its tangible 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 assets' carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

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

Trade receivables, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

##### (i) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated selling expenses.

Inventories held for distribution are measured at the lower of cost and current replacement cost. Current replacement cost is the cost the Federation would incur to acquire the assets on 31 October 2009.

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements For the year ended 31 October 2009

#### 1 Statement of Significant Accounting Policies (Cont)

##### (j) Trade and Other Payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to Football Federation Victoria prior to the end of the financial year that are unpaid and arise when Football Federation Victoria becomes obliged to make future payments in respect of the purchase of these goods and services.

##### (k) Employee Benefits

###### *Wages, Salaries and Annual Leave*

Liabilities for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date. They are calculated at undiscounted amounts based on remuneration wage and salary rates that Football Federation Victoria expects to pay as at reporting date including related on-costs, such as workers compensation insurance, superannuation and payroll tax.

###### *Long-term service benefits*

The Federation's net obligation in respect of long-term service benefits, is the amount of future benefit that employees have earned in return for their service in current and prior periods. The obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Governments bonds at the balance sheet date which have maturity dates approximating the terms of Football Federation Victoria's obligations.

###### *Superannuation*

The amount charged to the Income Statement in respect of superannuation represents the contributions made by Football Federation Victoria to superannuation funds during the period.

##### (l) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Football Federation Victoria and the revenue can be reliably measured.

###### *Rendering of services*

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Where the period of service delivery extends beyond year end, a share of the revenue is recognised as income in advance.

###### *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 goods to the customer.

###### *Interest Income*

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

Other revenue is recognised when the right to receive the revenue has been established.

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

##### (m) 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.



## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements

For the year ended 31 October 2009

#### 1 Statement of Significant Accounting Policies (Cont)

##### (n) Leases

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

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. Lease incentives made under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

##### (o) Investment property

###### *Property*

In accordance with the Trust Deed dated 24 February 1997 (the "Building Trust") the freehold land and buildings were gifted to Football Federation Victoria. The Football Federation Victoria has a present entitlement to the income and residual benefits derived from the freehold land and buildings.

Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are carried at fair value, determined annually by independent valuers. Changes to fair value are recorded in the income statement.

The fair value of the investment property represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in arm's length transaction.

##### (p) Financial Instruments

###### *Financial Assets*

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

The Federation has determined that it does not hold any assets in the above categories except for loans and receivables which are defined below.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or directly in equity.

Generally, the Federation recognises all financial assets using settlement day accounting.

An assessment of whether a financial asset is impaired is made at least at each reporting date.

All income and expenses relating to financial assets are recognised in the income statement line item "finance income" or "finance costs", respectively.

###### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Federation's trade and other receivables fall into this category of financial instruments.

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements For the year ended 31 October 2009

#### 1 Statement of Significant Accounting Policies (Cont)

##### (q) Interest-bearing Loans and Borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Federation has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

##### *Borrowing costs*

Borrowing costs are recognised as an expense when incurred.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

##### (r) Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

During the current year the Federation decided to amend the disclosures within the financial statements for both the Income statements and applicable notes. This is to be able to present the information of the Federation on a more reliable basis for the members and to bring the disclosures in line with management reporting.

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>2 Revenue</b>			
<b>2(a) Operating revenue</b>			
- Registration Fees		3,794,587	3,437,116
- Affiliation and Team Entry Fees		1,181,652	1,122,506
- Sponsorships and Grants		883,959	505,678
- Licence Fees		146,145	221,121
- Coaching and Development		205,295	201,324
- Fines and Appeals		446,727	389,771
- Referees Levies and Fees		120,960	202,027
- Events		189,541	150,060
- State and Development Squads		450,123	499,204
- Venue and Retail Operations		201,533	172,431
Total operating revenue		<u>7,620,523</u>	<u>6,901,237</u>
<b>2(b) Other revenue</b>			
- Rental income from investment property		98,006	88,283
- Refund of payroll tax		-	176,222
- Other revenue		108,533	120,792
<i>Finance Income</i>			
- Bank Interest		39,514	60,740
Total other revenue		<u>246,053</u>	<u>446,037</u>
<b>3 Expenses included in income statement</b>			
<i>Employee benefits expense</i>			
- Salaries and Wages		2,451,861	2,296,587
- Superannuation		210,147	185,489
- Payroll Tax and Workers Compensation		209,713	164,451
		<u>2,871,720</u>	<u>2,646,527</u>
<i>Depreciation of non-current assets:</i>			
- Leasehold improvements	8a	121,419	122,426
- Investment Property - furniture, fixture and fittings	9	3,366	-
- Motor vehicles		-	1,250
- Office equipment and software	8a	68,182	149,992
- Additional depreciation - IMIS software		-	79,014
- Furniture, fixture and fittings	8a	616	4,764
		<u>193,582</u>	<u>357,446</u>
<i>Finance costs and borrowings paid:</i>			
- Darebin council loan & insurance premium funding		53,872	108,729
		<u>53,872</u>	<u>108,729</u>
<i>Operating Expenses</i>			
- Game Development		194,700	201,901
- Competitions and Events		839,507	568,543
- Football Federation Australia Levy		590,467	523,577
- Referees Administration and Development		154,380	199,856
- Community Coaching		61,835	59,031
- Football Operations		274,104	100,220
- Administration		1,019,786	1,124,245
- IT Expenses		207,323	224,392
- Sponsorship and Marketing		232,621	525,417
- Elite Development		738,266	440,418
- Venue and Retail Operations expense		163,702	131,330
		<u>4,476,692</u>	<u>4,098,930</u>

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>4 Cash and cash equivalents</b>			
Cash at bank and on hand		<u>1,236,727</u>	<u>624,581</u>
The effective interest rate on bank balances was 5.25% (2008: 5.1%)			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the balance sheet as follows:			
Cash at bank and on hand		<u>1,236,727</u>	<u>624,581</u>
		<u>1,236,727</u>	<u>624,581</u>
<b>5 Trade and other receivables</b>			
<b>CURRENT</b>			
Trade receivables		445,809	396,931
Provision for doubtful debts		(45,152)	(62,107)
		<u>400,657</u>	<u>334,824</u>
Other receivables		201,804	40,000
Receivable for payroll tax refund		-	176,222
		<u>602,461</u>	<u>551,046</u>

Trade receivables have been aged according to their original due date in the below ageing analysis. The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

We have used the following basis to assess the doubtful debt required for trade receivables:

- an individual account by account assessment based on past credit history; and
- any prior knowledge of debtor insolvency or other credit risk and
- working with stakeholders on a monthly basis to assess past due to determine recoverability

As at 31 October 2009, trade receivables with a carrying amount of \$400,657 (2008: \$334,824) were past due but not doubtful. These trade receivables are not considered doubtful as they comprise customers who are entities with good debt history and are therefore considered recoverable.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements. The association does not hold any collateral as security over any receivable balance.

Refer to note 17 for more information on the risk management policy of the association.

The aging of the impaired receivables are:	2009		2008	
	Gross \$	Allowance \$	Gross \$	Allowance \$
Not past due	193,670	-	121,726	-
Past due 0-30 days	47,329	-	74,587	-
Past due 31-60 days	8,892	-	50,418	-
Past due 61-90 days	195,918	(45,152)	150,200	(62,107)
<b>TOTAL</b>	<u>445,809</u>	<u>(45,152)</u>	<u>396,931</u>	<u>(62,107)</u>

An allowance has been made for estimated irrecoverable trade receivable amounts arising from the past provision of services. This provision has remained consistent with prior year.

There are no impaired assets within other receivables and it is expected that other receivables balances will be received when due.

FOOTBALL FEDERATION VICTORIA

Notes to the Financial Statements  
For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>6 Inventories</b>			
<i>Inventory at lower of cost and net realisable value</i>			
Merchandise		<u>5,707</u>	<u>66,203</u>
<b>7 Other Current Assets</b>			
Prepayments		<u>119,813</u>	<u>47,958</u>
<b>8 Property, Plant and Equipment</b>			
<b>LAND AND BUILDINGS</b>			
Leasehold improvements (State Soccer Centre) at cost		1,172,237	1,172,237
Less accumulated depreciation		<u>(547,888)</u>	<u>(426,469)</u>
		<u>624,349</u>	<u>745,768</u>
Total land and buildings		<u>624,349</u>	<u>745,768</u>
<b>PLANT AND EQUIPMENT</b>			
Motor vehicles at cost		29,386	29,386
Less accumulated depreciation		<u>(29,386)</u>	<u>(29,386)</u>
		-	-
Motor vehicles under lease		22,509	22,509
Less accumulated depreciation		<u>(22,509)</u>	<u>(22,509)</u>
		-	-
Office equipment and software at cost		1,092,372	972,401
Less accumulated depreciation		<u>(1,027,486)</u>	<u>(963,342)</u>
		<u>64,886</u>	<u>9,059</u>
Office equipment under lease		171,789	171,789
Less accumulated depreciation		<u>(171,789)</u>	<u>(171,789)</u>
		-	-
Furniture, fixtures and fittings		404,565	138,291
Less accumulated depreciation		<u>(132,450)</u>	<u>(127,795)</u>
		<u>272,115</u>	<u>10,496</u>
Total plant and equipment		<u>337,001</u>	<u>19,555</u>
Total property, plant and equipment		<u>961,350</u>	<u>765,322</u>

**FOOTBALL FEDERATION VICTORIA**

**Notes to the Financial Statements**  
For the year ended 31 October 2009

**8 Property Plant and Equipment (Cont)**

**(a) Movements in carrying amounts**

2009	Leasehold improvements	Motor Vehicles	Office equipment	Furniture, fixture & fittings	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	745,768	-	9,059	10,496	765,323
Additions	-	-	124,009	262,235	386,244
Disposals	-	-	-	-	-
Depreciation expense	(121,419)	-	(68,182)	(616)	(190,217)
Carrying amount at the end of year	624,349	-	64,886	272,115	961,350

2008	Leasehold improvements	Motor Vehicles	Office equipment	Furniture, fixture & fittings	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	867,046	7,312	186,394	15,260	1,076,012
Additions	1,149	-	51,671	-	52,820
Depreciation expense	(122,427)	(1,250)	(229,006)	(4,764)	(357,447)
Carrying amount at the end of year	745,768	-	9,059	10,496	765,323

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>9 Investment property</b>			
Investment property - fair value		1,600,000	1,600,000
Equipment at cost		10,875	-
Equipment accumulated depreciation		(3,366)	-
		<u>1,607,509</u>	<u>1,600,000</u>
Balance at beginning of the year		1,600,000	1,660,000
Acquisitions		10,875	-
Depreciation		(3,366)	-
Fair value adjustments		-	(60,000)
Balance at end of the year		<u>1,607,509</u>	<u>1,600,000</u>
The association applies the fair value model in valuing the investment property. A valuation of the association's investment property was determined by the directors as representing the value of the property at an arm's length transaction between willing parties.			
<b>10 Trade and other Payables</b>			
<i>Unsecured liabilities</i>			
Trade payables		695,192	292,480
Other payables and accruals		194,984	245,018
		<u>890,175</u>	<u>537,498</u>
<b>11 Interest bearing loans and borrowings</b>			
<b>CURRENT</b>			
<i>Secured liabilities</i>			
Loan - State Soccer Centre		73,876	72,895
		<u>73,876</u>	<u>72,895</u>
<b>NON CURRENT</b>			
<i>Secured liabilities</i>			
Loan - State Soccer Centre		454,385	509,542
		<u>454,385</u>	<u>509,542</u>
The loan for the State Soccer Centre commenced in April 2005 and is payable over 10 years to the City of Darebin Council with payments made quarterly in arrears. Interest is charged at 7.25% per annum and is at a fixed rate.			
<b>12 Employee benefits</b>			
<b>CURRENT</b>			
Annual leave		192,580	145,750
Long service leave		15,582	7,371
		<u>208,162</u>	<u>153,121</u>
<b>NON CURRENT</b>			
Long service leave		15,724	10,034
(a) Aggregate employee benefits		<u>223,886</u>	<u>163,155</u>
(b) Number of employees at year end		44	38

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>13</b>	<b>Income in advance</b>		
	<b>CURRENT</b>		
	Income in advance	<u>445,739</u>	<u>197,224</u>

#### **14 Operating Leases**

##### *(a) Operating Lease Commitments*

Non-cancellable operating leases contracted for but not capitalised in the financial statements

- not later than one year	-	18,942
- later than one year and not later than five years	1,016,452	52,091
- greater than five years	1,615,924	-
Total operating lease commitment	<u>2,632,376</u>	<u>71,033</u>

Football Federation leases Level 3 of the company's registered office. The lease is for a period of 10 years, with an option to renew the lease for a further 5 years after that date.

Lease payments for Level 3, increase annually at a fixed rate of 3.5% per annum. No operating commitment has been disclosed for the category 'not later than one year' as the company's lease provides an incentive of 18 months rent free.

Refer to note 1(n) in relation to the Federation's accounting policy for operating leases.

#### **15 Cash Flow Information**

##### **(a) Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities**

Surplus from ordinary activities	270,710	111,130
<b>Non-cash flows in profit from ordinary activities</b>		
Depreciation & amortisation	193,582	357,447
Investment income classified as investment activities	(98,006)	
Change in value of investment property	-	(60,000)
Changes in assets and liabilities:		
Trade and other receivables	(51,414)	(68,752)
Prepayment	(71,856)	13,255
Inventories	60,496	13,893
Trade payables and accruals	352,678	(95,159)
Unearned income	248,515	(5,794)
Provisions	60,731	23,210
Net cash and cash equivalents from operating activities	<u>965,436</u>	<u>289,231</u>

##### **(b) Credit Standby Arrangements with banks**

Overdraft facility	100,000	100,000
Amount utilised	-	-
Unused credit facility	<u>100,000</u>	<u>100,000</u>

##### Banking overdraft

Bank overdraft facility is arranged with the Commonwealth Bank of Australia with the general terms and conditions being set and agreed to annually.

#### **16 Auditor's Remuneration**

Remuneration of the auditor of Football Federation Victoria for:

- Audit services	22,000	20,000
- Other services	3,000	4,500
	<u>25,000</u>	<u>24,500</u>



## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements

For the year ended 31 October 2009

#### 17 Financial Instrument Risk Management

The Federation is exposed to a variety of financial risks through its use of financial instruments.

This note discloses the association's objectives, policies and processes for managing and measuring these risks.

The association's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The association does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the association is exposed to are described below.

##### Specific risks

- Market risk (relates to interest rate risk as the association has no exposure to foreign exchange risk);
- Credit risk ; and
- Liquidity risk.

##### Financial assets / liabilities used

The principal categories of financial assets / liabilities used by the association are:

- Trade receivables
- Cash at bank
- Darebin City Council borrowings
- Trade and other payables

##### Objectives, policies and processes

The risk management policies of the federation seek to mitigate the above risks and reduce volatility on the financial performance of the association. Financial risk management is carried out centrally by the Finance Department of the federation.

##### (a) Market risk

###### Interest rate risk

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates.

The following table outlines the associations financial instruments and the attached effective interest rate.

Australian dollar interest rates	Effective Interest Rate		2009 \$	2008 \$
	2009 %	2008 %		
<i>Financial assets</i>				
Cash and cash equivalents	5.25	5.25	1,236,727	604,218
Trade receivables	-	-	400,657	334,824
Other receivables	-	-	201,804	223,722
<b>Total financial assets</b>			<b>1,839,188</b>	<b>1,162,764</b>
<i>Financial liabilities</i>				
Trade payables	-	-	695,192	292,480
Sundry payables and accruals	-	-	194,984	245,018
Loan - State Soccer Centre	7.25	7.25	528,261	582,437
<b>Total financial liabilities</b>			<b>1,418,436</b>	<b>1,119,935</b>

The following table illustrates the sensitivity of the profit before income tax in regards to the association's borrowings and the relevant interest rate. A sensitivity of 1.0 per cent is considered to be reasonable given the current economic slow down in both the domestic market. There have been no changes in the assumptions calculating this sensitivity from prior years.

**FOOTBALL FEDERATION VICTORIA**

**Notes to the Financial Statements**  
For the year ended 31 October 2009

**17 Financial Instrument Risk Management (cont)**

**Interest Rate Sensitivity Analysis**

	Interest Revenue		Finance Costs		Net Profit	
	2009	2008	2009	2008	2009	2008
	\$	\$	\$	\$	\$	\$
If interest rates were 1 per cent higher with all other variables held constant - increase/(decrease)	395	11,569	539	1,087	934	12,656
If interest rates were 1 per cent lower with all other variables held constant - increase/(decrease)	(395)	(11,569)	(539)	(1,087)	(934)	(12,656)

**(b) Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations results in a financial loss to the

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed

The association's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date. Management considered that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those past due.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

**(c) Liquidity risk analysis**

Liquidity risk arises from the Federation's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Federation will encounter difficulty in meeting its financial obligations as they fall due.

Liquidity risk includes the risk that, as a result of our operational liquidity requirements;

- We will not have sufficient funds to settle a transaction on the due date;
- We will be forced to sell financial assets at a value which is less than what they are worth;
- We may be unable to settle or recover a financial asset at all.

To help reduce these risks we:

- have a liquidity policy which targets a minimum and average level of cash and cash equivalents to be maintained; &
- have readily accessible standby facilities and other funding arrangements in place.

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements

For the year ended 31 October 2009

#### 17 Financial Instrument Risk Management (cont)

Amounts presented below represent the future undiscounted principal and interest cash flows.

	Interest Rate %	< 12 months \$	1 - 5 years \$	> 5 years \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents (variable interest)	5.25%	1,236,727			1,236,727
Trade receivables	-	400,657			400,657
Other receivables	-	201,804			201,804
<i>Total financial assets</i>		<u>1,839,188</u>	-	-	<u>1,839,188</u>
<b>Financial liabilities</b>					
Trade payables	-	695,192			695,192
Sundry payables	-	194,984			194,984
Darebin Council Loan (fixed interest)	7.25%	119,563	433,415	114,358	667,336
Operating lease commitments & contracts	-		1,016,452	1,615,924	2,632,376
Income in advance					-
<i>Total financial liabilities</i>		<u>1,009,738</u>	<u>1,449,867</u>	<u>1,730,282</u>	<u>4,189,887</u>
<i>Net Maturity</i>		<u>2,848,926</u>	<u>1,449,867</u>	<u>1,730,282</u>	<u>6,029,075</u>

The above contractual maturities reflect the gross cash flows, which may differ to the carrying values of the liabilities at the balance sheet date.

#### (d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short term nature of the balances. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the association for similar financial instruments.

## FOOTBALL FEDERATION VICTORIA

### Notes to the Financial Statements

For the year ended 31 October 2009

	Note	2009 \$	2008 \$
<b>18</b>	<b>Key management personnel disclosures</b>		
<b>(a)</b>	<b>Transactions with key management personnel</b>		
The key management personnel compensation included in 'employee expenses' are as follows:			
Short-term employee benefits		447,869	552,937
Post-employment benefits		39,464	47,766
Termination benefits		-	138,247
		<u>487,332</u>	<u>738,950</u>

### 19 Contingencies

The committee is not aware of any contingencies that warrant disclosure in the financial report.

### 20 Subsequent Events

During the year, the Federation's registered office was at the John Cain Memorial Park in Fairfield, Victoria. The assets of the Federation (Leasehold Improvements, refer to note 8) were constructed by the Darebin Council, where a liability had been recognised by the Federation (refer note 11) in recognition of the Council's contribution to the Federation. This loan is to be paid over a term of 10 years with a fixed interest rate of 7.25%

As a result of the Federation moving offices during October 2009, the Federation is to determine which assets it still controls located at the John Cain Memorial Park. Once the assets' fair value have been determined, there will be a resulting reduction in the value of the assets held by the Federation.

Similarly, as the loan to the Darebin Council, is associated with these assets, the Federation will receive a corresponding reduction in the loan's value.

Subsequent to balance date, the Federation and the Darebin Council are in negotiations to determine what is the value of the assets still to be controlled by the Federation.

### 21 Association Details

#### Registered office

The registered office of the association is:

Football Federation Victoria  
Level 3  
436 St Kilda Road  
Melbourne VIC 3004

**FOOTBALL FEDERATION VICTORIA**

**Notes to the Financial Statements**  
For the year ended 31 October 2009

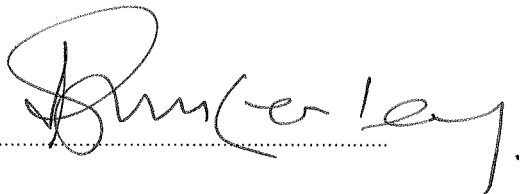
**Statement by Members of the Committee**

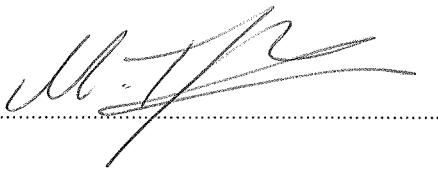
In the opinion of the committee the financial report as set out on pages 2 to 21:

1. Presents a true and fair view of the financial position of Football Federation Victoria as at 31 October 2009 and its performance for the year ended on that date in accordance with the Accounting Standards in Australia and other mandatory professional reporting requirements in Australia and other authoritative pronouncements of the Australian Standards Board.

2. At the date of this statement, there are reasonable grounds to believe that Football Federation Victoria 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:

Director ..... 

Director ..... 

Dated this 28<sup>th</sup> day of JANUARY 2010





# Grant Thornton

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## **Independent Auditor's Report To the Members of Football Federation Victoria**

We have audited the accompanying financial report of Football Federation Victoria (the "Association"), which comprises the balance sheet as at 31 October 2009, and the income statement, statement of changes in member's funds and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes to the financial statements and the statement by the Committee of Football Federation Victoria.

### **Responsibility of the Committee for the financial report**

The Committee of the Association is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and Associations Incorporation Act 1981 (VIC). This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

### **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, which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of 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 the 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 control relevant to the Association'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 Association's internal control. 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.

#### **Electronic presentation of Audited Financial Report**

This auditor's report relates to the financial report of Football Federation Victoria for the year ended 31 October 2009 included on Football Federation Victoria's web site. The Committee is responsible for the integrity of the Football Federation Victoria web site. We have not been engaged to report on the integrity of the Football Federation Victoria's web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site

#### **Independence**

In conducting our audit, we have complied with the applicable independence requirements of the Accounting Professional and Ethical Standards Board.

#### **Auditor's opinion**

In our opinion, the financial report of Football Federation Victoria, is in accordance with the Associations Incorporation Act 1981(VIC), and:

- a presents fairly, in all material respects, the Association's financial position as at 31 October 2009 and of its performance and cash flows for the year then ended ; and
- b complies with Australian Accounting Standards (including the Australian Accounting Interpretations) and the relevant legislation,



GRANT THORNTON  
Chartered Accountants



Michael Cunningham  
Partner

Melbourne, 2 February 2010