



2018 REVIEW



WEST AUSTRALIAN
FOOTBALL COMMISSION INC.

INTRODUCTION

WA Football is in a period of significant and exciting reform. In 2017 the West Australian Football Commission (WAFC), through its Structural Review of Football, established a clear vision and strategy for WA Football's ongoing growth.

In 2018, the establishment of this strategy and vision was supported by the introduction of a new funding model for WA Football following AFL's move to Optus Stadium, and the conclusion of State Government negotiations.

2018 was the start of the journey for implementing the WAFC's new strategy and reforming football in Western Australia.



OUR VISION

CONNECTING AND ENHANCING WA COMMUNITIES THROUGH OUR GREAT GAME.

At the WAFC we value:

Our People: We care for, support and develop our people. We are one united team committed to delivering our agreed objectives. Together we celebrate our successes and achievements.

Leading our Industry: We respect our history as we shape our future. We work in partnership to ensure football is successful. We aim to set the standards for our industry.

Our relationships: We deeply value the players, volunteers, stakeholders and fans of our game. We are committed to building relationships that are enduring. We earn trust through our behaviours and communication.

Being our very best: We strive to give our very best every day. We are recognised as an organisation that gets things done. We bring passion, perseverance and a positive attitude to everything we do.

OUR ROLE

Footy is the fabric that connects players, families and communities right across Western Australia and this is the core to our focus in growing and developing football in Western Australia.

The West Australian Football Commission is the caretaker of football throughout the State and is responsible for the overall development of the game.

The WAFC's role includes ownership of the State's two AFL teams – the West Coast Eagles and Fremantle Football Club, supporting and developing the West Australian Football League (WAFL), overseeing community football, managing umpiring, and driving participation through game development and the talent pathway. The WAFC is a not-for-profit sports association. It is incorporated under the Associations Incorporation Act and governed by a voluntary Board of Commissioners that oversees the operation of all football activities throughout the State.

AT THE WAFC WE FUND & DEVELOP

- ▶ The WAFL and WAFLW competitions
- ▶ The Colts competition and supporting talent pathway
- ▶ State talent academies for males and females
- ▶ The umpiring talent pathway
- ▶ School competitions and the AFL School Ambassador program
- ▶ Multicultural engagement programs
- ▶ Indigenous engagement programs including the Nicky Winmar Carnival, Kirby Bentley Carnival and WA Kickstart team
- ▶ Auskick, junior and youth football
- ▶ Tribunals, governance and integrity programs
- ▶ Community facility funding
- ▶ Coaching, umpiring and volunteer accreditation and development



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THE WEST AUSTRALIAN FOOTBALL COMMISSION ACKNOWLEDGES THE ABORIGINAL PEOPLES OF WESTERN AUSTRALIA AS THE TRADITIONAL CUSTODIANS OF THIS LAND, AND WE PAY OUR RESPECTS TO THEIR ELDERS BOTH PAST AND PRESENT.

2018 HIGHLIGHTS

342,433
WA PARTICIPANTS
+3.7%



KIA WAFL State Team defeated the SANFL
by 26-points

WA'S KICKSTART TEAM WON THE AFL NATIONAL DIVERSITY CHAMPIONSHIPS FOR THE 8th year in a row



43,726
AUSKICKERS
+5%

68,575
CLUB FOOTBALL PARTICIPANTS

12 WA players
SELECTED
IN THE 2018
AFLW DRAFT



95,875
FEMALE PARTICIPANTS
+3.3%

Including a new Amateur women's competition



12 WA players
SELECTED IN THE
2018 AFL DRAFT



SUBIACO
CREATED HISTORY

by winning the Colts, Reserves and League Premierships in the first WAFL Grand Final at OPTUS STADIUM

972,854
WAFL TV VIEWERS
+5%

182,925
WAFL ATTENDANCE
+2.5%



YEAR IN REVIEW

Footy is alive and well in Western Australia, playing a significant part in connecting and enhancing communities right across our State.

WA's junior football saturation rates topped the nation in 2018 with 20% of the population in this age group playing club football compared to 18% in South Australia and 17% in Victoria. However, it is crucial that we further investigate and address the concerning trend that sees the saturation rate drop to 11% in the Youth age group, while other States remain comparatively steady.

It was encouraging to see female participation continue to grow in 2018, with girls' Auskick numbers up by 22% and the introduction of a new amateur women's competition seeing the total number of female teams increase by 40% from 214 to 301.

The 2018 season also saw the Simply Energy WAFL Colts talent development competition launched with an additional \$1million in funding support from the AFL. We look forward to continuing to refine and implement this competition to showcase the best emerging talent in 2019.

The WAFL competition reinforced its reputation as the premier State League competition with a State game victory against the SANFL, extending WA's winning streak against all other States to six years. The support of WAFL partners McDonald's, Optus, Kia and TABtouch was greatly appreciated and helped make the Channel 7 broadcast another great success, with ratings growing by 5% in addition to a 2.5% increase in match-day attendance.

The excellent work done by Fremantle and West Coast in their first year at Optus Stadium to accommodate new and existing members, explore additional revenue opportunities and deliver a world-class match-day experience was also a great success, and both clubs are to be congratulated, in particular West Coast.

This will result in a solid royalty contribution to the WAFC, which will continue to underpin football in Western Australia. This contribution was further boosted by West Coast's 2018 AFL Premiership in a terrific result for football across the State, if the 18% increase in Auskick participation following West Coast's 2006 Premiership win is any indication.

2018 also saw the WAFC re-set its focus to align with a new Strategic Plan while balancing major reform projects with football operations and the funding, support and development of football across Western Australia.

It was a significant year of transition away from managing Subiaco Oval, whilst still bearing the costs and responsibilities for the asset, as we commenced planning with the State Government on what our future home at Subiaco may include.

We finalised our 2018 Business Plan in line with the WAFC's new five-year strategic plan and completed the first full year operating under the new 'football funding football' financial model that was implemented with the State Government as part of transitioning AFL games to Optus Stadium, where the WAFL Grand Final was also held for the first time.

On behalf of the WAFC thank you to everyone who played a part in tackling challenges, achieving success and contributing to our great game in 2018.

Thanks to our volunteer Commissioners

Congratulations to HON Wayne Martin AC QC on being appointed as a new WAFC Commissioner for a term of three years commencing in 2019. The WAFC is excited to be able to attract such high-quality candidates to join the WAFC to support the growth and development of football in Western Australia.

Thanks to outgoing Commissioner Jon Carson, who did not nominate for re-election as a Commissioner after serving a three-year term from 2016 to 2018. Jon has provided outstanding service to football including 17 years as a player, coach and official at University Football Club and three years as a WA Amateur Football League board member.



Gavin Taylor
Chief Executive Officer,
West Australian Football
Commission



Murray McHenry
Chair, West Australian
Football Commission



Congratulations to the Premiers

On behalf of the WAFC Board of Commissioners, Executive and Staff, congratulations to the West Coast Eagles on winning the 2018 AFL Premiership and Subiaco Football Club on winning Premierships in all three grades of the 2018 WAFL competition, including an undefeated League season.



THANKS TO OUR PARTNERS

The WAFC thanks and acknowledges its major funding partners including The West Coast Eagles, Fremantle Football Club, the AFL, sponsors McDonald's, Optus, Kia, TABtouch and Simply Energy, and the Western Australian Government through the Department of Local Government, Sport and Cultural Industries. Their investment in our not-for-profit operations allows football to grow and prosper in Western Australia for the ongoing benefit of the community.

We also thank the volunteer board members of the WAFC, AFL and WAFL clubs, districts, regions and community clubs as well as the volunteers, umpires, coaches, players, media, sponsors and everyone else that is involved with football in WA.

2018 WA FOOTBALL LEADERS

District Football Development Council



Paul Donovan Chair Claremont
Geoff Wolfenden Chair East Fremantle
Luke McNiece Chair East Perth
Brett Lee Chair Peel
Sean Collingwood Chair Perth
Stephen Goodall Chair South Fremantle
Lincoln Rollo Chair Subiaco
Ian Westmore Chair Swan Districts
Chris Erikson Chair West Perth
Brad Goodlet Chair Community Football Council

Regional Football Development Council



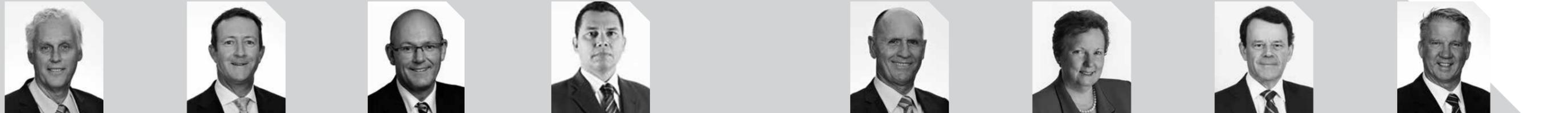
Justin Tarasinski Chair Goldfields
Brian Lee Chair Great Southern
Milton Milloy Chair Midlands
Jerry Dawson Chair Midwest
Paul Coombes Chair Pilbara
Mark Blakely Chair South West
Craig Gmeiner Chair Wheatbelt
Geoff Davis Chair Kimberley Football Association
Sam Birmingham President West Australian Amateur Football League
John Shadbolt President West Australian Country Football League
Rowan Carson President West Australian Metro Football League
Carolyn Hills President West Australian Women's Football League
Nathan Dixon President West Australian AFL Masters

West Australian Football League



Grant Povey President Claremont FC
Mark Stewart President East Fremantle FC
Bronte Howson President East Perth FC
Bob Ryan President Peel Thunder FC
Daryle Mann President Perth FC
Haydn Raitt President South Fremantle FC
Mark Lawrence President Subiaco FC
Peter Hodyl President Swan Districts FC
Neale Fong President West Perth FC
Dale Alcock President Fremantle Football Club
Russell Gibbs President West Coast Eagles

WAFC Board of Commissioners



Murray McHenry WAFC Chair, Facilities Committee Chair, WA Football Hall of Fame Selection Committee Chair
 Appointed to WAFC Board 2010-2012, 2013-2015, 2016-2018, 2019
Stuart Love WAFC Deputy Chair, Finance Committee Chair, Facilities Committee
 Appointed to WAFC Board 2013-2015, 2016-2018, 2019-2021
Jon Carson Corporate Governance Committee, Finance Committee
 Appointed to WAFC Board 2016-2018
Chris Cottier Aboriginal Advisory Committee Chair, Football Affairs Committee
 Appointed to WAFC Board 2018-2020
Grant Dorrington BEM OAM
 Heritage Committee Chair, Aboriginal Advisory Committee, Football Affairs Committee, Facilities Committee
 Appointed to WAFC Board 2015-2017, 2018-2020
Hon. Cheryl Edwardes AM Corporate Governance Committee Chair, Facilities Committee
 Appointed to WAFC Board 2016, 2017-2019
Brian O'Donnell Football Affairs Committee Chair, Corporate Governance Committee
 Appointed to WAFC Board 2018-2020
Neil Randall Finance Committee, Football Affairs Committee, WA Football Hall of Fame Selection Committee
 Appointed to WAFC Board 2012-2013, 2014-2016, 2017-2019

WAFC STRATEGIC PLAN

2018 was the first full year for the WAFC operating under a new five-year Strategic Plan, which was developed following the 2016/2017 Structural Review of WA Football.

The Structural Review, which was completed by the WAFC in conjunction with the Boston Consulting Group, reviewed all competitions, pathways, structures and governance models across WA Football and resulted in the development of the 2017-2022 Strategic Plan.

The Strategic Plan sets a new vision for football in WA to connect and enhance WA communities via our great game. It is a vision that will align the WAFC and the industry to make football relevant, successful and engaging for everyone, both today and into the future.

The plan sets an ambitious reform agenda through to 2022, with over 60 industry reforms across the key pillars of Engagement, Talent and Sustainability.

Within these pillars, the WAFC has implemented Operational and Business Plans to ensure key projects are successfully implemented and tracked according to performance measures.

In what was a challenging yet rewarding year, the WAFC balanced major reform while continuing to deliver football outcomes.

The key goals and performance measures achieved in 2018 across each pillar of the Strategic Plan are outlined across the ensuing pages.

THE STRATEGIC PLAN SETS A NEW VISION FOR FOOTBALL IN WA TO CONNECT AND ENHANCE WA COMMUNITIES VIA OUR GREAT GAME.



SETTING THE DIRECTION FOR THE WAFC AND FOOTBALL INDUSTRY IN WESTERN AUSTRALIA



INDUSTRY ALIGNMENT

WAFC SPECIFIC

VISION	Connecting and enhancing WA communities through our great game		
PILLARS	ENGAGEMENT <i>More people are engaged in footy than with any other sport in WA.</i>	TALENT <i>WA is recognised as best practice in talent identification and player development.</i>	SUSTAINABILITY <i>WA clubs and competitions are well-governed, operate with integrity and are sustainable.</i>
GOALS	WHAT ARE WE TRYING TO ACHIEVE?		
	E1 Introduce all WA children to football E2 Increase the number of players who choose to continue to play football E3 Support all types of participants, including volunteers and fans E4 Deliver measurable community benefits through football E5 Maintain a quality State league competition	T1 Increase the number and quality of AFL draftees T2 Ensure retention of talented players within WA football system T3 Ensure career pathways for talented coaches, umpires and administrators	S1 Support the ongoing success of our AFL clubs S2 Ensure all parts of football have a sustainable business model S3 Improve the quality of governance S4 Build the capacity of staff and volunteers S5 Ensure football is supported through appropriate and quality facilities S6 Ensure effective integrity measures are in place
KPIs	HOW WILL WE MEASURE SUCCESS?		
	<ul style="list-style-type: none"> Total participation Club participation Participant satisfaction WAFL competitiveness Social return on investment 	<ul style="list-style-type: none"> Total AFL draftees Total AFLW draftees AFL & WAFL club talent perception Umpire & coach pathway progression 	<ul style="list-style-type: none"> WAFC cash balance Annual governance review % of funding from commercial sources # of WAFL clubs with positive annual cash balance Board & Executive diversity target Employee satisfaction and capability result HSE internal compliance
STRATEGIES			

AT THE WEST AUSTRALIAN FOOTBALL COMMISSION WE VALUE:

OUR PEOPLE | OUR RELATIONSHIPS | BEING OUR VERY BEST | LEADING OUR INDUSTRY



KEY PROJECTS

The implementation of key recommendations from the Structural Review of WA Football commenced in 2018.

This include the establishment and implementation of the Simply Energy WAFL Colts talent development league, with a 'player first' focus to deliver improved outcomes whilst still maintaining strong alignment to WAFL Clubs.

Work also commenced on the establishment of Football Development Regions, supported by a new community governance model focusing on more front line WAFC staff to work together, in partnership with affiliates and schools, in the areas of coaching, umpiring, youth and club development.

The WAFC's internal governance structure was also reviewed to achieve closer alignment between the staff structure and strategic plan priorities, reduce the number of Manager positions, and create a clear pathway for staff with clear salary bands across different levels, supported by specific training and development plans.

State League Women

Agreement was reached by a panel of industry representatives in 2018 to form a WA Women's State League competition for the 2019 football season, with the support of the WA Women's Football League and WA Football Commission.

The new WAFL Women's (WAWFL) competition will include five teams (Claremont, East Fremantle, Peel, Subiaco and Swan Districts) in the inaugural season.

The overarching competition structure includes the WAWFL as the 'premier league' of the existing WAWFL, Reserves and Rogers Cup.

The WAFC will administer the WAWFL competition, including the provision of umpires and overseeing minimum standards to ensure it is a high-quality, equalised competition that supports the development of WA's best talent.

The WAFC will consider options at the end of the inaugural WAWFL season to expand the number of teams or introduce a promotion and relegation system with the WAWFL Reserves.

WAFL Futures Competition

The WAFL Simply Energy Colts program will be expanded in 2019 for talented under 16 boys. The program will act as an extension of the current WAFL 16s program that provides players with further high-performance training opportunities.

The focus of the Futures Competition will be improving the players' fundamental skills through exposure to a higher level of training and match program across 11 weeks, which shall in turn result in better performances in community competitions and strengthen the depth of talent.

WAFL Consumer Research

In 2018 the WAFC undertook a detailed research project into the WAFL consumer. The key outcome of this project identified the family segment as the WAFL's biggest marketing opportunity. In 2019 the WAFC will work closely with WAFL clubs to bring a new long-term marketing strategy to life focused around the 'family fun' demographic.

Part of this will include developing minimum standards to enhance WAFL game days in partnership with the WAFL clubs. The WAFC will continue to work with Clubs on progressing these projects and their implementation in 2019 and beyond.

Social Return on Investment

The WAFC undertook research on the Economic and Social Impact of football in Western Australia to better understand the impact and roles of clubs in our communities. In 2019, the WAFC will launch the report and work with key stakeholders to understand the results presented and how they help measure the attributable benefit of football or Social Return on Investment.



Subiaco Oval Future

Construction commenced at the Subiaco Oval precinct in 2018 on a new inner city high school which is scheduled to open in 2020 following the demolition of existing grandstands, which is expected to occur in 2019.

The WAFC moved into a consolidated area of the stadium, with open plan office, meeting spaces and a small function area retained.

The WAFC also commenced discussions with the State Government on temporarily relocating to Tuart College while the Subiaco Oval precinct is redeveloped, with the objective of returning to the site under a freehold arrangement that will support the development of training and administration facilities to foster the development of WA State Academies, Umpires, junior football and the management of our game.

DFDC Governance Reform

The WAFC commenced work in 2018 to establish a new junior competition management structure, with nine District Football Development Councils (DFDCs) being streamlined into three Regional Development Councils (RDCs).

The objective is to improve and simplify WA Football's governance structure, deliver higher quality and more consistent community competitions, with more support for volunteers to grow the game.

The new governance model, which will start to be implemented in 2019, will align to the WAFC staffing structure that delivers football development and competition management across the Perth Metropolitan Area.

The new RDCs will report directly into the WAFC Football Affairs Committee, providing Community & Junior Club Football with a clear and direct voice to the WAFC Board.



Talent Development Pathway

The WAFC launched the Simply Energy WAFL Colts talent development competition in 2018 incorporating key national strategies with an additional \$1million in funding support from the AFL. The season culminated with the broadcast of the Simply Energy WAFL Colts Grand Final live on the 7 Network from Optus Stadium.

The benefits of alignment with the AFL's National Framework and Talent Development Philosophy are expected to continue in 2019 as the WAFC continues implementing initiatives to become the best state for talent development.

Female talent development was boosted with the appointment of Brisbane Lions premiership player and former assistant coach Beau McDonald as head coach of Western Australia's AFLW State 18s and WAFC Coach Coordinator – Female Programs.

McDonald joined WAFC Talent Manager Female Programs Clint Degebrodt and Talent Coordinator Elly Lambkin, as well as newly appointed Talent Officer Kate Hartwell, Athlete Development Coordinator Scott Goodin and Wellness and Player Development Coordinator Juliet Williamson, in a Female Football Talent team that has been expanded following increased investment from the WAFC and AFL.

AFL Club Royalty Payments

With AFL games moving to Optus Stadium in 2018, the WAFC held discussions with Fremantle and West Coast to establish a new royalty model that will be consistent for both clubs into the future. It is intended that the royalty payments from each club to the WAFC will sustain a Community Investment Fund for grassroots and community football in WA.

Football Facilities

To plan and cater for the growth in WA Football participation, and particularly female participation, an audit of 316 football facilities was completed in WA's regional and metropolitan districts.

In some areas, the participation growth and demand for playing space requires night matches to be played as the only time ovals are available for use. This has resulted in match lighting becoming an increasing issue, including training flexibility based on floodlit ovals.

The audit also outlined that only 39 facilities were female-friendly, with the majority not including divided or lockable showers.

Club Football participation by females has more than tripled in the last five years and it is important to ensure all new football participants enter positive, welcoming and fun environments.

To achieve this goal, the WAFC will develop a new Strategic Facilities Plan in 2019 using the audit data retrieved.

This Strategy will outline key facility guidelines expected across the varying levels of competition and will provide benchmark standards to both Local and State Governments to support the refurbishment or development of new facilities.

OPPORTUNITIES AND CHALLENGES

The WAFC continues to tackle challenges and explore opportunities as it aims to ensure the long-term sustainability of football in WA. In 2018, this included balancing the pace of strategic reform projects with day-to-day football operations, while also integrating WAFC strategy into business plans and managing organisational change under a new financial model.

Industry Reform

The WAFC commenced the implementation of key reforms in 2018 and made significant progress with engagement, talent and sustainability projects including the new Simply Energy WAFL Colts competition, formation of a WAFL Women's competition, WAFL Consumer research project and Community Governance Reform.

The WAFC also identified the need to continue working closely with clubs and stakeholders to collaborate on objectives and implement reform at the right pace for the industry.

Football Participation

Club based participation requires a renewed focus to drive the recruitment and retention of players within community football clubs.

While it has been encouraging to see school-based participation continue to grow, the WAFC must ensure that every opportunity is explored to increase the number of club-based players, particularly in the male youth segment.

In 2018, key recommendations of the Youth Football Working Group were implemented including 15-a-side football, night football, AFLX Youth football competitions and developing a Youth Football Calendar to better align school, community, WAFL and State Academy football.

In 2019, further initiatives will be established to support the transition of school-based players to club football.

The pressure being placed on facilities, resources and clubs by the unprecedented growth in female participation will be addressed with a new facility strategy to be launched in 2019.



West Perth finances

The announcement in July 2018 that West Perth Football Club would be appointing Voluntary Administrators was one of the most significant in the club's rich history and took the entire football industry by surprise.

The club emerged from the process with restructured finances, a new look Board and renewed enthusiasm for the future, establishing a Strategic Sustainability and Fundraising Group as members and supporters rallied around the club.

From a broader perspective, the situation highlighted the importance of good governance, sustainable revenue streams, and community support for all WAFL clubs.

WAFL Partnering Model

After being informed in July 2018 by East Perth Football Club of its intention to cease its partner agreement with the West Coast Eagles, the WAFC turned its attention to determining the best arrangement for both clubs going forward.

This included how the WAFC would assist East Perth and West Coast through the transition process, while continuing to protect the integrity and history of the WAFL competition.

West Coast received unanimous endorsement by the WAFL Council of Presidents to enter the competition as the 10th team, representing a significant milestone in the history of the WAFL and a substantial financial investment by West Coast.

With such a significant change to the WAFL competition it was agreed that a full review will be undertaken on all of the conditions associated with the West Coast license by season end 2019. This will allow all parties to review the success and improvement opportunities associated with the West Coast license ahead of the 2020 season.

ENGAGEMENT



Key Statistics

- ▶ 342,433 total WA participants +3.7%
- ▶ 68,575 club participants +2.7%
- ▶ 43,726 Auskickers +5%
- ▶ 95,875 female participants +3.3%
- ▶ WA's Aboriginal and Torres Strait Islander Kickstart team won the AFL National Diversity Championships for the 8th consecutive year
- ▶ The Integrated State team won the National Inclusion Carnival

GOAL: MORE PEOPLE ARE ENGAGED IN FOOTY THAN WITH ANY OTHER SPORT IN WA.

Key Performance Indicators

Measure	2016 Actual	2017 Actual	2018 Actual
Total Participation	302,662	330,001	342,433
Club Participation	67,361	66,750	68,575
Participant Satisfaction	42%	46%	48%
Social return on investment	N/A	N/A	Metrics finalised
WAFL Competitiveness (average winning margin)	37	37	40

Total Participation

Western Australia produced another excellent year of growth with a 3.7% increase to a total of 342,433 participants.

Nationally, the game had 1,649,178 participants in 2018 (+6.5%), with Western Australia contributing 20.8% of these numbers, second only behind Victoria in terms of overall state participation.

School competitions and programs experienced the most significant overall growth, with more than 216,000 participants representing an increase of 10%.

This growth can be attributed largely to the outstanding work of AFL School Ambassadors and the quality programs delivered by the WAFC in partnership with the Fremantle Football Club and West Coast Eagles.

Female participation also continued to increase in 2018, with Community Club numbers growing by 39% to 7,525 participants and girls' Auskick participation growing by 22% to 14,041.

To support this growth, a new WAFL Women's competition will kick off in 2019, with East Fremantle, Claremont, Peel Thunder, Subiaco and Swan Districts each to field teams.

The new WAFLW competition will complete the talent development pathway in WA from Auskick to AFLW and help showcase and develop WA's best female footballers.

Club Participation

Club participation across Western Australia increased by 2.73% to 68,575 participants in 2018 driven by a 40.6% increase in female teams, which grew from 214 to 301.

With this in mind, the WAFC has been working hard to cater for the growth in female participation and making sure football facilities meet expectations to ensure all new football participants enter positive, welcoming and fun environments.

The WAFC also continued to focus more broadly on Community Club football participation in 2018 and improving environments for all participants, whilst ensuring that requirements for clubs and volunteers are simplified.

Part of this simplification saw the WAFC commence work in 2018 to establish a new junior competition management structure, with nine District Football Development Councils (DFDCs) being streamlined into three Regional Development Councils (RDCs).

The objective is to improve and simplify WA Football's governance structure, deliver higher quality and more consistent community competitions, with more support for volunteers to grow the game.

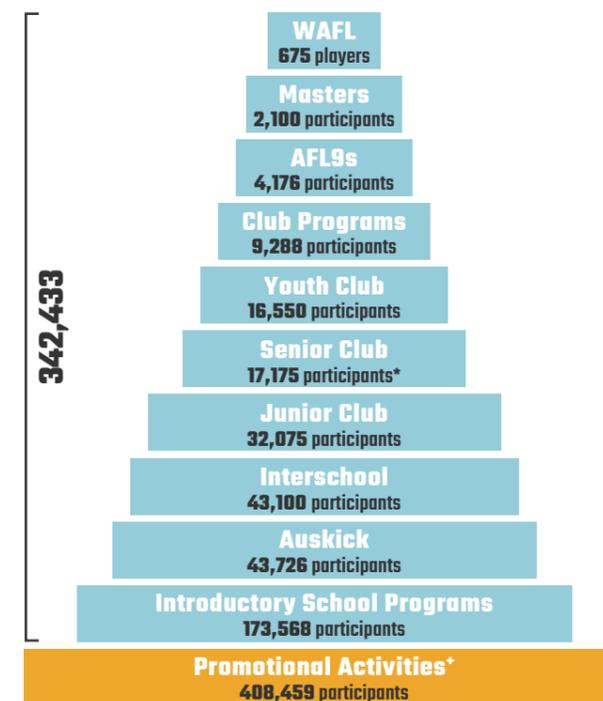
The connection between all football stakeholders including Community Clubs and WAFL Clubs will also be a focus for the WAFC moving forward.

Across Regional WA, the WAFC will continue to work closely with the WACFL with an objective of creating greater coordination and alignment.

Community engagement initiatives such as the Nicky Winmar Cup, Kirby Bentley Cup and Multicultural Gala Days are also crucial to engaging more Aboriginal and Multicultural participants that can be connected with community clubs as players, coaches, umpires and administrators.

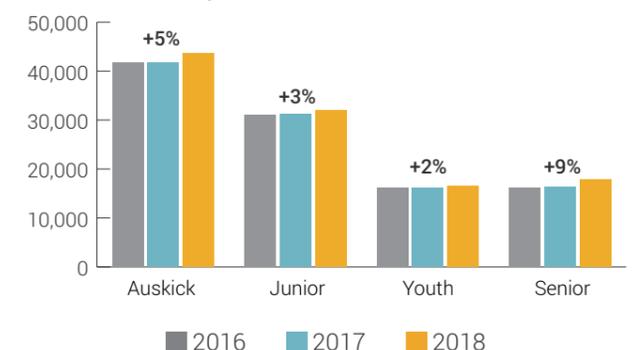
These carnivals were recognised as part of the Community Event of the Year in the WA Sport and Recreation Industry Awards.

2018 WA Football Participation Pyramid



* Promotional Activities are not included in overall participation numbers.

WA Total Participation



Participant Satisfaction

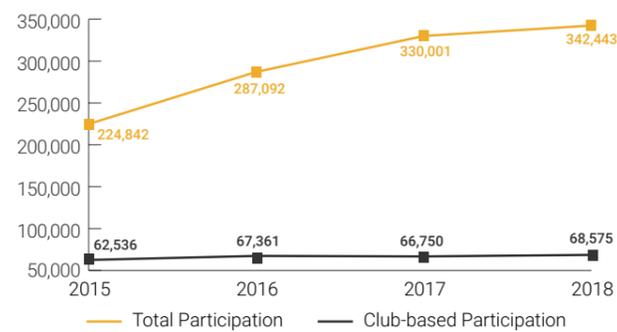
The WAFC's annual satisfaction survey showed that overall satisfaction with the WAFC improved by 2% in 2018, with a 4% improvement in people understanding the role of the WAFC.

The survey identified five key areas that are key for success which included:

- ▶ Providing a Positive and Safe Football Environment
- ▶ Quality of Coaches
- ▶ Quality of Umpires
- ▶ Retaining Players in Community Football
- ▶ Attracting New Players to the Game

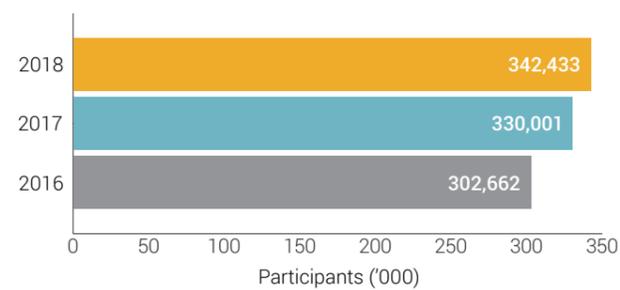
In 2019, the WAFC will invest in providing more competition support for junior competitions, which will enhance the delivery of competitions, and ultimately lead to an improvement in satisfaction levels of participants, whilst also supporting volunteers.

Total v Club-based Participation

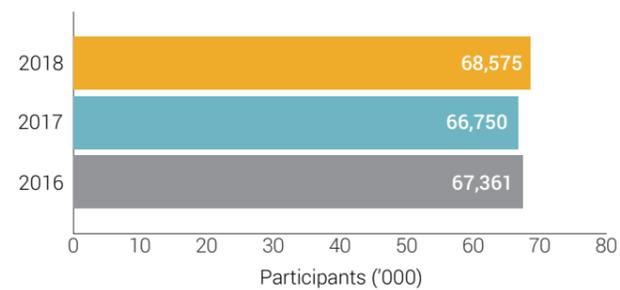


State of Play

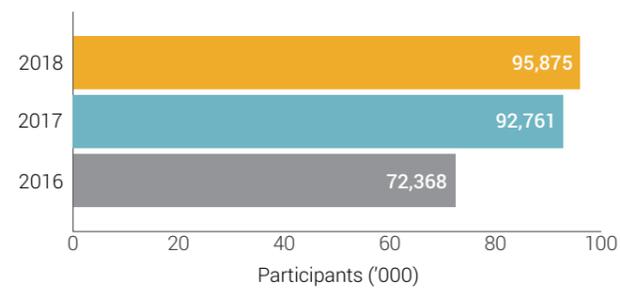
Total Participation



Club Participation



Female Participation



Meet Volunteer of the Year Mark Brookes

WA Football volunteer Mark Brookes was recognised for his significant contribution and leadership in the growth and development of football in the South Fremantle District over the past 15 years as the 2018 recipient of The Sunday Times WA Football Volunteer of the Year Award.



Mark was presented with the award at the WAFL's Sandover Medal Count at Optus Stadium as one of 17 regional and district finalists chosen from more than 1,200 nominees and received a trip for two to the AFL Grand Final, thanks to the AFL.

His longstanding service to junior football within the South Fremantle District over the

past 15 years has included serving as an active volunteer at the South Coogee Junior Football Club where he has supported his four sons as a volunteer, coach, umpire and club President.

During his time as President, Mark was instrumental in the club gaining Silver status and at the end of 2014, South Coogee JFC was awarded the District Club of the Year, with Mark receiving the Clubman of the Year Award.

Not only were his efforts recognised at South Coogee JFC, but his hard work saw him identified and approached to be part of the South Fremantle District Junior Competition Council in 2015, as the Assistant Competition Director.

HE HAS ENHANCED OPPORTUNITIES FOR AS MANY CHILDREN AS POSSIBLE TO PLAY THE GAME WHILE INTRODUCING INNOVATIVE WAYS TO RETAIN JUNIOR FOOTBALLERS FROM YEAR-TO-YEAR.



WAFL COMPETITION

Subiaco Football Club's history-defining year headlined another highly successful WAFL Premiership Season in 2018.

With Optus Stadium providing the stage for WAFL Grand Final day, Subiaco created history by becoming the first club to win the Colts, Reserves and League Premierships in the same season.

The League Premiership also capped off a remarkable unbeaten season for the Lions.

Subiaco players were also prominent in the WAFL's State Game win over the SANFL in Adelaide, with captain Kyal Horsley leading WA to victory in South Australia for the first time in 24 years.

Key Statistics

- ▶ **182,925 total attendance** +2.5%
- ▶ **972,854 TV viewers** +5%
- ▶ **The first WAFL Grand Final at Optus Stadium**
- ▶ **The KIA WAFL State Team defeated the SANFL by 26-points**
- ▶ **Jye Bolton, Claremont, won the 2018 Sandover Medal**



2018 Sandover Medallist Jye Bolton



WA have now beaten both South Australia and Victoria home and away in the past six seasons while also overcoming Tasmania and the NEAFL, cementing the WAFL's place as the nation's premier State League competition.

The WAFL's average weekly TV audience across WA increased by 5% to 44,221 and totalled 972,854 for the season, which included televising the Simply Energy Colts Grand Final for the first time.

The total attendance at WAFL games throughout the season increased by 2.5% from 178,410 to 182,925 including 25,064 at the first WAFL Grand Final at Optus Stadium – the largest WAFL Grand Final attendance since 2002.

This success was made possible by the support of naming rights partners McDonald's, broadcast partners Optus, Kia and TABtouch and Colts naming rights partners Simply Energy.

The 2018 season also presented off-field challenges including West Perth Football Club entering voluntary administration, and East Perth Football Club and the West Coast Eagles announcing that they would be finalising their partnering agreement.

A stand-alone West Coast Eagles WAFL team was unanimously endorsed by the WAFL Council of Presidents for the 2019 season, representing a significant milestone in the history of the WAFL, with the WAFL clubs embracing the opportunities this will create for the Clubs and competition.

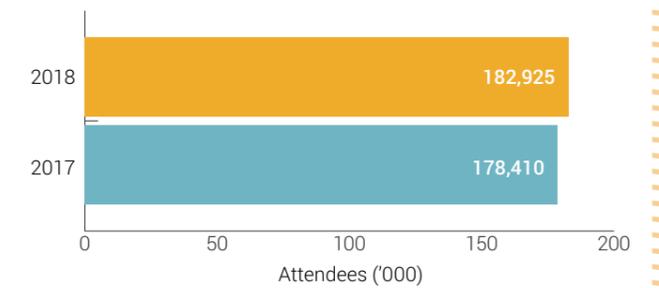
It was agreed that a full review will be undertaken on all of the conditions associated with the West Coast license by the end of season 2019.

The West Perth Football Club entered voluntary administration in July, which saw KordaMentha appointed as Administrator and the WAFC provide a loan to enable their ongoing participation in the 2018 WAFL Premiership Season.

The voluntary administration process ended with the club welcoming new board members as part of Deed of Company Arrangement governance measures, which was supported by significant fundraising efforts.

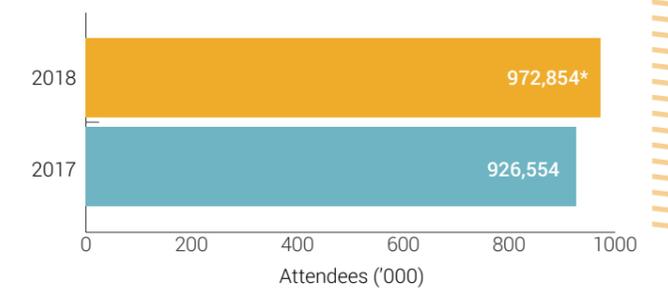
WAFL Summary

Cumulative Attendance[^]



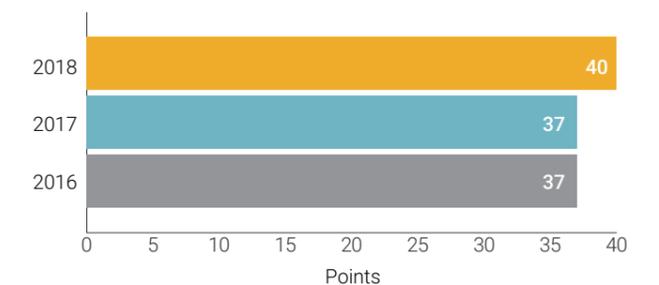
[^]Based on 21 Rounds and Finals

Cumulative TV Attendance

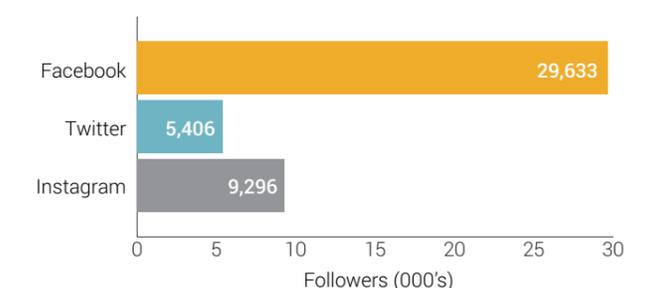


*Inclusive of Colts Grand Final

Average Winning Margin



Social Media Followers



TALENT



Key Statistics

- ▶ 12 WA players were selected in both the 2018 AFL Draft and AFLW Draft
- ▶ Two WA players selected in the pre-season supplemental draft
- ▶ Four WA State 18s players named All-Australians
- ▶ More than 60 WA players selected in the first three years of the AFLW competition
- ▶ 3822 Level 1 coaches accredited
- ▶ 12 WA umpires were involved in the AFL Talent Pathway

GOAL: WA IS RECOGNISED AS BEST PRACTICE IN TALENT IDENTIFICATION AND PLAYER DEVELOPMENT.

Key Performance Indicators

Measure	2016 Actual	2017 Actual	2018 Actual
Total AFL draftees	15	20	12
Total AFLW draftees	23	15	12
AFL and WAFL club talent perception	44%	N/A	68%
Umpire and coach pathway progression	N/A	N/A	12 Umpires* 418 Coaches^

*WA umpires progressed to AFL Talent Pathway
^Level 2 & 3 accredited

AFL Draft

12 WAFL players were selected in the 2018 NAB AFL National and Rookie Drafts, which included first round selection Jordan Clark. Two more WA players were then added to AFL lists through the pre-season supplemental draft including Zac Clarke from Subiaco to Essendon, and Sydney Stack from Perth to Richmond.

2018 AFL National Draft

15	Jordan Clark (Claremont / Guildford Grammar / Railways Albany)	Geelong
24	Ian Hill (Perth / Wesley / South Perth)	Greater Western Sydney
31	Luke Foley (Subiaco / Sorrento-Dun Craig)	West Coast Eagles
39	Jarrod Cameron (Swan Districts / Aquinas / Centrals Newman)	West Coast Eagles
40	Tom Joyce (East Fremantle / Aquinas / Melville)	Brisbane Lions
49	Matthew Parker (South Fremantle / Melville)	St Kilda
62	Luke English (Perth / Manning)	Richmond

2018 AFL Rookie Draft

12	Durak Tucker (Peel Thunder / Guildford Grammar / Bunbury)	Sydney Swans
14	Damon Greaves (East Perth / Busselton)	Hawthorn
18	Harry Edwards (Swan Districts / West Coast Eagles Mazenod)	West Coast Eagles
22	Tobe Watson (Swan Districts / Donnybrook)	Fremantle

Category B Rookie

	Jason Carter (Claremont / Aquinas / Port Wyndham)	Fremantle
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AFLW Draft

12 WA players were selected in the 2018 NAB AFLW Draft in Melbourne, which included number 4 pick Jasmin Stewart from Claremont Football Club.

More than 60 WA players have now been selected in the first three years of the AFLW competition, demonstrating the depth and quality of female football talent in WA and success of the WA State Female Academy program.

2018 NAB AFLW Draft

4	Jasmin Stewart (Claremont)	Fremantle
17	Sabreana Duffy (Peel Thunderbirds)	Fremantle
26	Kate Bartlett (Peel Thunderbirds)	Western Bulldogs
28	Philipa Seth (East Fremantle)	Fremantle
33	McKenzie Dowrick (Subiaco)	Brisbane
39	Courtney Stubbs (Subiaco)	Fremantle
49	Parris Laurie (Claremont)	Fremantle
57	Laura Pugh (West Perth)	Fremantle
62	Matilda Sergeant (Claremont)	Fremantle
64	Ebony Dowson (Peel Thunderbirds)	Fremantle

Free Agents

	Kirby Bentley (Swan Districts)	Carlton
	Katie-Jayne Grieve (Peel Thunder / South Bunbury)	Fremantle

A TOTAL OF 12 WA PLAYERS WERE DRAFTED TO THE AFL IN 2018.

MORE THAN 60 WA PLAYERS SELECTED IN THE FIRST THREE YEARS OF THE AFLW COMPETITION.





National Championships

WA's State 16s won two of their three games at the NAB AFL National 16s Championships, with their only defeat a three-point loss to eventual champions South Australia.

David Yacob from Peel Thunder was named WA's MVP and six players were selected for the All-Australian team.

The State 18s split their National Championship results with two wins and two losses. Jordan Clark from Claremont was named WA's MVP.

In the AFLW State 18s Championships, WA celebrated three victories from five-matches. Sabreena Duffy was named MVP and was one of six All-Australians from WA.

AFL and WAFL club talent perception

A key metric was established in 2018 to evaluate the perception of the AFL and WAFL clubs for WA's State Talent program and Simply Energy Colts competition. A survey of key talent and recruiting staff saw a rating out of five result in a 68% positive response.

Coaching

A new key performance indicator to track the progression of coaches was established in 2018, measuring the number of Level 2 and Level 3 accredited coaches in WA. In 2018 this totalled 418, which included 388 Level 2 and 30 Level 3 coaches.

There were also 3822 Level 1 coaches accredited for an overall total of 4240 WA coaches.

A targeted increase for the number of accredited coaches will now be set for 2019.

A TOTAL OF 3822 PEOPLE COMPLETED THE FOUNDATION LEVEL ACCREDITATION IN COACHING.

Umpiring

Metrics were established in 2018 to measure the progression of WA umpires from the WAFL Junior District Program through to WAFL Development Academy Squads and the AFL Talent Pathway. In 2018, 12 WA umpires were involved in the AFL Talent Pathway.

This included:

AFL 16s Championships

Jordan Fry, Quinn Jago, Cam Jones, Ethan Lamont, Chad Smith.

AFLW 18s Championships

Mitch Forsyth, Tiana Fry and Lewis Williams.

AFL 18s Championships

Christian Cutrona, Daniel Johanson (AFL Rookie) and Jordan Russell.

AFL Rookie

Trent McPhee.



Priddis shares AFL Draft journey

For much of Matt Priddis' storied career there were doubters, and after missing out on the draft for a third consecutive year many would have given up, but that wasn't the Priddis way.



The Brownlow medallist and 240-game West Coast Eagle had to wait a long time for a chance at his childhood dream, a journey he believes prepared him for the challenges that lay ahead.

The WA Football Commission invited Priddis to speak to players from WA that unfortunately missed out on selection in the 2018 AFL Draft, with the 33-year-old imparting plenty of wisdom and key messages to the group.

"I remember it as clear as day (missing out on his first draft)," Priddis mentioned during his chat to the group at Subiaco Oval.

"I know exactly what you boys are going through but it does get easier. It will add fuel to the fire."

"Let it continually motivate you and don't let go of that."

The simple but effective commentary related to many in the room, hearing the difficulties that the WAFL champion endured to begin his career.

The 2006 Sandover Medallist was strong in his advice, maintaining that football is the ultimate team game, a feature that shouldn't be lost in the disappointment of missing out.

WAFC Talent Manager Adam Jones was thrilled to have Priddis present to the young men, believing that many took important messages away with them.

"To have someone of Matt's calibre speaking and offering advice to these players is terrific, particularly given he followed a similar pathway to many that came to listen," Jones said.

"Hopefully the boys take away some of the messages from Matt and will implement them throughout the 2019 season and beyond."

SUSTAINABILITY

GOAL: WA FOOTBALL CLUBS AND COMPETITIONS ARE WELL-GOVERNED, OPERATE WITH INTEGRITY AND ARE SUSTAINABLE.

Key Performance Indicators

Measure	2016 Actual	2017 Actual	2018 Actual
WAFC Cash balance	\$7.6M	\$18.6M	\$15.3M
Annual governance review	N/A	N/A	Complete
% of funding from commercial sources	19%	15%	16%
No. of WAFL clubs with positive annual cash balance	9	8	8
Board and Executive diversity target	N/A	N/A	1/15
Employee satisfaction and capability result	83%	83%	80%
HSE internal compliance	Complete	Complete	Complete

2018 FINANCIAL OVERVIEW

The WAFC's 2017-2018 result shows an operating profit of \$880,657, with a profit after a net gain on the sale of stadium assets of \$1,438,430. The net decrease in cash for the year was \$3,329,883, with \$3,537,212 used in operating activities offset by \$207,329 produced from investing activities. The operating profit and cash result includes the State Government funding due for 2019 that was received in October 2018. The audit for 31 October 2018 financial report has been completed with the auditors, EY providing an unqualified opinion.

Again in 2018 even though the State Government funding is for spend in the 2019 financial year it is required to be recognized in the year of receipt under AASB1004 Contributions.

The net decrease in cash for the year was largely due to the \$0 received in the year for 2018 Royalty payments from the AFL Clubs. The Royalty revenue recognized in the 2018 profit is \$5.18m, which is based upon an estimate relying on the latest version of the Royalty negotiations available at the time of preparing the accounts. The full details of the final Royalty agreements will be shared with our key stakeholders once the negotiations are complete.

Also included in the 2018 profit result are all the Subiaco Stadium costs incurred for the year. The Stadium remained the responsibility of the WAFC, even though the WAFC no longer had the right to host public events and thus generate revenue.

Income	Expenses	Ordinary Net Profit	Net gain on sale of Stadium assets	Net Profit
\$31.57m	- \$30.69m	= \$0.88m	+ \$0.56m	= \$1.44m

Net cash used in operating activities (\$3.54m)	+	Cash to be realised from assets and liabilities \$4.64m	=	2018 Cash Result \$1.10m
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The WAFC continues to be responsible for its long term debt with ANZ, and as at October 31, 2018 the balance of this debt is \$5.6 million. In 2018 WAFC paid \$0.14 million in interest.

Operating revenue in 2018 was a reduction of 13% from 2017, which reflects the cessation of the Stadium as a public event venue. Yet the loss of Stadium income (40% of the WAFC 2017 revenue) is partly offset by higher Royalty income and AFL funding (significantly due to the new WAFL Talent Model).

Ongoing reviews and controls of operating expenditure played a key part in containing costs in 2018 and effective cost management continues to be a key focus in 2018, as the WAFC settles into the new State Government supported 'football funding football' model and the associated conditions and compliance; including our long term financial requirements.

Outlined below is a summary breakdown of the financial results of the WAFC.

Expenditure	\$30.47 million Operational expenses decreased by 5.4%. This figure excludes depreciation	Investment in Football	\$23.1 million 10.3% increase in investment from prior year	AFL & AFL Clubs	\$11.95million This includes revenue from WCE & FFC Royalty; AFL Grants; WCE & FFC Community Sponsorship
Expenditure	\$4.94million Total spend in male and female talent development	Commercial	\$3.99 million Financial support received from sponsorship and commercial partners	Cash Result	(\$3.54million) Net cash used in operating activities



Statements of Comprehensive Income 2018

For the year ended 31 October 2018

	Note	Consolidated		WAFC Inc	
		2018 \$	2017 \$	2018 \$	2017 \$
Revenue	4	153,235,969	138,316,384	20,618,773	36,326,171
State funding income in advance ⁽ⁱ⁾	4	10,947,000	10,947,000	10,947,000	10,947,000
Cost of goods and services provided	5	(45,261,681)	(23,273,129)	-	-
GROSS PROFIT		118,921,288	125,990,255	31,565,773	47,273,171
Administration expenses		(23,292,535)	(18,702,021)	(2,349,361)	(2,103,044)
Marketing expenses		(6,586,907)	(7,204,628)	(1,091,410)	(971,751)
Corporate expenses		(2,043,058)	(1,785,878)	(1,188,180)	(948,484)
Borrowing costs expensed	5	(203,124)	(176,995)	(203,124)	(176,995)
Football expenses		(65,242,758)	(64,038,928)	(12,546,934)	(12,893,524)
Development expenses		(9,308,941)	(6,667,909)	(9,308,941)	(6,667,909)
Facility expenses ⁽ⁱⁱ⁾		(2,682,070)	(17,791,010)	(2,682,070)	(17,791,010)
Umpire expenses		(1,245,096)	(1,378,858)	(1,245,096)	(1,378,858)
Unrealised profit/(loss) on investments		(88,435)	(22,032)	-	-
Facility and club development contribution		(70,000)	(70,000)	(70,000)	(70,000)
PROFIT FROM NORMAL OPERATIONS		8,158,364	8,151,996	880,657	4,271,596
OTHER INCOME/(EXPENSES) OUTSIDE NORMAL OPERATIONS					
Net Development Funding	4	3,330,000	7,456,077	-	-
Net loss on Surrender and Release of Fremantle Oval	4	-	(1,146,219)	-	-
Net gain on fair value measurement of lease benefit	4	-	4,082,188	-	-
Net gain on sale of stadium assets	4	557,773	-	557,773	-
PROFIT BEFORE INCOME TAX		12,046,137	18,544,042	1,438,430	4,271,596
INCOME TAX EXPENSE		-	-	-	-
NET PROFIT ATTRIBUTABLE TO MEMBERS OF WAFC	21(d)	12,046,137	18,544,042	1,438,430	4,271,596
Other comprehensive profit/(loss)					
Fair value movement of available-for-sale investments		(56,315)	390,748	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,989,822	18,934,790	1,438,430	4,271,596

(i) Amount relates to monies received on 30 October 2018 (prior year on 30 October 2017) from the State Government under the WAFC Funding Agreement relating to the 31 October 2019 financial year (prior year relates to the 31 October 2018 financial year). As the amount was received prior to year-end although it represents funding for the 31 October 2019 financial year (prior year 31 October 2018 financial year) accounting standards require it to be recognised as income in the current financial year.

(ii) The above result includes a full twelve months of expenses associated with Subiaco Oval. The WA Football Commission is currently in negotiations with the State Government to determine an appropriate level of cost recovery.

Statements of Financial Position

For the year ended 31 October 2018

	Note	Consolidated		WAFC Inc	
		2018 \$	2017 \$	2018 \$	2017 \$
CURRENT ASSETS					
Cash and cash equivalents	6	56,118,874	42,597,418	15,254,729	18,584,612
Trade and other receivables	7	10,130,112	5,149,349	7,311,512	3,220,456
Inventories	8	2,270,287	681,036	-	-
Other financial assets	9	32,700,110	42,078,538	101,482	-
Other receivables	10	584,376	555,000	84,376	55,000
TOTAL CURRENT ASSETS		101,807,009	91,061,341	22,755,349	21,860,068
NON-CURRENT ASSETS					
Other receivables	10	297,081	635,000	297,081	135,000
Other financial assets	9	-	-	2,110,946	2,110,946
Property, plant and equipment	11	19,057,520	19,455,510	192,552	195,719
Investment properties	12	3,004,230	3,006,991	1,260,000	1,262,761
Intangible assets	13	8,000,000	8,000,000	-	-
Other non-current assets	19	25,726,816	8,228,479	-	-
TOTAL NON-CURRENT ASSETS		56,082,397	39,325,980	3,857,329	3,704,426
TOTAL ASSETS		157,889,406	130,387,321	26,612,678	25,564,494
CURRENT LIABILITIES					
Trade and other payables	14	20,978,208	13,163,383	2,640,324	1,719,414
Unearned revenue	17	12,661,387	5,154,718	403,285	1,691,253
Interest-bearing liabilities	15	5,606,348	5,606,348	5,606,348	5,606,348
Provisions	16	7,213,570	5,791,249	1,197,520	1,346,462
TOTAL CURRENT LIABILITIES		46,459,513	29,715,698	9,847,477	10,363,477
NON-CURRENT LIABILITIES					
Unearned revenue	17	425,000	450,000	-	-
Other non-current liabilities	18	174,558	1,273,372	-	-
Provisions	20	1,167,155	1,274,893	210,297	84,543
TOTAL NON-CURRENT LIABILITIES		1,766,713	2,998,265	210,297	84,543
TOTAL LIABILITIES		48,226,226	32,713,963	10,057,774	10,448,020
NET ASSETS		109,663,180	97,673,358	16,554,904	15,116,474
ACCUMULATED FUNDS					
Accumulated surplus	21	108,222,554	96,074,008	16,554,904	15,116,474
Reserves	21	1,440,626	1,599,350	-	-
TOTAL ACCUMULATED FUNDS		109,663,180	97,673,358	16,554,904	15,116,474

Statements of Cash Flows

For the year ended 31 October 2018

	Note	Consolidated		WAFC Inc	
		2018 \$	2017 \$	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from operating activities		139,840,603	116,881,328	23,268,731	40,096,330
Payments to suppliers and employees		(146,502,273)	(129,138,251)	(30,956,625)	(31,407,705)
Interest and dividends received		2,320,361	2,197,197	237,062	63,701
Development funding and grants received		3,330,000	7,456,077	-	-
AFL distributions received		26,528,074	24,898,876	4,056,448	2,817,609
Borrowing costs paid		(142,828)	(176,995)	(142,828)	(176,995)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	6(b)	25,373,937	22,118,232	(3,537,212)	11,392,940
CASH FLOWS FROM INVESTING ACTIVITIES					
Redemption of term deposits		(1,554)	1,032,764	-	-
Purchase of property, plant and equipment		(1,972,450)	(4,747,229)	(219,101)	(146,253)
Payments for assets under construction		(19,129,755)	(5,293,786)	-	-
Proceeds from sale of investments		26,079,716	22,300,227	-	-
Purchase of investments		(16,755,550)	(21,092,390)	-	-
Proceeds from sale of property, plant and equipment		1,117,945	521,864	617,263	-
Provision of loan under financial assistance policy		(250,000)	-	(250,000)	-
Proceeds from repayment of loans receivable		59,167	20,000	59,167	20,000
NET CASH FLOW (USED IN)/FROM INVESTING ACTIVITIES		(10,852,481)	(7,258,550)	207,329	(126,253)
CASH FLOWS FROM FINANCING ACTIVITIES					
(Repayment of)/proceeds from borrowings		(1,000,000)	1,000,000	-	-
Repayment of long-term debt		-	(300,000)	-	(300,000)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES		(1,000,000)	700,000	-	(300,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD					
		13,521,456	15,559,682	(3,329,883)	10,966,687
Cash and cash equivalents at beginning of period		42,597,418	27,037,736	18,584,612	7,617,925
CASH AND CASH EQUIVALENTS AT END OF PERIOD	6(a)	56,118,874	42,597,418	15,254,729	18,584,612



WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED

FINANCIAL REPORT

For the Year Ended 31 October 2018

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Independent auditor's report to the Members of the West Australian Football Commission Incorporated

Opinion

We have audited the financial report of the West Australian Football Commission Incorporated ("the Commission") and its subsidiaries (collectively the Group), which comprises:

- ▶ The Group consolidated and Commission statements of financial position as at 31 October 2018.
- ▶ The Group consolidated and Commission statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended.
- ▶ Notes to the financial statements, including a summary of significant accounting policies.
- ▶ The Commissioners' declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects, the financial position of the Commission and the Group as at 31 October 2018, and their financial performance and their cash flows for the year then ended in accordance with Australian Accounting Standards.

Basis for opinion

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

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

Responsibilities of the Commissioners for the financial report

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

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

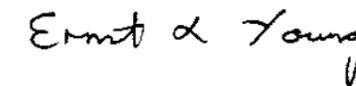
Auditor's responsibilities for the audit of the financial report

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

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

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

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



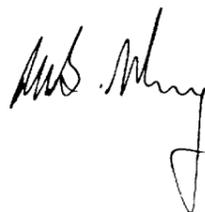
Ernst & Young



Gavin Buckingham
Partner
Perth
20 February 2019

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
CHAIRMAN OF THE BOARD OF COMMISSIONERS' DECLARATION**

I, Murray McHenry, being the Chairman of the Board of Commissioners of the West Australian Football Commission Incorporated ("WAFC"), do hereby state that to the best of my knowledge and belief, the accompanying financial statements, being the Statements of Comprehensive Income, Statements of Financial Position, Statements of Changes in Equity, Statements of Cash Flows and Notes to and forming part of the financial statements of WAFC gives a true and fair view of WAFC and the WAFC Consolidated Group financial position and performance as at and for the year ended 31 October 2018.



Chairman of the Board of Commissioners' Declaration
Perth

20 February 2019

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2018**

	Note	Consolidated		WAFC Inc.	
		2018	2017	2018	2017
		\$	\$	\$	\$
Revenue	4	153,235,969	138,316,384	20,618,773	36,326,171
State funding income in advance ⁽ⁱ⁾	4	10,947,000	10,947,000	10,947,000	10,947,000
Cost of goods and services provided	5	(45,261,681)	(23,273,129)	-	-
GROSS PROFIT		118,921,288	125,990,255	31,565,773	47,273,171
Administration expenses		(23,292,535)	(18,702,021)	(2,349,361)	(2,103,044)
Marketing expenses		(6,586,907)	(7,204,628)	(1,091,410)	(971,751)
Corporate expenses		(2,043,058)	(1,785,878)	(1,188,180)	(948,484)
Borrowing costs expensed	5	(203,124)	(176,995)	(203,124)	(176,995)
Football expenses		(65,242,758)	(64,038,928)	(12,546,934)	(12,893,524)
Development expenses		(9,308,941)	(6,667,909)	(9,308,941)	(6,667,909)
Facility expenses ⁽ⁱⁱ⁾		(2,682,070)	(17,791,010)	(2,682,070)	(17,791,010)
Umpire expenses		(1,245,096)	(1,378,858)	(1,245,096)	(1,378,858)
Unrealised profit/(loss) on investments		(88,435)	(22,032)	-	-
Facility and club development contribution		(70,000)	(70,000)	(70,000)	(70,000)
PROFIT FROM NORMAL OPERATIONS		8,158,364	8,151,996	880,657	4,271,596
OTHER INCOME/(EXPENSES) OUTSIDE NORMAL OPERATIONS					
Net Development Funding	4	3,330,000	7,456,077	-	-
Net loss on Surrender and Release of Fremantle Oval	4	-	(1,146,219)	-	-
Net gain on fair value measurement of lease benefit	4	-	4,082,188	-	-
Net gain on sale of stadium assets	4	557,773	-	557,773	-
PROFIT BEFORE INCOME TAX		12,046,137	18,544,042	1,438,430	4,271,596
INCOME TAX EXPENSE		-	-	-	-
NET PROFIT ATTRIBUTABLE TO MEMBERS OF WAFC	21(d)	12,046,137	18,544,042	1,438,430	4,271,596
Other comprehensive profit / (loss)					
Fair value movement of available-for-sale investments		(56,315)	390,748	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		11,989,822	18,934,790	1,438,430	4,271,596

- (i) Amount relates to monies received on 30 October 2018 (prior year on 30 October 2017) from the State Government under the WAFC Funding Agreement relating to the 31 October 2019 financial year (prior year relates to the 31 October 2018 financial year). As the amount was received prior to year-end although it represents funding for the 31 October 2019 financial year (prior year 31 October 2018 financial year) accounting standards require it to be recognised as income in the current financial year.
- (ii) The above result includes a full twelve months of expenses associated with Subiaco Oval. The WA Football Commission is currently in negotiations with the State Government to determine an appropriate level of cost recovery.

WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 OCTOBER 2018

	Note	Consolidated		WAFC Inc.	
		2018	2017	2018	2017
		\$	\$	\$	\$
CURRENT ASSETS					
Cash and cash equivalents	6	56,118,874	42,597,418	15,254,729	18,584,612
Trade and other receivables	7	10,130,112	5,149,349	7,311,512	3,220,456
Inventories	8	2,270,287	681,036	-	-
Other financial assets	9	32,700,110	42,078,538	101,482	-
Other receivables	10	584,376	555,000	84,376	55,000
TOTAL CURRENT ASSETS		101,807,009	91,061,341	22,755,349	21,860,068
NON-CURRENT ASSETS					
Other receivables	10	297,081	635,000	297,081	135,000
Other financial assets	9	-	-	2,110,946	2,110,946
Property, plant and equipment	11	19,057,520	19,455,510	192,552	195,719
Investment properties	12	3,004,230	3,006,991	1,260,000	1,262,761
Intangible assets	13	8,000,000	8,000,000	-	-
Other non-current assets	19	25,726,816	8,228,479	-	-
TOTAL NON-CURRENT ASSETS		56,082,397	39,325,980	3,857,329	3,704,426
TOTAL ASSETS		157,889,406	130,387,321	26,612,678	25,564,494
CURRENT LIABILITIES					
Trade and other payables	14	20,978,208	13,163,383	2,640,324	1,719,414
Unearned revenue	17	12,661,387	5,154,718	403,285	1,691,253
Interest-bearing liabilities	15	5,606,348	5,606,348	5,606,348	5,606,348
Provisions	16	7,213,570	5,791,249	1,197,520	1,346,462
TOTAL CURRENT LIABILITIES		46,459,513	29,715,698	9,847,477	10,363,477
NON-CURRENT LIABILITIES					
Unearned revenue	17	425,000	450,000	-	-
Other non-current liabilities	18	174,558	1,273,372	-	-
Provisions	20	1,167,155	1,274,893	210,297	84,543
TOTAL NON-CURRENT LIABILITIES		1,766,713	2,998,265	210,297	84,543
TOTAL LIABILITIES		48,226,226	32,713,963	10,057,774	10,448,020
NET ASSETS		109,663,180	97,673,358	16,554,904	15,116,474
ACCUMULATED FUNDS					
Accumulated surplus	21	108,222,554	96,074,008	16,554,904	15,116,474
Reserves	21	1,440,626	1,599,350	-	-
TOTAL ACCUMULATED FUNDS		109,663,180	97,673,358	16,554,904	15,116,474

WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2018

	Accumulated Surplus	Reserves	Total Equity
	\$	\$	\$
CONSOLIDATED			
At 1 November 2016	77,598,731	1,139,837	78,738,568
Profit for the period	18,544,042	-	18,544,042
Fair value movement of available-for-sale investments	-	390,748	390,748
Total comprehensive income for the period	18,544,042	390,748	18,394,790
Transfer to unsecured notes reserve	152	(152)	-
Transfer to undistributable profits reserve	(68,917)	68,917	-
At 31 October 2017	96,074,008	1,599,350	97,673,358
At 1 November 2017	96,074,008	1,599,350	97,673,358
Profit for the period	12,046,137	-	12,046,137
Fair value movement of available-for-sale investments	-	(56,315)	(56,315)
Total comprehensive income for the period	12,046,137	(56,315)	11,989,822
Transfer to unsecured notes reserve	175	(175)	-
Transfer to undistributable profits reserve	102,234	(102,234)	-
At 31 October 2018	108,222,554	1,440,626	109,663,180

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2018**

WAFC	Accumulated Surplus \$	Reserves \$	Total Equity \$
At 1 November 2016	10,844,878	-	10,844,878
Profit for the period	4,271,596	-	4,271,596
At 31 October 2017	15,116,474	-	15,116,474
At 1 November 2017	15,116,474	-	15,116,474
Profit for the period	1,438,430	-	1,438,430
At 31 October 2018	16,554,904		16,554,904

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2018**

Note	Consolidated		WAFC Inc.	
	2018 \$	2017 \$	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES				
	139,840,603	116,881,328	23,268,731	40,096,330
	(146,502,273)	(129,138,251)	(30,956,625)	(31,407,705)
	2,320,361	2,197,197	237,062	63,701
	3,330,000	7,456,077	-	-
	26,528,074	24,898,876	4,056,448	2,817,609
	(142,828)	(176,995)	(142,828)	(176,995)
6(b)	25,373,937	22,118,232	(3,537,212)	11,392,940
CASH FLOWS FROM INVESTING ACTIVITIES				
	(1,554)	1,032,764	-	-
	(1,972,450)	(4,747,229)	(219,101)	(146,253)
	(19,129,755)	(5,293,786)	-	-
	26,079,716	22,300,227	-	-
	(16,755,550)	(21,092,390)	-	-
	1,117,945	521,864	617,263	-
	(250,000)	-	(250,000)	-
	59,167	20,000	59,167	20,000
	(10,852,481)	(7,258,550)	207,329	(126,253)
CASH FLOWS FROM FINANCING ACTIVITIES				
	(1,000,000)	1,000,000	-	-
	-	(300,000)	-	(300,000)
	(1,000,000)	700,000	-	(300,000)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD				
	13,521,456	15,559,682	(3,329,883)	10,966,687
	42,597,418	27,037,736	18,584,612	7,617,925
6(a)	56,118,874	42,597,418	15,254,729	18,584,612

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

1. CORPORATE INFORMATION

The financial report of the West Australian Football Commission (“WAFC” or “the Commission”) for the year ended 31 October 2018 was authorised for issue in accordance with a resolution of the Commissioners on 20th February 2019.

The registered office of WAFC is located at:

Gate 6, Subiaco Oval
Subiaco Road
SUBIACO WA 6008

The nature of the operations and principal activities of the Commission is to promote and encourage the participation and growth in football in WA.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Associations Incorporation Act (WA) and Australian Accounting Standards applicable to not for profit entities. The financial report has also been prepared on a historical cost basis, except for available-for-sale investments, which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

(b) Statement of compliance

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Group has adopted all the new and revised standards and interpretations issued by the Australian Accounting Standards Board (“the AASB”) that are relevant to its operations and effective for annual reporting periods beginning on 1 November 2017. The adoption of these standards had no impact on the financial position or performance of the Group.

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of West Australian Football Commission Incorporated (WAFC) and all entities (the Group) which WAFC controlled as at 31 October each year.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist. In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

(d) Significant accounting judgements, estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have a significant risk of causing material misstatement to the carrying amounts of certain assets and liabilities within the next annual reporting periods are:

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting judgements, estimates and assumptions (continued)

Long Service Leave

A liability for long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wages and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Lease benefit

In determining the fair value of the lease benefit received estimation is required to determine the fair value of such benefit and any difference of this benefits and the amount paid or payable for the use of the lease is determined to be a gain or loss.

Intangibles with indefinite useful lives

The Group determines whether intangibles with indefinitely useful lives are impaired at least on an annual basis. This requires estimations on the recoverable amount of the cash-generating units to which the intangibles with indefinitely useful lives are allocated.

Annual Leave

Liabilities for annual leave expected to be settled within twelve months of the reporting date are recognised in provisions in respect of employees’ services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

Lathlain Development (Change in estimate)

Following a thorough review of the nature of the costs previously capitalised in relation to the Lathlain development, the IPL Board has determined that certain items do not appear to have any enduring future economic benefit. Accordingly, the IPL Board has agreed to a change in the estimate of the costs to be capitalised as a result of the Lathlain development in the current financial year.

(e) Revenue recognition

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

Sale of Goods

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

Rendering of Services

Where the contract outcome can be reliably measured:

- Control of a right to be compensated for the services has been attained and the stage of completion can be reliably measured. For Indian Pacific Limited (‘IPL’) and Fremantle Football Club Limited (‘FFCL’), stage of completion is measured by reference to the number of matches played as a percentage of the total number of matches for each contract.

Where the contract outcome cannot be reliably measured:

- Revenue is recognised only to the extent that costs have been incurred.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Revenue recognition (continued)

Interest

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

Grant income

Grant income, including contributions of assets, is recognised when the club controls the contribution or right to receive the contribution, and it is probable that the economic benefits comprising the contributions will flow to the club, and the amount of contribution can be measured reliably.

(f) Unearned revenue

Unearned revenue represents deposits, payments on account and payments in advance from customers for services, sponsorships or memberships, where the Group has a contractual or constructive liability to repay such amounts to the other party in the event that the Group does not deliver the services. Unearned revenue is recognised as the amount received by the Group and is deferred until the delivery of the service.

(g) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(h) Leases

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

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are recognized at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as an expense in profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognized as an expense in the Statements of Comprehensive Income on a straight-line basis over the lease term. Lease incentives are recognized in the Statements of Comprehensive Income as part of the total lease expense.

(i) Cash and cash equivalents

Cash and short-term deposits in the Statements of Financial Position comprised of cash at bank and in hand and short-term deposits with an original maturity of three months or less at balance date.

For the purposes of the Statements of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts. Bank overdrafts are carried at the principal amount. Interest is recognised as an expense as it accrues.

(j) Trade and other receivables

Trade receivables, which generally have 30-day terms, are recognized and carried at original invoice amount less an allowance for any uncollectible amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Trade and other receivables (continued)

An allowance for doubtful debts is made when there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value. Inventories are accounted for at purchase cost on a first in first out basis.

(l) Investments

Investments and financial assets in the scope of AASB 139 *Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, available-for-sale investments or loans and receivables. When financial assets are recognised initially, they are measured at fair value. The Group determines the classification of its financial assets at initial recognition.

(i) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as financial assets at fair value through profit and loss or held to maturity investments. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit and loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(m) Taxes

Income Taxes

The WAFC and its controlled entities, FFCL and IPL, are not subject to income tax. WAFC obtained exemption under s50-45 of the ITAA (1997) as it is a sporting club and it promotes and encourages the participation and growth in the sport.

Goods and Services Tax (GST)

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

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

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

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Taxes (continued)

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(n) Property, plant and equipment

Cost and valuation

Plant and equipment is stated at cost or deemed cost less accumulated depreciation and any accumulated impairment losses. Such costs include the cost of replacing parts that are eligible for capitalization when the cost of replacing the parts is incurred. Similarly, when each major inspection is performed, the cost is recognized in the carrying amount of the plant and equipment as a replacement only if it is eligible for capitalization.

Depreciation

Depreciation of leasehold improvements, calculated on a straight line basis over the lesser of its estimated useful life and the term of the lease.

Depreciation of other fixed assets, calculated on the reducing balance method or on a straight-line basis over its estimated useful life.

Major depreciation periods are:

	2018	2017
• Plant and equipment	- 4 to 40 years	- 4 to 40 years
• Leasehold improvements	Lease term/useful life	Lease term/useful life
• Furniture, fittings and equipment	3 to 10 years	3 to 10 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at the end of each financial year.

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may not be recoverable.

The Commissioners have determined that items of plant and equipment do not generate independent cash inflows accordingly, each asset is tested for impairment as part of the cash-generating unit to which it belongs. The recoverable amount of the cash generating unit is based on fair value less costs to sell.

Impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount. For plant and equipment, impairment losses are recognised in the Statements of Comprehensive Income as an expense.

De-recognition and disposal

An item of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Investment properties

Investment properties are measured at cost, including transaction costs less accumulated depreciation and any impairment loss. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

(p) Intangible assets

Intangible assets acquired are measured on initial recognition at cost. Following initial recognition intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed to be either finite or indefinite. The AFL licences have been assessed as having an indefinite useful life.

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

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 October, as appropriate, and when circumstances indicate that the carrying value may be impaired. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or cash generating unit ("CGU") exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. A CGU's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the assets value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the CGU to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or CGU is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at revalued amount.

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

Australian Football League (AFL) Licences

Useful lives

Indefinite

Amortisation method used

No amortisation

Internally generated or acquired

Acquired

Impairment testing

Annually and more frequently when an indication of impairment exists

(q) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Impairment of assets (continued)

The Commissioners have determined that individual assets or groups of assets do not generate independent cash inflows. Accordingly, each asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Trade and other payables

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

(s) Interest-bearing loans and borrowings

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

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

(t) Derivative financial instruments

The Group may use derivative financial instruments such as interest rate swaps to manage the risk associated with interest rate fluctuations. Derivatives are initially recognised at fair value on the date the contract is entered into and subsequently re-measured to fair value at each reporting date.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Derivatives are classified as a non-current asset or liability if the remaining maturity of the contract is more than 12 months.

The Group has elected not to use hedge accounting to account for its derivative financial instruments.

The Group has no derivatives as at 31 October 2018.

(u) Unsecured notes - IPL

The unsecured note liability is calculated by discounting the face value of the notes at a rate of 15% from the latest possible date of redemption. Redemption is at the discretion of the Commissioners prior to the year 2075.

The difference between the face value of the notes and the amount of the liability is recorded as an unsecured note redemption reserve (Note 21(b)).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(v) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statements of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

When the discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(w) Employee benefits

(i) Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

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

(x) New accounting standards, and UIG interpretations

Certain Australian Accounting Standards and UIG interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ended 31 October 2018. The Commissioners' are in the process of assessing the impact of these new or amended standards (to the extent they are relevant to the Group).

(y) Contributed equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Any transaction costs arising on the issue of ordinary shares are recognised directly in equity as a reduction of the share proceeds received.

(z) Comparatives

Certain comparative balances have been reclassified to conform to the current year presentation.

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Going concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

3. SEGMENT INFORMATION

The Group operates in one segment being the football industry within Australia.

	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
4. REVENUES AND OTHER INCOME				
Revenues from operating activities	132,781,893	118,423,636	20,709,489	31,231,631
Net royalty income	-	-	5,179,465	3,285,975
Rental income				
- Other corporations	290,756	1,367,934	698,402	1,367,934
- Wholly owned controlled entities	-	-	-	7,397,334
Interest income				
- Other corporations	2,139,445	2,785,135	237,062	63,701
AFL Distribution	26,528,074	24,898,876	4,056,448	2,817,609
Other	2,442,801	1,787,803	684,907	1,108,987
	164,182,969	149,263,384	31,565,773	47,273,171

**OTHER REVENUE / (EXPENSES) OUTSIDE
NORMAL OPERATIONS**

Development Funding (i)	3,330,000	7,456,077	-	-
Loss on Surrender and Release of Fremantle Oval (ii)	-	(1,146,219)	-	-
Net gain on fair value measurement of lease (iii)	-	4,082,188	-	-
Net gain on sale of stadium assets	557,773	-	557,773	-
	3,887,773	10,392,046	557,773	-

(i) Development funding represents monies received in connection with the development of the Group's facilities at Lathlain Park.

(ii) Loss on Surrender and Release of Fremantle Oval in the prior period.

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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FOR THE YEAR ENDED 31 OCTOBER 2018**

4. REVENUES AND OTHER INCOME (continued)

Following the move to the new Elite Training and Administration Facility, the Group executed an agreement for the surrender and release of Fremantle Oval.

Total consideration to be received by the Group in connection with the above is \$1,520,000. Amounts of \$520,000 and \$500,000 were received during the years ended 31 October 2017 and 2018 respectively and \$500,000 is recorded as a current receivable at 31 October 2018 (due on 18 July 2019)

The loss on surrender and release of Fremantle Oval has been calculated based on the following:

Asset	Amount (\$'million)
Property, plant and equipment – Net book value	2,666,219
Consideration	1,520,000
Loss on Surrender and Release of Fremantle Oval	(1,146,219)

(iii) Net gain on fair value measurement of lease benefit

In 2017, the Group's subsidiary FFCL moved to its new Elite Training and Administration Facility ("ETAF"). The Group engaged PP&E Valuations to determine the fair value of the lease benefit associated with the use of the facility.

A description of the valuation technique used, and key inputs follow:

Valuation Technique	Significant Inputs	Value
DCF method	Estimated rental value per sqm	Commercial rates
	Lease Term	42 years
	Rental growth rate	2.5%
	Discount rate	4.0%

Using the discounted cash flow (DCF) method, the fair value of the lease benefit was calculated as \$16,118,429 and will be amortised on a straight-line basis over the lease period of 42 years.

The difference between the fair value of the lease benefit (\$16,118,429) and the amount paid by the Group in connection with the ETAF (\$12,036,241) of \$4,082,188 has been recognized in the profit and loss as a net gain on the initial fair value measurement of the lease benefit in the prior period.

WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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FOR THE YEAR ENDED 31 OCTOBER 2018

	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
5. EXPENSES AND LOSSES / (GAINS)				
(a) Expenses				
Cost of goods and services provided				
Match expenses	11,155,788	5,857,007	-	-
Stadium hiring fee	12,853,552	-	-	-
Membership expenses	6,973,390	6,383,598	-	-
Sponsorship expenses	997,662	969,555	-	-
Arena advertising expenses	397,605	90,957	-	-
Corporate box expenses	4,250,292	2,951,336	-	-
Merchandise expenses	4,128,964	3,352,267	-	-
Functions and special events expenses	4,504,428	3,668,409	-	-
Total cost of goods and services provided	45,261,681	23,273,129	-	-
Depreciation				
Leasehold improvements	389,119	10,637,089	-	10,637,089
Property, plant & equipment	1,970,658	1,614,970	222,269	155,394
Total depreciation	2,359,777	12,252,059	222,269	10,792,483
Operating lease				
Minimum lease payments	703,060	790,766	703,060	790,766
Borrowing costs expensed				
Interest expense – other corporations	203,124	176,995	203,124	176,995
Net doubtful debts expense / (write back)	(28,699)	(48,137)	60,714	(85,780)
Write off of previously capitalised costs	(1,631,418)	-	-	-
(b) (Gains) / losses				
Gain on disposal of non-current assets	(557,773)	(1,755)	(557,773)	-

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	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
6. CASH AND CASH EQUIVALENTS				
(a) Cash and deposits	56,118,874	42,597,418	15,254,729	18,584,612
	56,118,874	42,597,418	15,254,729	18,584,612
(b) Reconciliation of the operating profit to the net cash flows from / (used in) operations				
Profit after tax from total operations	12,046,137	18,544,042	1,438,430	4,271,596
Adjustments for:				
<i>Non-cash items</i>				
Depreciation on property, plant and equipment	2,359,777	12,252,059	222,269	10,792,483
(Profit) on disposal of investments	(11,877)	(44,020)	-	-
(Gain) / loss on disposal/write-off of assets	(547,794)	(151,238)	(557,773)	(85,780)
Net loss on Disposal of Fremantle Oval	-	1,146,219	-	-
Net gain on fair value measurement of lease benefit	-	(4,082,188)	-	-
Write off of previously capitalised costs	1,631,418	-	-	-
Impairment of investments	88,435	22,032	-	-
Profit after Adjustment for Non-Cash items ⁽ⁱ⁾	15,566,096	27,686,906	1,102,926	14,978,299
<i>Changes in assets and liabilities</i>				
(Increase) / decrease in trade and other receivables ⁽ⁱⁱ⁾	(4,115,171)	2,578,632	(4,249,892)	613,097
(Increase) / decrease in inventory	(1,589,251)	189,232	-	-
Increase / (decrease) in creditors	6,716,011	(3,246,864)	920,910	(1,207,964)
Increase / (decrease) in unearned revenue	7,481,669	(6,401,557)	(1,287,968)	(4,009,056)
Increase / (decrease) in provisions	1,314,583	1,311,883	(23,188)	1,018,564
Net cash from / (used in) operating activities	25,373,937	22,118,232	(3,537,212)	11,392,940

(i) The above result includes a full twelve months of expenses associated with Subiaco Oval. The WA Football Commission is currently in negotiations with the State Government to determine an appropriate level of cost recovery.

(ii) The increase in trade and other receivables relates primarily to royalties receivable from Indian Pacific Limited and Fremantle Football Club

WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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FOR THE YEAR ENDED 31 OCTOBER 2018

	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
7. TRADE AND OTHER RECEIVABLES				
Trade debtors (i)	8,218,766	4,983,514	1,360,480	1,751,850
Provision for doubtful debts	(225,586)	(365,441)	(16)	(51,998)
	<u>7,993,180</u>	<u>4,618,073</u>	<u>1,360,464</u>	<u>1,699,852</u>
Other debtors (ii)	1,824,879	74,001	107,220	139,230
Prepayments	312,053	457,275	146,417	177,344
Total trade and other receivables	<u>10,130,112</u>	<u>5,149,349</u>	<u>1,614,101</u>	<u>2,016,426</u>
Amounts other than trade receivables from related parties (iii):				
Wholly owned group				
Fremantle Football Club Limited	-	-	1,389,721	203,612
Indian Pacific Limited	-	-	4,307,690	1,000,418
	<u>10,630,112</u>	<u>5,649,349</u>	<u>7,311,512</u>	<u>3,220,456</u>

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade debtors are non-interest bearing and generally on 30-day terms.
(ii) Other debtors are non-interest bearing and have repayment terms between 30 and 90 days.
(ii) Related party receivables are non-interest bearing and are on 30-day terms.

At 31 October, the ageing analysis of trade receivables and related party receivables is as follows:

	Total	Not Due	0-6 months	6-12 months	+12 months
2018	8,218,766	6,535,208	1,462,381	157,017	64,160
2017	4,983,514	3,008,574	1,580,351	290,367	104,222

8. INVENTORIES

Items held for resale

- At lower of cost and net realisable value	2,270,287	681,036	-	-
	<u>2,270,827</u>	<u>681,036</u>	<u>-</u>	<u>-</u>

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	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
9. OTHER FINANCIAL ASSETS				
CURRENT				
Available-for-sale investments - at fair value (i)	32,536,128	41,887,392	-	-
Fixed interest investments - at fair value	-	130,200	-	-
Other (ii)	163,982	60,946	101,482	-
	<u>32,700,110</u>	<u>42,078,538</u>	<u>101,482</u>	<u>-</u>
NON-CURRENT				
Shares in Indian Pacific Ltd - at cost	-	-	2,110,945	2,110,945
Shares in Fremantle Football Club Ltd - at cost	-	-	1	1
	<u>-</u>	<u>-</u>	<u>2,110,946</u>	<u>2,110,946</u>

(i) The fair value of available-for-sale listed investments of \$32,536,128 (2017: \$41,887,392) has been determined by reference to published price quotations.

(ii) Other financial assets are carried at fair value since inception. The fair value of term deposits with credit institutions is their carrying value. The carrying value represents the cost of the term deposit and accrued interest. Other financial assets have a maturity date greater than 3 months of their inception.

Investment in controlled entities comprises:

Name	Country of Incorporation	Beneficial interest held By the WAFC	
		2018	2017
		\$	\$
Indian Pacific Limited	Aust (i)		
- Ordinary shares		100%	100%
- Management share		100%	100%
- West Coast Eagles Supporters Club Ltd (WCESC)	Aust (i)	100%	100%
Fremantle Football Club Limited	Aust (i)		
- Ordinary shares		100%	100%

(i) controlled entity audited by Ernst & Young

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	Consolidated		WAFC	
	2018	2017	2018	2017
	\$	\$	\$	\$
10. OTHER RECEIVABLES				
CURRENT				
Peel Thunder Football Club (i)	33,750	55,000	33,750	55,000
City of Fremantle (ii)	500,000	500,000		
West Perth Football Club (iii)	50,626	-	50,626	-
	<u>584,376</u>	<u>555,000</u>	<u>84,376</u>	<u>55,000</u>
NON-CURRENT				
Peel Thunder Football Club (i)	101,250	135,000	101,250	135,000
City of Fremantle (ii)	-	500,000	-	-
West Perth Football Club (iii)	195,831	-	195,831	-
	<u>297,081</u>	<u>635,000</u>	<u>297,081</u>	<u>135,000</u>

- (i) The loan to the Peel Thunder Football Club is interest free and repayable on demand. It is expected that the loan will reduce by \$33,750 in the 2019 financial year and this portion has been classified as current. A deed of charge has been executed over Peel Thunder Football Club's assets.
- (ii) Amount represents the proceeds owing from the surrender and release of Fremantle Oval. The non current amount in the prior year has been disclosed as current in the 2018 financial year as repayment is due on 18 July 2019.
- (iii) The loan to the West Perth Football Club was for \$250,000 paid in two instalments during the year and is for a loan term of 5 years. The interest rate on the loan is 3% or the RBA published rate, whichever is higher, with monthly repayments of \$4,167 plus interest. A deed of charge has been executed over West Perth Football Club's assets.

	Consolidated		WAFC	
	2018	2017	2018	2017
	\$	\$	\$	\$
11. PROPERTY, PLANT AND EQUIPMENT				
Leasehold improvements – at cost	-	77,077,000	-	77,076,998
Less: Accumulated amortisation	-	(77,077,000)	-	(77,076,998)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Property plant & equipment – at cost	14,253,142	26,256,281	414,821	12,672,534
Less: Accumulated depreciation	(10,679,324)	(22,673,592)	(222,269)	(12,476,815)
	<u>3,573,818</u>	<u>3,582,689</u>	<u>192,552</u>	<u>195,719</u>
Buildings on leasehold land – at Cost	439,911	439,911	-	-
Less: Accumulated amortisation	(424,738)	(419,391)	-	-
	<u>15,173</u>	<u>20,520</u>	<u>-</u>	<u>-</u>
Buildings on leasehold land – at deemed cost	16,118,429	16,118,429	-	-
Less: Accumulated amortisation	(649,900)	(266,128)	-	-
	<u>15,468,529</u>	<u>15,852,301</u>	<u>-</u>	<u>-</u>
Total property, plant and equipment	<u>19,057,520</u>	<u>19,455,510</u>	<u>192,552</u>	<u>195,719</u>

(a) Assets pledged as security

Included in the balances of property, plant and equipment are assets used as security for various lending facilities entered into by the WA Football Commission.

WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
11. PROPERTY, PLANT AND EQUIPMENT (continued)				
(b) Reconciliations				
Reconciliations of the carrying amounts of leasehold improvements, and furniture and equipment at the beginning and end of the current and previous financial year.				
<i>Leasehold improvements</i>				
Carrying amount at the beginning of the year	-	10,557,772	-	10,557,771
Additions	-	79,317	-	79,318
Disposals	-	-	-	-
Depreciation expense	-	(10,637,089)	-	(10,637,089)
Carrying amount at the end of the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Buildings on leasehold land – at deemed cost</i>				
Carrying amount at the beginning of the year	15,872,821	2,743,073	-	-
Additions	-	12,062,860	-	-
Net Gain on fair value measurement of lease	-	4,082,188	-	-
Disposals	-	(2,657,363)	-	-
Depreciation expense	(389,119)	(357,937)	-	-
Carrying amount at the end of the year	<u>15,483,702</u>	<u>15,872,821</u>	<u>-</u>	<u>-</u>
<i>Property, plant and equipment</i>				
Carrying amount at the beginning of the year	3,582,688	1,931,668	195,719	284,179
Additions	1,972,448	2,916,910	219,102	66,935
Disposals	(10,661)	(8,857)	-	-
Depreciation expense	(1,970,658)	(1,257,033)	(222,269)	(155,395)
Carrying amount at the end of the year	<u>3,573,818</u>	<u>3,582,688</u>	<u>192,552</u>	<u>195,719</u>
<i>Total Property, Plant and Equipment</i>				
Carrying amount at the beginning of the year	19,455,510	15,232,513	195,719	10,841,950
Additions	1,972,448	15,059,088	219,102	146,252
Net Gain on fair value measurement of lease	-	4,082,188	-	-
Disposals	(10,661)	(2,666,220)	-	-
Depreciation expense	(2,359,777)	(12,252,059)	(222,269)	(10,792,483)
Carrying amount at the end of the year	<u>19,057,520</u>	<u>19,455,510</u>	<u>192,552</u>	<u>195,719</u>

WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
12. INVESTMENT PROPERTIES				
Opening balance at 1 November	3,006,991	2,278,201	1,262,761	1,262,761
Transfer from assets under construction	-	728,790	-	-
Additions	-	-	-	-
Movement in carrying amount	(2,761)	-	(2,761)	-
Closing balance as at 31 October	3,004,230	3,006,991	1,260,000	1,262,761

13. INTANGIBLE ASSETS

	2018	2017	2018	2017
	\$	\$	\$	\$
AFL licences	8,000,000	8,000,000	-	-

These licences have been determined to have infinite useful lives and the cost model is utilised for their measurement. The licences have been granted to WAFC by the AFL to field two teams in the competitions conducted by the AFL provided they meet certain terms and conditions of the licence agreement. There is no expiry date on the licences and evidence supports the Group's ability to meet the necessary terms and conditions set out in the licence agreements, allowing the Group to determine that these assets have an indefinite useful life. These assets were tested for impairment as at 31 October 2018.

14. TRADE AND OTHER PAYABLES

		2018	2017	2018	2017
		\$	\$	\$	\$
Trade creditors	14(a)(i)	15,039,240	4,868,958	1,357,125	1,111,905
Sundry creditors	14(a)(ii)	5,938,968	8,294,425	1,283,199	607,509
		20,978,208	13,163,383	2,640,324	1,719,414

(a) Terms and conditions

Terms and conditions relating to the above financial instruments:

- (i) Trade creditors are non-interest bearing and are normally settled on 30-day terms.
- (ii) Sundry creditors are non-interest bearing and are settled within 1 year.

15. INTEREST-BEARING LIABILITIES

		2018	2017	2018	2017
		\$	\$	\$	\$
ANZ loan facility - secured	15(a)	5,606,348	5,606,348	5,606,348	5,606,348

(a) Terms and conditions

The ANZ loan facility matures on 31 May 2019. The loan is secured by a leasehold mortgage over Subiaco Oval, as well as \$2,000,000 in term deposits as further security, held on an ongoing basis with ANZ.

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	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
16. PROVISIONS (CURRENT)				
Employee entitlements	7,213,570	5,791,249	1,197,520	1,346,462
	7,213,570	5,791,249	1,197,520	1,346,462

17. UNEARNED REVENUE

		2018	2017	2018	2017
		\$	\$	\$	\$
Current					
Unearned revenue	17(a)	12,661,387	5,154,718	403,285	1,691,253
Non - Current					
Unearned revenue	17(b)	425,000	450,000	-	-

- (a) The reduction in 2018 is due to the lower value of prepaid rent held from Indian Pacific Limited, and the repayment to Delaware in November 2017 of monies received in advance under their AFL match day catering contract.
- (b) Unearned income represents the non-current portion of the Curtin University alliance agreement.

18. OTHER NON-CURRENT LIABILITIES

		2018	2017	2018	2017
		\$	\$	\$	\$
Trade creditors and accruals	(a)	173,231	272,220	-	-
Unsecured notes	(b)	1,327	1,152	-	-
Interest-bearing loan	(c)	-	1,000,000	-	-
		174,558	1,273,372	-	-

(a) Trade creditors and accruals

Trade creditors and accruals represent the non-current portion of the ETAF construction works liability.

(b) Unsecured notes

Terms and conditions relating to the unsecured notes

The unsecured notes are interest free, repayable at the discretion of the Commissioners up to the year 2075 and in any event not repayable before 30 June 2075. Each note has a full value of \$500 and 7,735 were issued as at balance date. This figure has been arrived at by the application of a discount rate of 15% to the date of redemption. These notes are unsecured and as such there is no collateral pledged as security.

(c) Interest-bearing loan

This loan was repaid during the 2018 financial year.

19. OTHER NON - CURRENT ASSETS

	2018	2017	2018	2017
	\$	\$	\$	\$
Prepayments	25,726,816	8,228,479	-	-
	25,726,816	8,228,479	-	-

Prepayments in the current year of \$25,726,816 (2017: \$8,228,479) represent the construction costs of IPL's new training facilities incurred to date. Details of the change in accounting estimates related to this project are set out in note 2(d).

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	Consolidated		WAFC Inc.	
	2018 \$	2017 \$	2018 \$	2017 \$
20. PROVISIONS (NON-CURRENT)				
Employee entitlements	1,167,155	1,274,893	210,297	84,543
21. RESERVES AND ACCUMULATED SURPLUS				
Other reserves	20(a) 64,659	120,974	-	-
Unsecured notes redemption	20(b) 99,457	99,632	-	-
Distributable profits	20(c) 1,276,510	1,378,744	-	-
		1,440,626	-	-
Accumulated surplus	20(d) 108,222,554	96,074,008	16,554,904	15,116,474

(a) Other reserves

(i) Nature and purpose of reserve

This reserve records movements in the fair value of available for sale investments

(ii) Movements in reserve

Balance at the beginning of the year	120,974	(269,774)	-	-
Fair value movement	(56,315)	390,748	-	-
Balance at the end of the year	64,659	120,974	-	-

(b) Unsecured notes redemption

(i) Nature and purpose of reserve

The unsecured note redemption reserve is used to record the equity component of unsecured notes issued by a controlled entity. The reserve is reduced by the movement in the net present value of the unsecured note liability.

(ii) Movements in reserve

Balance at the beginning of the year	99,632	99,784	-	-
Fair value movement	(175)	(152)	-	-
Balance at the end of the year	99,457	99,632	-	-

(c) Distributable profits

(i) Nature and purpose of reserve

The undistributable profits reserve is used to accumulate profits arising from the West Coast Eagles Supporters Club.

(ii) Movements in reserve

Balance at the beginning of the year	1,378,744	1,309,827	-	-
Transfer from accumulated surplus	(102,234)	68,917	-	-
Balance at the end of the year	1,276,510	1,378,744	-	-

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21. RESERVES AND ACCUMULATED SURPLUS (continued)

	Consolidated		WAFC Inc.	
	2018 \$	2017 \$	2018 \$	2017 \$
(d) Accumulated surplus				
Balance at the beginning of the year	96,074,008	77,598,731	15,116,474	10,844,878
Net profit attributable to WAFC	12,046,137	18,554,042	1,438,430	4,271,596
Total available for appropriation	108,120,145	96,152,773	16,554,904	15,116,474
Aggregate of amounts transferred to undistributable profits reserve and from unsecured notes redemption reserve	102,409	(68,765)	-	-
Balance at the end of the year	108,222,554	96,074,008	16,554,904	15,116,474

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
22. EXPENDITURE COMMITMENTS				
(a) Operating lease expenditure commitments				
- Not later than one year	462,377	550,662	462,377	550,662
- Later than one year and not later than five years	240,683	240,104	240,683	240,104
	<u>703,060</u>	<u>790,766</u>	<u>703,060</u>	<u>790,766</u>
(b) Player expenditure commitments				
- Not later than one year	<u>24,679,368</u>	<u>23,929,299</u>	-	-
(c) Lathlain development commitments				
- Not later than one year	<u>26,680,551</u>	-	-	-

The Group acknowledges the contractual obligations of player contracts and the commitment to player expenditure. Due to contract terms varying considerably amongst players, it is not practical to estimate the future contingency under player contracts. The Group's minimum commitment is to pay 95% of the AFL imposed salary cap (2018: 12,594,368) for both FFCL and IPL. The AFL imposed salary cap for 2019 is \$12,758,095.

In relation to the Lathlain development, IPL has a commitment for construction contracts of \$26,680,551 to be paid within 12 months.

23. RELATED PARTY DISCLOSURES

a) The WAFC Commissioners during the year ended 31 October 2018 were:

- Murray McHenry
- Jon Carson
- Cheryl Edwardes (2016, 2017 - 2019)
- Stuart Love
- Brett Fullarton (resigned January 2018)
- Larry Kickett (resigned January 2018)
- Neil Randall
- Grant Dorrington (reappointed January 2018)
- Chris Cottier (appointed January 2018)
- Brian O'Donnell (appointed January 2018)

b) The WAFC receive a royalty from IPL and FFCL. IPL and FFCL use the assets of the WAFC under a sub-licence agreement whereby football teams participate in the AFL competition. The royalty fee for the 31 October 2018 year and beyond is subject to negotiation and agreement between the WAFC and the two clubs, which is ongoing due to the transition to Optus Stadium. Due to the ongoing negotiations, the 2018 royalty fees recognised below represents the best estimates of the WAFC at the time of signing the financial report:

	2018	2017
	\$	\$
IPL	3,916,082	2,300,000
FFCL	1,263,383	985,975
	<u>5,179,465</u>	<u>3,285,975</u>

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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23. RELATED PARTY DISCLOSURES (continued)

c) In the prior year IPL and FFCL used the football assets of the WAFC under a facility agreement. With both clubs playing all their games at the new Optus oval during the current financial year, no amounts were payable to the WAFC in the current year. Amounts received or receivable under this agreement in the prior year was as follows:

	2018	2017
	\$	\$
IPL	-	3,698,667
FFCL	-	3,698,667
	<u>-</u>	<u>7,397,334</u>

d) In their role as Commissioners, the following football related benefits were provided by the WAFC to the Commissioners, for the year ended 31 October 2018.

	2018	2017
	\$	\$
Murray McHenry	1,179	1,315
Jon Carson	1,461	889
Cheryl Edwardes	914	928
Stuart Love	1,097	-
Brett Fullarton	-	1,315
Larry Kickett	-	1,315
Neil Randall	1,368	1,215
Grant Dorrington	1,092	1,315
Brian O'Donnell	1,354	-
Chris Cottier	1,173	-

The Commissioners are required to attend certain games during the year as part of their duties. The associated costs of travel and accommodation are not included in the above benefits.

The benefits applicable to Commissioners for 2018 are travel and accommodation costs for their spouse/partner to the AFL grand final.

During the financial year, the WA Football Commission engaged FTI Consulting, of whom Cheryl Edwardes is an employee. The value of these transactions was \$48,756 (2017: \$143,919).

e) The directors of Indian Pacific Limited ("IPL") during the financial year were:

- R Gibbs (Chairman)
- P Carter (Deputy Chairman)
- P Fitzpatrick
- T Nisbett
- C Wharton
- T Bowen
- J Langer
- Z Yujnovich (appointed 1 June 2018)

Director transactions with Indian Pacific Limited

A number of directors of Indian Pacific Limited, or their director-related entities hold positions in other entities that result in them having control or significant influence over the financial or operating policies of these entities. The terms and conditions of these transactions with directors and their director-related entities were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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23. RELATED PARTY DISCLOSURES (continued)

The aggregate amounts recognised during the year to directors and their director-related entities were as follows:

Director	Service	Income / (Expense) 2018 GST exclusive	Receivable / (Payable) at 31 October 2018	Service	Income / (Expense) 2017 GST exclusive	Receivable / (Payable) at 31 October 2017
Trevor Nisbett, West Coast Eagles	5 x A Reserve Memberships	3,773	-	5 x Premium Gold Adult Season Memberships	3,545	-
Russell Gibbs, Hawaiian Pty Ltd	Sponsorship 2018	190,000	-	Sponsorship 2017	220,000	-
Chris Wharton, Seven West Media	None during FY18	-	-	Sponsorship 2017	751,628	-
Peter Carter, Crosby Tiles	4 x A Reserve Memberships	3,018	-	4 x Premium Adult Season Memberships	2,455	-
Paul Fitzpatrick, Clayton Utz	12 Seat Corporate Suite 2 x A Reserve Memberships	53,818 1,509	-	12 Seat Corporate Suite	62,209	-

f) The directors of Fremantle Football Club Limited ("FFCL") during the financial year were:

D Alcock (non-executive chairman)
S O'Reilly
P Mann
C Carter
P Bell (retired 4th October 2018)
A Hall
T Grist
S Murphy
C Hayward

Transactions with other related parties

Included in accounts receivable is an amount of \$nil (2017: \$9,274) owing from the Fremantle Football Foundation ("The Foundation"). No interest is charged for the advance. The Football Foundation is a trust established to facilitate the raising of funds through donations from the public and also to channel grants from the Australian Sports Foundation for the building of the approved project, being the Fremantle Football Club Headquarters. Due to limited assets remaining in the Foundation, this amount has been provided in full.

24. SUBSEQUENT EVENTS

No other matters or events have arisen since the end of the financial period which have significantly affected or may significantly affect the operations of the Group, the results of its operations or the state of affairs of the Group in subsequent financial periods.

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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25. AUDITORS' REMUNERATION

Amounts received or due and receivable by Ernst & Young Australia for:

- an audit or review of the financial report of the entity and any other entity in the Group
- other services in relation to the entity and any other entity in the Group

	Consolidated		WAFC Inc.	
	2018	2017	2018	2017
	\$	\$	\$	\$
- an audit or review of the financial report of the entity and any other entity in the Group	211,429	216,492	72,523	69,860
- other services in relation to the entity and any other entity in the Group	29,320	-	-	-
	<u>240,749</u>	<u>216,492</u>	<u>72,523</u>	<u>69,860</u>

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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26. FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Group's activities expose it to a variety of financial risks; market risk (including fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group's principal financial instruments comprise receivables, payables, available for sale investments, cash and short-term deposits.

Risk management is carried out by the Governance Committee under policies approved by the Board of Commissioners. The Commissioners provide written principles for overall risk management, as well as policies covering specific areas, such as mitigating interest rate and credit risks.

The Group's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

	Fixed interest rate maturing in:										Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
	Floating interest rate		1 year or less		Over 1 to 5 years		More than 5 years		Non-interest Bearing					
	31 October 2018	31 October 2017	31 October 2018	31 October 2017	31 October 2018	31 October 2017	31 October 2018	31 October 2017	31 October 2018	31 October 2017	\$	\$	%	%
Financial Assets														
Cash assets	56,118,874	-	-	-	-	-	-	-	-	-	56,118,874	42,597,418	3.00	3.00
Trade receivables	-	-	-	-	-	-	-	-	-	-	10,731,594	5,649,349	N/a	N/a
Non-interest-bearing loan receivable	-	101,482	-	-	-	-	-	-	-	84,376	84,376	115,946	N/a	N/a
Other assets	-	62,500	-	60,946	-	-	-	-	-	62,500	60,946	60,946	N/a	N/a
Investments	-	-	-	130,200	-	-	-	-	-	32,536,128	42,019,592	42,019,592	N/a	N/a
Loan receivable	-	-	-	-	-	-	-	-	-	135,000	135,000	690,000	N/a	N/a
Total financial assets	56,118,874	42,597,418	163,982	191,146	-	-	1,152	1,327	43,385,616	48,344,687	99,668,472	91,133,251		
Financial Liabilities														
Payables	-	-	-	-	-	-	-	-	-	-	20,978,208	12,239,904	N/a	N/a
Unearned revenue	-	-	-	-	-	-	-	-	-	-	12,661,387	5,154,718	N/a	N/a
Interest-bearing loans and borrowings	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
ANZ loan facility	-	-	-	-	-	-	-	-	-	-	-	-	0.00	0.00
Total financial liabilities	-	-	5,606,348	5,606,348	-	-	1,152	1,327	33,639,595	17,394,622	5,606,348	24,002,122	6.00	6.00

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2018**

26. FINANCIAL INSTRUMENTS (continued)

The following sensitivity analysis is based on the interest rate risk exposures in existence at the reporting date:

At 31 October 2018, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post-tax profit and equity would have been affected as follows:

Judgements of reasonably possible movements	Post tax Profit Higher/(Lower)		Equity Higher/(Lower)	
	2018 \$	2017 \$	2018 \$	2017 \$
Cash				
Consolidated				
+0.50%	281,102	212,987	281,102	212,987
-0.50%	(281,102)	(212,987)	(281,102)	(212,987)
Loan				
Consolidated				
+0.50%	(28,032)	(28,032)	(28,032)	(28,032)
-0.50%	28,032	28,032	28,032	28,032

* The method used to arrive at the reasonably possible change of 50 basis points was based on the analysis of the absolute nominal change of the Reserve Bank of Australia (RBA) monthly issued cash rate. Historical rates indicate that for the past five financial years, there was a bias towards an increase in interest rate ranging between 0 to 50 basis points, however financial markets have factored in a likely decrease in the current rate. It is considered that 50 basis points is a 'reasonably possible' estimate as it accommodates for the maximum variations inherent in the interest rate movement over the past five years.

(c) Net Fair Values

	Total Carrying amount as per the Statement of Financial Position		Aggregate net fair value	
	2018 \$	2017 \$	2018 \$	2017 \$
Financial Assets				
Cash assets	56,118,874	42,597,418	56,118,874	42,597,418
Trade receivables	10,731,594	5,649,349	10,731,594	5,649,349
Non-current trade debtors	-	500,000	-	500,000
Investments	32,536,128	42,017,592	32,536,128	42,017,592
Loan receivable	135,000	190,000	135,000	190,000
Total financial assets	99,521,596	90,954,359	99,521,596	90,954,359
Financial Liabilities				
Payables	20,978,208	12,239,904	20,978,208	12,239,904
Unearned revenue	12,661,387	5,154,718	12,661,387	5,154,718
Interest-bearing loans and borrowings	-	1,000,000	-	1,000,000
ANZ Bank Facility	5,606,348	5,606,348	5,606,348	5,606,348
Total financial liabilities	39,245,943	24,000,970	39,245,943	24,000,970

**WEST AUSTRALIAN FOOTBALL COMMISSION INCORPORATED
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26. FINANCIAL INSTRUMENTS (continued)

(c) Fair values

All assets and liabilities recognised in the Statement of Financial Position, whether they are carried at cost or at fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in the applicable notes.

(d) Financial risk management objectives and policies

The Group's principal financial instruments, other than derivatives, comprise bank loans, finance leases and cash and short-term deposits.

Credit risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables, and available for sale financial assets. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments as well as \$nil (2017: \$130,200) in relation to certain unlisted available-for-sale investments – see Note 9 for further information.

The Group only trades with recognised, creditworthy third parties, and as such collateral is not requested nor is it the Group's policy to securitise its trade and other receivables.

It is the Group's policy that major customers who wish to trade on credit terms are subject to credit verification procedures including an assessment of their financial position, past experience or industry reputation.

Risk limits are set for each individual customer in accordance with parameters set by the Commissioners. These risk limits are regularly monitored.

In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

There are no significant concentrations of credit risk within the Group and the financial instruments are spread amongst a number of financial institutions to minimise the risk of default of counterparties.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with a floating interest rate.

(e) Foreign exchange risk

The Group's exposure to foreign exchange risk is minimal.

THANKS TO OUR PARTNERS





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