Football Victoria

Formerly known as "Football Federation Victoria"

Financial Statements
for the financial year ended 31 October 2020

General Purpose Financial Statements
For the year ended 31 October 2020

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FOOTBALL VICTORIA (FV) Inc.
Registration No: A0014492Y

Directors Report for the Year Ended 31 October 2020

Your directors present this report for Football Victoria Inc. ("FV") for the financial year ended 31 October 2020.

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

Kimon Taliadoros (Resigned 21 February 2021)
Antonella Care
Sezar Jakupi
Harry Zaitman
Azmeena Hussain
Hanife Ymer (Resigned 31 December 2020)
Lee Sammartino (Appointed 4 December 2019)

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

Operating Result

The net deficit for FY20 for FV was $2,367,565 driven by COVID impacts as detailed below.

Review of Operations

The 2020 year was impacted globally by the COVID-19 pandemic and football was not exempt. With the majority of competitions lost and most other football activities significantly curtailed, the impact on our football clubs and communities was devastating on social, economic and emotional levels. Victoria was the only state in Australia required to cancel its winter football seasons, due to the state-wide pandemic lockdown measures implemented by the Victorian State Government.

From a financial perspective, COVID-19 first impacted on the eve of the 2020 FV community football seasons in March, resulting in a temporary suspension to all competitions. Following a brief lockdown, preparation for the restructured competitions recommenced, however a second and extended lockdown was implemented in July resulting in the cancelation of the FV 2020 season.

The financial impacts were felt throughout the Victorian football economy. Local clubs were annihilated as a result of not receiving player registration fees, sponsorship revenues and canteen/social club income, yet material expenses were incurred in twice preparing for the season that never happened. FV was similarly affected, with significantly reduced revenues from player registration and team entry fees, full costs for multiple planning of the 2020 season, and finally with many financially stricken clubs requiring material debt relief and rehabilitation.

Consequently, the revenue shortfalls were $11.3m on the FY20 Budget and $7.7m on FY19.

The FV Board and Executive team took substantial steps to recover the position as much as possible to mitigate the financial deficit and protect the cash position of the organisation, including:

- Significant staff stand-downs and pay reduction (in particular middle-senior management)
- Cancelling all non-essential expenditure
- Focus on cash - implemented short-term and long-term cashflow forecasting
- Implemented a 'cash hoarding' strategy to maximise cashflow headroom
- Rolling reforecasting of the FY20 P&L including multiple scenarios
- Maximised grants and stimulus package opportunities - Job Keeper and State Government stimulus programs in particular
- Review of available stimulus packages for clubs and associations
- Strong advocacy within government working groups
- Contracts review – suspension and mitigation as required
- Implementation of 2020 FV Fee Refund Policy
- Club and association support packages, including FV 2020 Debt Hardship Relief Package.

However, notwithstanding a strong response, the impact on the balance sheet is devastating – a $2.37m hit to equity – and FV are working very hard through 2021 and beyond to restore the previously strong balance sheet. It is noted that FV were able to retain a significant asset being the Dorcas Street property which also earned income throughout 2020.

Readers of these accounts should note that the cash holding amount at year end is, on its face, misleading at $3.4m. This 31 October 2020 figure is before refund policy distributions have been processed and the additional debt taken on during the year under the 'cash-hoarding' approach should also be netted-off this amount. After these considerations, the net cash holdings are $2.2m – noting there is a minimum cash holding requirement of approximately $2.5m for FV to manage through the 'off-season'. Accordingly, it is considered that any surplus cash holdings were effectively exhausted through the impact of COVID-19.

Other items of note in the FY20 accounts include:

- Grants – grants received during a COVID-19 impacted year are considered a positive outcome
- Expenses – all down substantially, other than interest (cash hoarding) and IT (remote working costs)

On behalf of the Board, FV would like to thank the Federal and State governments for their support through an incredibly challenging year. A total of $2.2m in support was provided through the various programs and this support was crucial in the ability of FV to manage through 2020 and then re-emerge and rebuild into 2021.

The Board would also like to sincerely thank all of our clubs and associations and every volunteer therein who continues to support football. We know 2020 was extremely challenging and we continue to be inspired by your commitment to our game.

The Board also thank the FV staff who made many sacrifices through 2020 to support FV and despite stand-downs and salary reductions, continued to work tirelessly and passionately to support the game in every way they could.

While it was a very tough year, the Board, as always, thank you for the opportunity to serve the game.

Significant Changes in the State of Affairs

As detailed in the Report of Operations above, the impact of COVID-19 was significant with competitions largely cancelled and accordingly, the loss of revenue and balance sheet impact was significant with a $2.37m diminution of the equity of Football Victoria.

While Football Victoria remains in a challenging financial position, with a substantial season in 2021 it is expected that the organisation can continue to deliver its core operations.

Principal Activities

The principal activities of Football Victoria during the financial year was the Administration of Football in the State of Victoria

Directors Report for the Year Ended 31 October 2020

After Balance Date Events

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

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

Antonella Care
Director

Lee Sammartino
Director

Dated this 26 day of April 2021

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Independent Auditor's Report to the Members of Football Victoria

Opinion

We have audited the financial report of Football Victoria (the "Association") which comprises the statement of financial position as at 31 October 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and statement by the Board of Directors (the "Board").

In our opinion, the accompanying financial report presents fairly, in all material respects, the Association's financial position as at 31 October 2020 and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the *Associations Incorporation Reform Act 2012*.

Basis for Opinion

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

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

Other information

The Board are responsible for the other information. The other information comprises information included in the Association's annual report for the year ended 31 October 2020 but does not include the financial report and our auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and the Board for the Financial Report

Management of the Association are responsible for the preparation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Regime and the *Associations Incorporation Reform Act 2012* for such internal control as management determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Deloitte.

In preparing the financial report, management is responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Association or to cease operations, or has no realistic alternative but to do so. The Board are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Robert D D Collie
Partner
Chartered Accountants
Melbourne, 26 April 2021

Directors' declaration

In the opinion of the Board of Football Victoria the financial report as set out on pages 7 to 29:

1. Presents a true and fair view of the financial position of Football Victoria as at 31 October 2020 and its performance for the year ended on that date in accordance with the Australian Accounting Standards-Reduced Disclosure Regime (including the Australian Accounting Interpretations) and the requirements of the Associations Incorporation Reform Act 2012.

2. At the date of this statement, there are reasonable grounds to believe that Football Victoria will be able to pay its debts as and when they become due and payable.

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

Director ______________________

Director ______________________

Melbourne, 26 April 2021

Statement of profit or loss and other comprehensive income for the year ended 31 October 2020

	Notes	2020 $	2019 $
Revenue	2(a)	5,248,741	12,955,330
Other Revenue	2(b)	3,089,092	546,270
Employee benefits expense	3	(5,671,931)	(6,576,608)
Depreciation and amortisation expense	3	(786,566)	(434,829)
Finance and borrowing costs	3	(74,554)	(44,181)
Operating expenses	3	(4,172,347)	(7,259,948)
Deficit for the year		**(2,367,565)**	**(813,966)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(2,367,565)**	**(813,966)**

The accompanying notes form part of these financial statements.

Statement of financial position at 31 October 2020

	Notes	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	3,417,867	4,027,797
Trade and other receivables	5	1,211,755	380,032
Other current assets	6	106,291	164,860
TOTAL CURRENT ASSETS		**4,735,913**	**4,572,689**
NON-CURRENT ASSETS			
Other non-current assets	6	715,000	715,000
Property, plant and equipment	7	635,529	1,206,954
Right-of-use assets	8	1,000,314	-
Investment property	9	3,000,000	2,600,000
TOTAL NON-CURRENT ASSETS		**5,350,843**	**4,521,954**
TOTAL ASSETS		**10,086,756**	**9,094,643**
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	10	2,162,066	1,153,885
Employee benefits	11	603,198	570,264
Income in advance	12	1,230,822	178,937
Lease liabilities	13	552,254	118,126
Borrowings	15(b)	531,000	-
TOTAL CURRENT LIABILITIES		**5,079,340**	**2,021,212**
LIABILITIES			
NON-CURRENT LIABILITIES			
Employee benefits	11	57,536	36,888
Lease liabilities	13	528,607	252,805
Other provisions	14	175,900	170,800
TOTAL NON-CURRENT LIABILITIES		**762,043**	**460,493**
TOTAL LIABILITIES		**5,841,383**	**2,481,705**
NET ASSETS		**4,245,373**	**6,612,938**
MEMBERS' FUNDS			
Building Trust Fund		964,079	964,079
Accumulated surplus		1,525,349	3,960,039
Community Football reinvestment fund		1,755,945	1,688,820
TOTAL MEMBERS FUNDS		**4,245,373**	**6,612,938**

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 31 October 2020

	Building Trust Fund $	Accumulated surplus $	Community Reinvestment Fund $	Total Members Funds $
Balance at 31 October 2018	**964,079**	**5,078,605**	**1,384,220**	**7,426,904**
(Deficit) for the year	-	(813,966)	-	(813,966)
Transfer in/(out)	-	(304,600)	304,600	-
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(1,118,566)	304,600	(813,966)
Balance at 31 October 2019	**964,079**	**3,960,039**	**1,688,820**	**6,612,938**
Balance at 31 October 2019	**964,079**	**3,960,039**	**1,688,820**	**6,612,938**
(Deficit) for the year	-	(2,367,565)	-	(2,367,565)
Transfer in/(out)	-	(67,125)	67,125	-
Other comprehensive income	-	-	-	-
Total comprehensive loss for the year	-	(2,434,690)	67,125	(2,367,565)
Balance at 31 October 2020	**964,079**	**1,525,349**	**1,755,945**	**4,245,373**

The accompanying notes form part of these financial statements.

Statement of cash flows
for the year ended 31 October 2020

	Notes	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from registrations, sponsorships, affiliation and other fees		9,206,912	13,493,591
Payments to suppliers and employees		(9,921,821)	(13,667,926)
Finance and borrowing costs		(74,554)	(44,181)
Interest received		28,796	71,436
Net cash used in operating activities	14(a)	**(760,667)**	**(147,080)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts received from investment income		125,261	146,925
Payments for plant and equipment		(115,946)	(102,179)
Proceeds from sale of plant and equipment		5,818	-
Funds advanced for Knox pitch replacements		-	(115,000)
Net cash generated from/ (used in) investing activities		**15,133**	**(70,254)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds/(repayment) of borrowings		531,000	(107,848)
Repayment of lease liabilities		(395,396)	-
Net cash generated from/ (used in) financing activities		**135,604**	**(107,848)**
Net decrease in cash and cash equivalents		(609,930)	(325,182)
Cash and cash equivalents at beginning of the year		4,027,797	4,352,979
Cash and cash equivalents at end of the year	4	**3,417,867**	**4,027,797**

The accompanying notes form part of these financial statements.

1. Statement of Significant Accounting Policies

(a) Corporate information

The financial report is for Football Victoria Inc. (FV) as an individual entity and as an association incorporated in Victoria under the Associations Incorporation Reform Act 2012. The registered office of FV is Level 3, 436 St Kilda Road, Melbourne, VIC 3004.

The financial report of FV was authorised for issue by the Board on 26 April 2021.

(b) Basis of Preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the requirements of the Associations Incorporation Reform Act 2012.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

(c) Adoption of new and revised Accounting Standards

Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the changes on account of first-time adoption of the below standards.

New and amended standards adopted

The Association has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for an accounting period that begins on or after 1 November 2019.

New and revised Standards and amendments thereof and Interpretations effective for the current year that are relevant to the Association include:

- AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities*
- AASB 16 *Leases*

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities

In the current year, the Association has applied AASB 15 *Revenue from Contracts with Customers* (as amended in April 2016). AASB 15 introduced a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the Association satisfies a performance obligation.

AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-for-profit (NFP) entities, in conjunction with AASB 15. These Standards supersede the NFP income recognition requirements previously in AASB 1004 Contributions (with the exception of certain matters relating to public sector NFP entities) as well as current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations when it becomes effective.

The timing of income recognition depends on whether such a transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an Association.

The adoption of AASB 15 and 1058 did not have a significant impact on the financial performance or position for the Association for prior periods.

1. Statement of Significant Accounting Policies

(c) Adoption of new and revised Accounting Standards (Cont'd)

New and amended standards adopted (Cont'd)

<u>AASB 16 Leases and related amending Standards</u>

In the current year, the Association has applied AASB 16 Leases. The standard replaces the existing guidance on leases, including AASB 16 Leases. AASB 16 introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at the lease commencement for all leases.

The Association has applied AASB 16 for the first time as of 1 November 2019, using the modified retrospective approach. During the first-time application of AASB 16 under the modified retrospective approach (Option B), the right-of-use asset is measured as if AASB 16 had been applied from lease commencement but using the incremental borrowing rate at the date of transition. In applying the modified retrospective approach, there has been no restatement of comparatives.

The Association has made use of the practical expedient available on transition to AASB 16 not to reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with AASB 117 will continue to be applied to those leases entered into or modified before 1 November 2019.

The change in definition of a lease mainly relates to the concept of control. AASB 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration.

The Association applied the definition of a lease and related guidance set out in AASB 16 to all lease contracts entered into or modified after 1 November 2019. The Association carried out an implementation project to identify and review all such contracts. This showed that the new definition in AASB 16 will not significantly change the scope of contracts that meet the definition of a lease.

Impact on lessee accounting

Initial application has affected leases that previously had been classified as operating leases and were off-balance sheet. In applying AASB 16, the Association:

a. Recognises right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of future lease payments;

b. Recognises depreciation of right-to-use assets and interest on lease liabilities in the statement of profit or loss and other comprehensive income;

c. Separates the total amount of cash paid into a principal portion and interest, presented within financing and operating activities in the statement of cashflows.

Lease incentives (e.g. rent relief) are recognised as part of the measurement of right-of-use assets and lease liabilities, whereas under AASB 17 they resulted in the recognition of a lease incentive liability, amortised as a reduction of rental expense on a straight-line basis.

For short-term leases with a term not exceeding 12 months as well as leases where the underlying asset is of low value, the Association has opted to recognise a lease expense on a straight-line basis using the option under AASB 16.5. This expense is presented within the statement of profit or loss on the functional expenditure line to which the right-of-use asset relates.

In addition to applying the practical expedient of not reassessing whether a contract is or contains a lease, the Association has elected to apply the following transition options in accordance with the provisions of AASB 16 C10:

a. The Association decided not to apply the new guidance to leases whose term will end within 12 months of the date of initial application and therefore lease payments associated with these leases are included with other short-term and low-value leases on the appropriate functional expenditure line of the statement of profit or loss;

1. Statement of Significant Accounting Policies

(c) Adoption of new and revised Accounting Standards (Cont'd)

New and amended standards adopted (Cont'd)

AASB 16 Leases and related amending Standards (Cont'd)

b. The Association has opted to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;

c. The Association has elected to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease;

d. The Association chooses to apply the rent relief option in respect of leases previously categorised as onerous, which allows it to adjust the right-of-use asset by the amount of any provision for onerous leases recognised in the balance sheet immediately before the date of initial application.

Financial impact of initial application of AASB 16

The weighted average lessees incremental borrowing rate applied to lease liabilities recognised in the statement of financial position on 1 November 2019 is 4.93%.

The following table shows the operating lease commitments disclosed applying AASB 117 at 31 October 2019, discounted using the incremental borrowing rate at the date of initial application and the lease liabilities recognised in the statement of financial position at the date of initial application.

	$
Operating lease commitments at 31 October 2019	1,215,976
Effect of discounting the above amounts	(95,459)
Lease liabilities recognised at 1 November 2019	**1,120,517**

The adoption of this standard resulted in leases previously classified as operating leases, being recognised in the balance sheet as a lease liability and right-of-use assets totalling $1,120,517 on 1 November 2019.

	As previously reported	AASB 16 adjustments	As restated
Right-of-use assets	-	1,120,517	1,120,517
Net impact on total assets	-	1,120,517	1,120,517
Lease liabilities – current	118,126	292,461	410,587
Lease liabilities – non-current	252,805	828,056	1,080,861
Provision for make-good	-	-	-
Net impact on total liabilities	**370,931**	**1,120,517**	**1,491,448**
Retained earnings	-	-	-

The impact of this standard during 2020 on the statement of profit or loss was as follows:

	2020
Decrease in operating lease expenses	(424,786)
Increase in finance costs	48,550
Increase in amortisation costs	374,708
Net impact on profit for the year	(1,528)

The Association has applied AASB 16 using the modified retrospective approach and therefore comparative information has not been restated and is presented under AASB 117. The details of accounting policies under both AASB 117 and AASB 16 are presented separately below.

1. Statement of Significant Accounting Policies

(c) Adoption of new and revised Accounting Standards (Cont'd)

New and amended standards adopted (Cont'd)

AASB 16 Leases and related amending Standards (Cont'd)

Impact on lessor accounting
The Association enters into a lease agreement as a lessor with respect to the investment property. Leases for which the Association is a lessor are classified as an operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease.

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Policies applicable from 1 November 2019

The Association assesses whether a contract is or contains a lease, at inception of the contract. The Association recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Association recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Association remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Association did not make any such adjustments during the periods presented.

1. Statement of Significant Accounting Policies

(c) Adoption of new and revised Accounting Standards (Cont'd)

New and amended standards adopted (Cont'd)

<u>AASB 16 Leases and related amending Standards (Cont'd)</u>

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Association incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Association expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position. The Association applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment' policy in note 1(g).

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

As a practical expedient, AASB 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Association has not used this practical expedient. For contracts that contain a lease component and one or more additional lease or non-lease components, the Association allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Policies applicable prior to 1 November 2019

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Association at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Association's general policy on borrowing costs (see below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

1. Statement of Significant Accounting Policies

(c) Adoption of new and revised Accounting Standards (Cont'd)

New and amended standards adopted (Cont'd)

AASB 16 Leases and related amending Standards (Cont'd)

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

New standards and interpretations not yet adopted

At the date of authorisation of the financial statements, the Association has not applied the following new and revised Australian Accounting Standards, Interpretations and amendments that have been issued but are not yet effective:

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Applicable from year ended
AASB 2018-7 '*Amendments to Australian Accounting Standards – Definition of Material'*	1 January 2020	31 October 2021
AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*	1 January 2020	31 October 2021
AASB 2019-5 '*Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia'*	1 January 2020	31 October 2021
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	1 January 2022	31 October 2023
AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*	1 January 2022	31 October 2023

The Association does not expect any material impact on its financial position and performance, with the adoption of revised Standards/ Interpretations.

(d) Income Tax

Football Victoria is exempt from income tax in accordance with the provisions of the Income Tax Assessment Act. Football Victoria 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. Costs includes expenditures that are directly attributable to the acquisition of the asset.

1. Statement of Significant Accounting Policies

(e) Property, Plant and Equipment (Cont'd)

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 Association 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
Buildings	5%	Straight Line
Darebin football facility	6.25%	Straight Line
Knox football facility	5.3-15%	Straight Line
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, Football Victoria 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.

Where the future economic benefits of an asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of the asset.

(h) Trade and Other Receivables

The Association makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the Association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The entity recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the entity's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

1. Significant accounting policies (cont'd)

(i) Trade and Other Payables

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

(j) 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 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 - Annual Leave and Long Service Leave

The FV'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 to the terms of Football Victoria's obligations.

Superannuation

The amount charged to the profit or loss in respect of superannuation represents the contributions made by Football Victoria to superannuation funds during the period.

(k) Revenue

Revenue is measured based on the consideration to which the Association expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties.

Government and Other Grants

Government grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and that the grants will be received.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the company with no future related costs are recognised in profit or loss in the period in which they become receivable. Refer to note 2(b). JobKeeper subsidies of $1,361,400.

Sponsorship revenue

Sponsorship revenue is recognised over the period to which the sponsorship relates as specified by the sponsorship agreement. Amounts received in advance of the sponsorship period or event are recognised as income in advance.

Rendering of services

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

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 as and when the performance obligations are satisfied.

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

1. Significant accounting policies (cont'd)

(l) 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 Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(m) Investment property

In 2010 the trustees of the Trust Deed dated 24 February 1997 (the "Building Trust") vested the ownership of the investment property at 236 Dorcas St, South Melbourne, to Football Victoria.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at fair value, determined on a regular basis by independent valuers and reviewed annually by the board of directors. Changes to fair value are recorded in the Statement of Profit or Loss and Other Comprehensive Income. The fair value of the investment property takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

(n) Financials instruments

Financial Assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of Financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the entity may make the following irrevocable election / designation at initial recognition of a financial asset:

- The entity may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- The entity may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

Initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. All financial assets are initially measured at fair value adjusted for transaction costs.

1. Significant accounting policies (cont'd)

(n) Financials instruments (Cont'd)

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following four categories:

- Financial assets at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Equity instruments at FVTOCI
- Financial assets at FVTPL

i. Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

ii. Debt instruments at fair value through other comprehensive income (Debt FVTOCI)

Debt FVTOCI initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these as a result of foreign exchange gains and losses, impairment gains or losses, and interest income calculated using the effective interest method are recognised in profit or loss.

iii. Equity instruments at fair value through other comprehensive income (Equity FVTOCI)

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investment's revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

iv. Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line.

(o) 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 Football Victoria has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as an expense when incurred. Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(p) Unearned revenue

Income is brought to account in the period in which it relates. Monies received prior to 31 October 2020 which relates to future periods, has been recorded as Unearned revenue.

(q) Comparative Figures

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

(r) Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

1. Significant accounting policies (cont'd)

(r) Significant management judgement in applying accounting policies(cont'd)

Long Service Leave
The liability for long service leave is recognised and measured at the present value of the estimated cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Definition of Knox Facility Asset
The main pitch, the pavilion, the second main pitch upon which the cages are built, the cages, the lights on both pitches and the surrounding carparks and access roads. These facilities are built on land leased from the Knox City Council under a 10-year lease with a five-year option.

Valuation of Knox Facility
The Knox Football Facility is a key resource utilised by Football Victoria. Whilst the original purpose of the Knox Facility included commercial objectives the prime use of the facility is community based, as over 60% of revenue is generated by Knox resident or club bookings, as well as clubs and community tournaments, Knox residents and the broader football community. The majority of this is priced at less than commercial rates. As a result of this, the future economic benefits of the Knox Football Facility are not primarily dependent on the assets ability to generate net cash inflows. Depreciated replacement cost has therefore been considered by management when assessing impairment of the Knox Football Facility.

Treatment of Knox facility lease
Under the lease agreement, Football Victoria agrees to manage and operate the Knox Facility premises and provide the "management services". Football Victoria has the obligation to manage, operate and maintain the premises and the right to retain all revenue generated from the operation of the premises during the lease term. This includes an obligation to provide access to the facilities to Knox-based football clubs and other Knox-based hirers at a significant discount to market rates. There are no management rights that require any accounting in accordance with Accounting Standards. The Football Centre Knox Asset (note 7) is the sum of the Knox Facility Funding Agreement and Knox Facility Lease Agreement. The Asset is depreciated over the expected initial lease term of 10 years.

Knox pitch replacement fund
Under the lease agreement with the Knox City Council, Football Victoria has contracted commitments to contribute towards a future pitch replacement fund at the Knox facility. Football Victoria has no liability for the cost of future pitch replacement providing that it expects to adequately utilise the assets to be created in these future pitch replacements. Football Victoria is not yet able to determine whether it will exercise the option to renew the Knox lease agreement for a further five years at the end of the current lease period, and therefore on this basis, scheduled contributions are recognised as a non-current asset and will be transferred to Property, Plant and Equipment and depreciated when pitch replacement at the Knox facility takes place.

(s) Going Concern and Working Capital Management

The financial report has been prepared on the going concern basis, which considers:

- The reported deficit of $2,367,565;
- The current asset deficiency as discussed below; and
- Expectations of future operating results and positive operating cash flows in the future.

While the Statement of Financial Position discloses a net current asset deficiency of $343,427 (2019: net current asset surplus $2,551,477), the Directors do not expect the following current liabilities to be fully paid over the next 12 months:

- Income in advance of $1,230,822 (2019: $178,937)
- Current employee benefits provisions of $603,198 (2019: $570,264).

Income in advance will be fully utilised in the operations of the Association in the following year. Leave entitlements that are taken during the year are expected to be paid out of operational cash flows generated in the 31 October 2021 financial year and will be replenished by further leave entitlements accrued.

As at the date of this report, participation numbers are ahead of budgeted forecasts and additional funding has been secured as part of the Victorian government's COVID-19 community support packages. The directors therefore believe that FV will return to a profitable trading position for the financial year ending 31 October 2021.

		2020 $	2019 $
NOTE 2: REVENUE			
2(a) Operating revenue			
- Registration fees		2,298,339	5,558,875
- Team entry fees		1,294,714	2,947,100
- Sponsorships		115,353	381,509
- Grants		1,069,790	1,705,972
- Licence fees		30,000	36,000
- Coaching and development		106,891	292,376
- Tribunal fines and appeals		500	5,500
- Referees levies and fees		22,701	67,142
- Events		15,667	391,287
- Talented player development		105,650	618,119
- Venue and retail operations		143,561	496,649
- Broadcast rights		45,575	454,800
		5,248,741	**12,955,330**
2(b) Other Revenue			
- Rental Income from Investment Property		125,261	119,325
- Other Revenue		111,510	50,910
- Fines and disciplinary sanctions		67,125	304,600
- Fair value gain on revaluation of Investment Property		400,000	-
- Government Grants		995,000	-
- JobKeeper		1,361,400	-
Finance Income			
- Bank Interest		28,796	71,436
Total other revenue		**3,089,092**	**546,270**
NOTE 3: EXPENSES INCLUDED IN PROFIT OR LOSS			
Employee benefits expense:			
- Salaries and Wages		4,949,863	5,761,469
- Superannuation		438,580	490,068
- Payroll Tax and Workers Compensation		283,488	325,071
		5,671,931	**6,576,608**
Depreciation of non-current assets:			
- Football Centre Knox	Note 7	201,961	201,961
- Motor Vehicles	Note 7	-	107,389
- Computer Systems	Note 7	59,620	45,187
- Sport and Office Equipment	Note 7	42,888	80,292
- Right-of-use Assets	Note 8	482,097	**-**
		786,566	**434,829**
Finance costs and borrowings paid:			
- Bank interest		74,554	44,181
		74,554	**44,181**

	2020 $	2019 $
NOTE 3: EXPENSES INCLUDED IN PROFIT OR LOSS (cont'd)		
Operating Expenses:		
- Game development	343,342	691,615
- Competitions and events	87,744	226,001
- Referees' administration and development	161,415	352,525
- Football operations	871,132	1,506,815
- Administration	1,028,939	2,261,294
- Doubtful debts	788,232	-
- IT expenses	163,605	151,648
- Broadcasting, sponsorship, marketing and communications	354,311	1,022,203
- Talented player development	218,374	714,548
- Venue and retail operations	155,253	333,299
	4,172,347	**7,259,948**

NOTE 4: CASH AND CASH EQUIVALENTS

Cash at bank and on hand	**3,417,867**	**4,027,797**

NOTE 5: TRADE AND OTHER RECEIVABLES

Trade receivables	1,499,653	344,856
Provision for doubtful debts	(768,706)	-
	730,947	**344,856**
Other receivables	480,808	35,176
	1,211,755	**380,032**

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;
- any prior knowledge of debtor insolvency or other credit risk; and
- working with stakeholders on a monthly basis to assess amounts past due to determine recoverability.

NOTE 6: OTHER ASSETS

CURRENT		
Prepayments	**106,291**	**164,860**
NON-CURRENT		
Funds advanced for pitch replacement	**715,000**	**715,000**

Football Victoria has contracted commitments to a future pitch replacement fund at the Knox facility. Cumulative contributions have been made of $715,000 which are recognised as an asset on the basis that FV is not yet able to determine whether it will exercise the option to renew the Knox lease agreement for a further five years at the end of the current lease period. Therefore, FV expect to utilise the benefit of the use of the proposed new pitches for their full useful lives. The funds advanced will be transferred to property, plant and equipment and depreciated when the pitch replacement at the Knox facility takes place.

	2020 $	2019 $
NOTE 7: PROPERTY, PLANT AND EQUIPMENT		
Land and buildings		
State Football Centre – Darebin	830,241	830,241
Less: accumulated depreciation	(830,241)	(830,241)
	-	-
Football Centre – Knox	1,598,999	1,598,999
Less: accumulated depreciation	(1,363,378)	(1,161,417)
	235,621	437,582
Total land and buildings	**235,621**	**437,582**
Plant and equipment		
Motor vehicles	539,203	539,203
Less: accumulated depreciation	(162,119)	(162,119)
Transfer to Right-of-use asset accumulated depreciation	(377,084)	-
	-	377,084
Computer systems	357,805	348,973
Less: accumulated depreciation	(291,678)	(278,595)
	66,127	70,378
Sport and office equipment	1,330,631	1,277,441
Less: accumulated depreciation	(956,850)	(955,531)
	333,781	321,910
Total plant and equipment	**399,908**	**769,372**
Total property, plant and equipment	**635,529**	**1,206,954**

NOTE 7: PROPERTY, PLANT AND EQUIPMENT (cont'd)

2020	**Football Centre – Knox**	**Motor Vehicles**	**Computer System**	**Sport and Office Equipment**	**Total**
	$	**$**	**$**	**$**	**$**
Balance at the beginning of year	**437,582**	**377,084**	**70,378**	**321,910**	**1,206,954**
Additions	-	-	60,335	55,611	115,946
Disposals	-	-	(4,966)	(852)	(5,818)
Transfer to Right-of-use Asset		(377,084)			(377,084)
Depreciation expense	(201,961)	-	(59,620)	(42,888)	(304,469)
Carrying amount at the end of year	**235,621**	**-**	**66,127**	**333,781**	**635,529**

2019					
Balance at the beginning of year	**639,542**	**484,474**	**86,773**	**328,815**	**1,539,604**
Additions	-	-	28,793	73,386	102,179
Disposals	-	-	-	-	-
Depreciation expense	(201,960)	(107,390)	(45,187)	(80,291)	(434,829)
Carrying amount at the end of year	**437,582**	**377,084**	**70,378**	**321,910**	**1,206,954**

NOTE 8: RIGHT-OF-USE ASSETS

2020	**Buildings**	**Motor Vehicles**	**Office Equipment**	**Total**
	$	**$**	**$**	**$**
Cost				
At 31 October 2019	-	-	-	-
Recognition on initial application of AASB 16	1,038,528	-	66,799	1,105,327
Transfer from Plant & Equipment	-	539,203	-	539,203
At 31 October 2020	**1,038,528**	**539,203**	**66,799**	**1,644,530**
Accumulated depreciation				
At 31 October 2019	-	-	-	-
Transfer from Plant & Equipment	-	(162,119)	-	(162,119)
Depreciation expense	(356,067)	(107,389)	(18,641)	(482,097)
At 31 October 2020	**(356,067)**	**(269,508)**	**(18,641)**	**(644,216)**
Carrying Amount				
At 31 October 2019	**-**	**-**	**-**	**-**
At 31 October 2020	**682,461**	**269,695**	**48,158**	**1,000,314**

Amounts recognised in the profit and loss	**2020** **$**
Amortisation expense on right-of-use assets	482,097
Interest expense on lease liabilities	74,554

	2020 $	2019 $

NOTE 9: INVESTMENT PROPERTY

	2020 $	2019 $
Investment property - fair value	3,000,000	2,600,000
	3,000,000	**2,600,000**
Balance at beginning of the year	2,600,000	2,600,000
Fair value adjustments	400,000	-
Balance at end of the year	**3,000,000**	**2,600,000**

The association applies the fair value model in valuing the investment property. A valuation of the association's investment property was last carried out by Jones Lang LaSalle Advisory Services Pty Ltd (JLL) on 31 December 2020 as representing the value of the property at an arm's length transaction between willing parties.

NOTE 10: TRADE AND OTHER PAYABLES

	2020 $	2019 $
Unsecured liabilities		
Trade payables	1,301,831	416,819
Other payables and accruals	860,235	737,066
	2,162,066	**1,153,885**

NOTE 11: EMPLOYEE BENEFITS

	2020 $	2019 $
CURRENT		
Annual leave	464,809	455,549
Long service leave	138,389	114,715
	603,198	**570,264**
NON-CURRENT		
Long service leave	**57,536**	**36,888**
(a) Aggregate employee benefits	660,734	607,152
(b) Number of full-time equivalent employees at year end	58	57

NOTE 12: INCOME IN ADVANCE

	2020 $	2019 $
CURRENT		
Income in advance	**1,230,822**	**178,937**

NOTE 13(a): LEASE LIABILITIES

	2020 $	2019 $
Current	552,254	118,126
Non-current	528,607	252,805
	1,080,861	**370,931**

	2020 $	2019 $

NOTE 13(b): OPERATING LEASE COMMITMENTS

Operating Lease Commitments

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

	2020 $	2019 $
- not later than one year		404,476
- later than one year and not later than five years		811,500
- greater than five years		-
Total operating lease commitment		**1,215,976**

Football Victoria leases Level 3, 436 St Kilda Rd as its registered office. The lease is for a period of 3 years, with an option to renew the lease for 2 further terms of 1 year each.

The lease payments for Level 3, 436 St Kilda Rd increase annually at a fixed rate of 3.5% per annum.

NOTE 14: OTHER PROVISION

NON-CURRENT

	2020 $	2019 $
Make Good Provision	**175,900**	**170,800**

NOTE 15: CASH FLOW INFORMATION

(a) Reconciliation of cash Flow from Operations with Surplus from Ordinary Activities

	2020 $	2019 $
Deficit for the year	(2,367,565)	(813,966)
Non-cash flows in surplus from ordinary activities		
Depreciation and amortisation	786,566	434,829
Investment income/expenses classified as investment activities	(125,261)	(146,925)
Gain on revaluation of investment property	(400,000)	-
Changes in assets and liabilities:		
Trade and other receivables	(831,724)	249,101
Prepayment	58,569	28,013
Trade payables and accruals	1,008,181	6,475
Unearned income	1,051,885	46,241
Other provisions	5,100	5,000
Employee provisions	53,582	44,152
Net cash and cash equivalents from operating activities	**(760,667)**	**(147,080)**

NOTE 15: CASH FLOW INFORMATION (cont'd)

(b) Credit Standby Arrangements with banks

	2020 $	2019 $
Lending facility	531,000	598,000
Amount utilised	531,000	-
Unused lending facility	**-**	**598,000**
Overdraft facility	500,000	500,000
Amount utilised	-	-
Unused overdraft facility	**500,000**	**500,000**

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

NOTE 16: KEY MANAGEMENT PERSONNEL DISCLOSURES

Transactions with key management personnel

	2020 $	2019 $
The key management personnel compensation included in 'employee expenses' are as follows:	**1,630,002**	**1,864,985**

The following changes in the executive team occurred during the year:

- Peter Filopoulos resigned as Chief Executive Officer on 31 August 2020.
- Nina Azzopardi resigned as Executive Manager – People & Culture on 28 August 2020.

NOTE 17: CONTINGENCIES

As security for the overdraft facility with the National Australia Bank a mortgage has been registered over the Association's investment property. The Board is not aware of any other contingencies that warrant disclosure in the financial report.

NOTE 18: SUBSEQUENT EVENTS

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