

Football history off the field: utilising financial reports to challenge long held ‘myths’ about the history of the Carlton Football Club

Abstract

The Australian Football League (AFL) is the largest professional sports competition in Australia. Most AFL clubs began as amateur bodies in the nineteenth century, but to survive they had to adapt to changes in demand and production costs by adopting a commercial management approach. Accounting data is generally invisible in the literature on football history, however, because financial management has been seen by most club members as of secondary interest to the core business of winning games. We use a range of accounting information from annual reports, committee minute books and media commentaries to demonstrate how financial data can be used to enhance our understanding of the history of one AFL club – Carlton. Archived accounting information can make the history of this sporting club more clear and complete and challenge long held myths. Our aims and methods are consistent with those of the “new accounting history”, where financial data can inform historical studies of how organisations have evolved.

Key words: Australian Football; Accounting information, New Accounting History

Introduction

Australia's indigenous code of football – commonly known as Australian Football or “Aussie Rules” – was born on the parklands of Melbourne shortly after the gold rush of the 1850s. When groups of young immigrant and Australian-born men gathered to kick a ball, no single variety of football had been codified or become well established. The members of the Melbourne Cricket Club who drew up a set of rules in 1859 sought to combine the best features of the various forms of football that were played at that time (Blainey 2003). The omission of an offside rule established kicking the ball forward, to where players would contest for it, as the feature that differentiates Australian Football from other codes. Played on large arenas that are used in the summer for cricket, between teams of 18 players, Australian Football is a fast-moving sport, with physical contact and high scoring. One overseas observer has described it as “a wonderful game of athleticism and action” (Andrews 1998, p. 5). It became a mass spectator sport, appealing to all classes of Melbourne society by the early 1870s, more than a decade before the Football League was organised in Britain (Briggs 1963, pp. 302-3).

The first controlling body of the game in Victoria, the Victorian Football Association (VFA), was formed in 1877. In 1896, the VFA's strongest clubs broke away and formed the Victorian Football League (VFL). The VFL cornered Australia's biggest market of football fans – the inner suburbs of Melbourne – and became the code's most powerful competition. However, throughout the twentieth century the VFA competition continued to operate in its own right and the game also prospered in Victoria's suburban and country leagues. Australian Football also thrived in leagues throughout South Australia, Western Australia, Tasmania and the Riverina region of New South Wales. In nearly all of these leagues, clubs played once each week – usually on Saturday afternoons – over a five-month season, with a month of post-season play culminating in a ‘grand final’ that determined the premier team. In the 1980s, the VFL expanded its 12-team competition beyond Victoria, creating a national league that was re-named the Australian Football League (AFL) in 1990.

As was the case in other team sports that were founded by amateurs, Australian Football clubs were established to allow their members to take some exercise and enjoy the company of others, with “strenuous participation” being seen as “more important than the outcome of any given contest” (Holt 2006, p. 355). After Australian Football clubs began collecting gate money from spectators, surpluses were usually re-invested through spending on recruitment,

player payments or the provision of improved facilities (Frost & Halabi 2008a, pp. 83-6). The club, sought to maximise utility by winning as many matches and premierships as they could, subject to budget constraints (Sloane 1971). They raised revenue and managed their finances carefully, not to maximise surpluses, but to build up a wages fund that could be used to attract and retain the best playing talent (Dabscheck 1975; Vamplew 1982).

While clubs needed to be financially sound in order to pay players and attract supporters, in the “language” of Australian football, financial matters are often portrayed as distasteful. For proponents of the amateur ideal, “the money element ... stands for underhand tricks, and dirty play, for winning by fair means or foul’ (quoted by Cordner *et al* 2007, p. 65). Clubs that “bought premierships” by recruiting the best players who moved to other clubs in search of higher wages, were often been seen as disreputable by fans (Sandercock & Turner 1981, p. 196). The dichotomy between the on-field activity and financial matters manifests in a dearth of research into the accounting systems and financial reporting of Australian Football clubs (Halabi 2007).

While many football club histories exist, most have been written by journalists and amateur historians to meet a demand from people who wish to recall or who seek a record of the club’s on-field performance. Such histories give little consideration to how financial matters affected their club’s stability and on-field performance. Even the most scholarly club histories (e.g. Stremski 1986, Lack *et al* 1996, Frost 1998, Carroll 1999) refer to the financial circumstances of clubs in an anecdotal way. In focusing on on-field activities, many club histories exhibit the characteristics of narrow business histories. At their worst, such business histories are “unreadable” and “are all narrative and without any analysis of issues” (Coleman 1987, p. 154) – descriptions that can apply to many Australian football club histories.

In this paper, we demonstrate the potential for introducing a financial dimension to a historical analysis of Australian football clubs, by analysing the historical financial records of one club – the Carlton Football Club. Studies of the finances of clubs and teams are rare in sports of any kind, with prior research tending to focus on relating finances with particular sports or leagues and codes (e.g. Aronsson, Johansson & Jönsson, 2004; Banks 2002; Dobson & Goddard 2004; Fort & Quirk 2004; Hoehn & Szymanski 1999; Szymanski & Kuypers 1999; Vrooman 1995; Zimbalist 2003a; Oriard 2007; Hess & Stewart 1998; Stewart 2007). In relation to the club chosen to examine in this paper, there have been five book-length histories of the Carlton Football Club. Hutchinson (2001),

Hansen (2002) and de Bolfo (2009) are ‘coffee table books’ written by journalists. They are largely descriptive, and focus on on-field performances, and the personalities of players and coaches. Buggy and Bell (1958) is a more substantial history – Harry Bell was a club secretary - although the presentation of information in a year-by-year format makes it virtually impossible for the authors to consider, and the reader to follow, trends that unfolded over several years. Frost is an economic historian and his is the most scholarly of these histories, but like Buggy and Bell he discusses financial issues only briefly and to support general statements about the club’s financial security (Frost 1998). In a study of the club’s recent history, Frost (2006) focuses on recruiting and other strategies that were in response to exogenous policy changes made by the AFL.

Coleman argues that it is possible to write business histories that analyse “how and why businessmen reacted to, or helped to create, changes in market demand; and how and why they managed and shaped their units of production in order to meet the demands generated in those markets” (Coleman 1987, p. 147). Because financial statements and reports offer evidence of the nature of that response, accounting history may “widen the notion of the ‘archive’” for football clubs by making new sources accessible and informing analysis of business behaviour (Carnegie & Napier 1996, p. 16).

One of the principles of the “new accounting history” is that constructing an archive of key documents may assist organizations that “lose their memory as documents are destroyed and people leave” (Richardson 2008, p. 255). Identifying and demonstrating the contribution of accounting history to an organization such as the Carlton Football Club will allow the construction of more complete narratives that not only “capture the events and myths on which the organization was founded” (Richardson 2008, p. 255; see also Funnell 1998, p. 143) but also critically challenge such myths. In this way, the incorporation of accounting history into the more traditional sporting history of Carlton will not only enhance our knowledge of the ‘business’ history of the Club, but may contribute to the writing of new business histories that are of use to the Club itself by acting as ‘myth-busters’ by utilising new sources of evidence to re-evaluate some long-cited club ‘stories’ While this paper will focus on the history of one football club, such analytical business history may be of use to other clubs within and without the industry, as “it can present itself as a microcosm of a wider universe rather than a microscopic entity trapped within its own universe” (Gourvish 1995, p. 14). This study also has a broader applicability as it resonates with new theories of

accounting history, which provides a positive encouragement for studying different periods of time, locations, [and] entities (Gomes, 2008). In this “new accounting” study, we examine the study of accounting in the context in which it operates and this helps to contribute to an understanding of accounting as a social practice (Napier, 2006; Gomes, 2008).

Carlton Football Club

The Carlton Football Club, formed in 1864, is one of the oldest football clubs in the world (Frost 1998, p. 15). Over the course of its history, Carlton has been considered a very successful club – both in terms of on-field success, where it won more premierships than any other club in the first hundred years of VFL/VFA football – and in terms of financial success. Carlton is generally presented in academic histories and popular perceptions as a rich club. Carlton’s history is peppered with claims that its on-field success “was predicated upon money and swaggering self-esteem” (Niall 2009). As one football historian observes, Carlton “was a comfortably affluent club” that represented “a working-class suburb full of Jews, Lebanese, Italians and other immigrants” (Pascoe 1995, p. 124). From the mid-1960s, Carlton augmented its “significant immigrant and university following” when it “also became a bastion of the newly rich” (Pascoe 1995, p. 21). The income of clubs traditionally came primarily from membership subscriptions and a share of the gate takings from weekly football games. In the early years of the game, the members of football clubs were predominantly local residents. Nineteenth-century Carlton was a thriving suburb that was popular with building tradesmen, artisans and working people with jobs in local factories and the city. The football club was able to attract a relatively large number of members who could afford the annual subscription. Carlton (in conjunction with the Carlton Cricket Club) had also been fortunate to be able to secure permission from the Melbourne City Council to occupy and develop a large ground just north of the city in the northern part of Princes Park) Under the control and oversight of the Carlton Recreation Grounds Committee, made up of representatives from the Football and Cricket Clubs) Carlton was able to utilise much of the gate receipts to develop the ground, investing in new viewing areas and amenities. This placed Carlton in the position of being able to capitalise financially on its supporter base, as it could accommodate a larger number of paying spectators than many other grounds could facilitate. For six of the seven VFL seasons from 1926 to 1932, Carlton took more money

from gate receipts than any other League club (Carlton Football Club 1926-1932)¹. Even during the worst years of the Great Depression, crowds of over 40,000 were being attracted to big games at Princes Park.

However, it should be noted that while Carlton Football Club invested (and continues to invest) enormous amounts of money into the facilities at the Carlton grounds, it was unable to formally recognize the money invested in the grounds as an asset on its balance sheet, as the grounds are not owned by the Club. Rather, Carlton's interest in the facilities was controlled through their ability to appoint half of the members of the Carlton Recreation Ground Committee. The other half were appointed by the Carlton Cricket Club. The grounds themselves were owned by the Melbourne City Council, and were rented to the CRGC.

By 1930, Carlton was one of the most financially sound clubs in the VFL. Evidence for this became clear when the VFL attempted to regulate player payments in 1930. As clubs competed to recruit new players who lived outside the recruiting zones in metropolitan Melbourne, those that did not have a strong local supporter base found it difficult to raise sufficient revenue to keep up with those that did. The gap between the League's haves and have-nots widened further during the Great Depression as unemployment and wage cuts reduced peoples' spending power. Average attendances at home-and-away games fell from 17,300 in 1928 to 14,800 in 1931.² It was the smaller clubs that felt the greatest burden as football fans faced tighter budget constraints. In 1930, many clubs were struggling to pay their players. For example, South Melbourne was running an overdraft of £780 and could not pay its players until the end of the season. Essendon paid its players £2 for a win and 30 shillings for a loss, while Melbourne and Hawthorn did not pay their players at all. North Melbourne was able to pay only 30 shillings per match in 1931.³ Alternatively, Carlton was paying players £5/15/- per match in 1929 (Carlton Annual Report 1929). In an attempt to stabilise the financial position of its clubs the VFL appointed a finance sub-committee to develop a series of regulations governing player payments that the League adopted before the start of the 1930 season. What was called the "Coulter Law" stated that no match payment, except to a captain or coach, was to exceed £3 (Sharland, 1930). The Basic Wage at the time

¹ In addition to the gate receipts received by Carlton Football Club, during the period considered in this paper, the Carlton Recreation Grounds Committee also retained a 1/3 share of the gate receipts of all football matches (this share was stated to have been £3881 from 1902 to 1909)).

² Vamplew, *Australians*, p. 383

³ Sandercock and Turner, *Up where, Cazaly?* pp. 105-7.

was £4 per week, and so the Coulter Law dictated that all players would need jobs or other sources of income outside of football to be able to support a family. As spectator demand fell during the Depression, the Coulter Law's 'cap' player wages was set at a level that was higher than most clubs could afford to pay. Not only was Carlton was one of the few clubs that could afford to pay the maximum player payment, but they could also afford to pay players an additional bonus of 10/- per match (Carlton Annual Report 1930).

To demonstrate how a consideration of the Club financial records may contribute to expanding our knowledge of the Club's history, we identify two prominent 'myths' about Carlton's early-twentieth-century financial management and disclosure practices as the basis of two research questions. Each of these research questions, or 'myths', will be re-examined using available financial records.

In the early years of the VFL, player payments were illegal. For many years, player payments were supposedly governed by the League's Rule 29, which stated that

“Any player receiving payment directly or indirectly for his service as a footballer shall be disqualified for any period the league may think fit, and any club paying a player either directly or indirectly for his services as a footballer shall be dealt with as the league may think fit.”

The Carlton membership and the general public were shocked in 1911 when the Club President, Mr JT McInerney, announced at the annual meeting that

“... there was one blot on the [1910] balance-sheet... The new officers, whose duty it was to prepare the [1910] balance-sheet had no other alternative than to adopt the course carried out by their predecessors – that was, to present to members a balance-sheet which was not true. For instance, the sum of £984 had been paid to players as salaries for their services during last football season. The item for players' salaries for that amount did not appear on the balance-sheet, and the club had no receipts for this expenditure, or for other items that that amount was spread over.” (*Argus*, 17 March 1911, p 9)

This perception, or myth, that “a large share of gate money and donations from wealthy supporters would find its way into players' pockets” (Frost 1998 p 25) rather than being

disclosed in the financial reports has persisted throughout Carlton's history. As there was evidence from many sources that Carlton, like many other clubs, was indeed paying players illegally during this period (see, for example, *Argus* 7 April 1911, p 9), the claims of the Carlton President do not seem to have been questioned in any published history. However, some doubt exists over his claim that such a large amount of expenditure, and thus also receipts, were omitted from the accounts because financial statements were subject to public audit. The audit report in the 1910 Annual Report states that the accounts were "Audited and found correct". Would the auditor of the time have overlooked such material amounts, especially if it involved authentic receipts, such as for gate takings, being omitted from the accounts?

Thus the first myth that will be examined in this paper is as follows:

Were the publically acknowledged payments to players, and the associated receipts from which such payments were made, omitted from the 1910 financial reports?

Although the League legalised the payment of players in 1911, the 'professionalism' of football continued to receive much critical commentary and negative press over the next two decades. Such criticism reached a height at the outbreak of World War I in 1915, when the League came under considerable public pressure to cease games for the duration of the war. While the majority of clubs wished to play on, there was considerable debate about how the allocation of proceeds from games should be used. Eventually, the League agreed that season 1916 would go ahead, but

"That no payments be made to players, excepting payment of actual out-of-pocket expenses, and that the net profits for the season of all clubs be paid over to some patriotic fund" (*Argus*, February 19, 1916, p 18).

Each club was also free to decide for itself whether it would participate in season 1916. Despite the considerable public pressures not to play, football histories record that Carlton, amongst a handful of other League clubs, continued to play during the War years. The reasons given were financial.

“Club finances seem to have been the key factor in the clubs’ decisions to play or not to play. At Carlton, the principal officers of the football and cricket clubs were guarantors for a bank debt of £1650, and the club’s opposition to cancelling the season was probably influenced by the fact that the bank was demanding that the debt be reduced. In contrast, South Melbourne, which had a healthy credit balance of £1750, voted against playing.” (Hess and Stewart 1998 p 125)

“Carlton kept going because it was strapped for cash... They had debts to pay and could not afford to give up a season, or possibly several seasons of revenue.” (Frost, 1998, p 65)

The need to pay for recent developments to their grounds may have been a publicly acceptable reason for Carlton to continue to play. However football histories are very critical of Carlton for not just continuing to play, but for the way in which it used the monies generated from games played during this period.

“The four clubs [that continued to play] gave an undertaking that they would not pay players, only compensate them for out-of-pocket expenses, and that any profits would be donated to a patriotic funds appeal....Carlton used its revenue to pay off some of its debts, and gave nothing to the fund.” (Frost, *The old Dark Navy Blues*, p 65-66)

Further clarification to this statement was provided by Hess and Stewart (1998). In commenting on the failure of the League and its clubs to donate the anticipated amounts to patriotic funds in 1917, Hess and Stewart (1998 p 129) claimed that “The chief offender was the Carlton club. From a total revenue of £884 [presume in 1916], the largest of the four clubs, they contributed nothing to patriotic funds, choosing instead to reduce their outstanding debt.”

Thus the second myth that will be examined in this paper is as follows:

Carlton gained a financial benefit from continuing to play football in 1916 and 1917 and used these proceeds to reduce their outstanding debts.

Carlton Football Club’s financial records

Carlton Football Club has retained its *Annual Reports* for nearly all years since 1887. For a long time, it appeared that the Club held *Reports* only back to 1906, but in 2008 copies of the 1887-1893, 1895, and 1900-1905 *Reports* were found in a storeroom before a grandstand was demolished. The *Annual Reports* were public reports⁴ distributed to the Members of the Club and typically included short comments on a range of matters such as the on-field performance of the club, social functions, club trips, the financial position of the club, grounds management, and the audited financial statements. The early accounting reports were simple statements that outlined Receipts and Payments and, on occasion, also included a Balance Sheet⁵ and separate accounting information from committees (such as a Grounds or Social committee). A recent addition to the Carlton archive was the discovery in a storeroom of a grandstand built in the early 1970s of Committee Minute Books for the period from 1917 to 1950. The Minute Books reveal detail about the administration of the club, including discussion of financial matters.

Research Question or Myth 1: Failure to disclose illegal player payments in 1910

If the President's claim was correct that payments to players were omitted from the 1910 financial reports, then it would be expected that when the player payments were disclosed in the balance-sheet in 1911, expenditures AND receipts should have gone up by the amount of player payments and additional, previously undisclosed, sources of receipts should become apparent. These receipts would be expected to be seen in the form of increased gate receipts and/or other sources of receipts such as donations, if the claims of historians such as Frost (1998) are correct. Thus if the claim by the Carlton president at the 1911 annual meeting was correct, we would expect to see an increase in the expenditures in the 1911 accounts of around £900, and a corresponding increase in receipts.

An examination of the Statement of Receipts and Expenditures for Carlton Football Club for the periods 1908 to 1912 reveal the following. Total expenditure increased from 1910 to 1911 by £342. Player related payments⁶ increased by only £268, rather than the anticipated

⁴ While the reports were addressed "To the Members" of the Club, aspects of their contents that were considered of public interest were often reported in both the Melbourne and interstate newspapers of the time.

⁵ The Balance Sheets in the period addressed by this paper, when provided, were not comprehensive. Rather they identified only major financial assets (eg bank deposits or debentures) and financial liabilities (eg bank overdraft).

⁶ Player related payments were calculated for year using the categories of expenditures that it is believed made up the amount claimed by the Carlton president as comprising the £984 'player payments' in 1910 (see table X). This was felt to ensure comparability between the 1910 figure and surrounding years.

£900. It should be noted, however, that while such payments increased by £48 between 1909 and 1910, they jumped by £240 between 1908 and 1909 (although if one takes into account that in 1908 the club spent £342 on a ‘Holiday tour’, this would indicate that the expenditure on players actually declined by £100 between 1908 and 1909). Total receipts increased by £103 from 1910 to 1911, and the bank balance was drawn against by £72 (as compared to a £167 increase in 1910). Gate receipts increased by only £13. The largest increase in the receipt items was in the proceeds from social events, which was included in the statement for the first time at £45. The lack of significant increase in either the 1911 expenditures or receipts suggests that the majority of the amounts being paid to players in 1910 was in fact included in the financial statements, as were the sources of receipts for such payments.

If the ‘player payments’ were being included in the accounts, then the question becomes where were they ‘hidden’ within the statements? For example, where was the £949 shown for player payments in 1911 being shown in the previous years’ accounts? Where was the £984 that was claimed as having been paid to players in 1910 included in the accounts? In fact, an analysis of the 1910 accounts and comparisons with those from 1909 and 1911 enables the reported figure of ‘player payments’ of £984 to be quite easily determined as the following expenditure items. The details of all player related payments for 1909, 1910 and 1911 is show in Table 1.

While there was likely to have been a degree of political manipulation of the 1911 accounts by the new committee, the details of the individual payment items shown in Table 1 above suggest that, prior to 1911, the payments to players were being shown as player expenses, rather than as “payment directly or indirectly for his services as a footballer” (VFL rule 29). Table 1 also shows the considerable decrease in many player expenses between 1910 and 1911, and indicates that the majority of player payments were placed under the headings of ‘travelling expenses’, ‘training’, ‘refreshments’, ‘insurance and allowance to injured players’, and ‘entertainments’. To a smaller degree, it appears some costs were placed under ‘testimonials’ and ‘medical and hot baths’.

Table 1 Details of player-related payments

Details of player-related payments	1909	1910	1911
	£	£	£
Player expenses	0	0	949
Travelling expenses	226	283	10
Training	170	154	28
Refreshments	136	140	54
Insurance and allow to injured players	105	107	47
Testimonials	74	54	27
Uniforms and boots	94	101	97
Entertainments	77	84	10
Photographs	23	15	0
Geelong special, net	7	10	17
Medical and hot baths	24	36	13
	<i>£936</i>	<i>£984</i>	<i>£1252</i>

The source of receipts for such payments also appears to have been disclosed. As noted, Frost (1998) claims were that player payments were being funded out of gate receipts. However an examination of the Statements of Receipts and Expenditure indicates that gate receipts remained relatively constant over the 1909 to 1911 period, being £746 in 1909, £759 in 1910 and £794 in 1911. For the period under consideration, the Carlton Football Club Annual Report included a Statement of Receipts and Expenditures for the Carlton Recreational Ground Committee (CRGC is the body responsible for the management of the grounds where Carlton played football). This CRGC collected all gate receipts and, after deducting ‘expenses’, passed on a ‘dividend’ from each match to the two clubs involved. As can be seen from Table 2 the amount of gate receipts from home games disclosed by Carlton was consistently half (or around 49%) of the amount shown by the CRGC as the gate receipts distributed to clubs. Assuming that the CRGC accurately disclosed all amounts received and was not itself making a contribution to player payments from the amount recorded as ‘expenses’ for matches, then it appears that Carlton was not failing to disclose gate receipts received by it from its own Grounds Committee.

Table 2 Gate receipts ratios for the Carlton Recreation Grounds Committee

Gate receipts	1909	1910	1911	1912
Home gate receipts in CFC accounts	438	406	348	380
Football Club dividends in CRGC acs	884	815	702	766
%	0.495475	0.49816	0.495726	0.496084

The other significant receipt items in the Statement of Receipts and Payments are membership tickets and the distribution from the VFL finals games. However it is unlikely that these items were being understated in order to free up cash flow to pay players as (1) the annual reports boasted of membership numbers, so it would be unlikely that the club would knowingly under-report them and (2) the accounts were made public, so the VFL would be aware if the amount shown as a receipt from finals was different to the amount it had actually paid to the club.

The only additional item of receipts that appears in the statements at the time the player payments were officially disclosed was the proceeds (or profits) from social events. While this was only £45 in 1911 and £30 in 1912, it is worth noting that it was at least £131 in 1913 and £160 in 1914. While no “social events” were shown in the accounts for 1909 and 1910, the narrative that accompanied the accounts within the Annual Report made clear mention of the same types of events that were also mentioned in the narratives for the latter years, when the amounts appeared in the financial accounts. It thus appears likely that the proceeds from social activities were being used to directly pay players, or at least to fund or subsidise trips or other benefits for the players.

It thus appears that the so-called hidden payments were in fact included in the financial statements, but were being disclosed as various forms of player expenses, rather than direct payments to players. Likewise, suspicions that Carlton was failing to disclose the sources of receipts from which the ‘hidden’ payments were being made is also refuted. We thus conclude that the myth that Carlton omitted £984 in player payments from its 1910 annual financial accounts is unsupported.

Research Question or Myth 2: Carlton used proceeds earned from playing on during World War I to pay off some of its debts

To examine claims that Carlton benefited financially from playing on during the war and used the proceeds to pay off some of its own debts, and thus failed to comply with the League requirement to pay profits into Patriotic Funds, we examine the financial accounts for 1912 to 1919 and the minutes from 1917 to 1920. While we only have Carlton's Annual Reports, and thus financial accounts, for 1912-1915, 1917, and 1919, we have the minutes for 1917 onwards. The minutes provide very detailed financial information which can be used to gain substantial insights into the financial position of the Carlton Football Club and any financial issues that they had and how they were dealing with them. A significant advantage that emerged from using both the minutes and the published financial reports is that financial information that was omitted from the financial reports (eg lists of outstanding accounts not paid) were able to be identified in the minutes, thus giving a more comprehensive picture of Carlton's financial situation than would have been revealed by the annual reports alone.

In order to examine second Research Question, we will break our analysis down into two sub-questions:

1. Was there a financial benefit to Carlton to continuing to play during World War I?
2. Did Carlton pay off any of its debts during the War period?

What was Carlton's financial position at the start of the war?

Carlton certainly held some debt at the commencement of the war period. While some of this resulted from earlier borrowings to fund a specific capital development, Carlton had added to this to immediately prior to the war.

In 1912, the club had borrowed £600 to purchase debentures issued by the Carlton Recreation Ground Committee to fund a new grandstand⁷. As no balance sheets were provided for the Grounds Committee, we do not know how much of this amount was borrowed by the Grounds Committee and how much came from existing resources.

At the end of 1912, Carlton's bank overdraft was £463.

⁷ A further £600 of debentures were funded by the cricket club and the remaining £1200 was 'provided' by the Grounds Committee.

‘Your Club was compelled to borrow £600 for this important work, but your Committee feels confident that this amount will be wiped off within the next two years. In connection with the £600 borrowed by the Football Club, the members of your Committee guaranteed this amount by jointly and severally entering into a bond for its redemption.’ (1912, p 7)

Carlton appeared to be making the predicted progress in paying off this overdraft. At the end of 1913, the accounts showed an overdraft of only £80, with a further £35 owing to the CRGC for light and water. However, this overdraft appears to be misleading, as the 1914 accounts reported that there was a ‘debit balance at beginning of season’ of £250, suggesting there were considerable outstanding accounts unpaid at the end of 1913. However, only the £35 was shown in the 1913 Balance Sheet.

Regardless of the actual outstanding amounts at the beginning of 1914, by the end of season 1914 the amounts shown as owing were £848. This was made up of an overdraft at the bank of £578, plus a number of overdue accounts of a further £270 (of this, most related to the grounds - £50 for remaining balance on sewerage upgrade, £69 to CRGC for electricity and water, £100 to Melbourne Council Parks and Gardens Committee for the levy on the Carlton ground). The annual report blamed this on ‘extra amounts of expenditure’ of £1125 in 1914⁸. Of this increase, £250 was attributed to a ‘debit balance at beginning of season’, £375 to advances for fencing and sewerage on the grounds, £200 to other expenses, and £350 to ‘Deficit in anticipated League finals dividends’⁹. Thus Carlton had not ‘wiped off’ their borrowings from 1912 by the end of 1914, but rather had increased their outstanding debt. Carlton was thus continuing to extend its borrowings, both from the bank and from creditors, to fund, in particular, the costs of maintaining and developing the Carlton grounds.

Thus Carlton commenced season 1915 with debts shown in the accounts of £848. Given that there were often other outstanding accounts that were paid in subsequent years, there may have been more amounts outstanding that were not disclosed in the balance sheet. Offsetting the debt were the assets that were owned by the club. The main asset of the club was debentures in the Carlton Recreation Ground Committee of £600, plus £20 in interest owing

⁸ It should be noted that there was a change of president during season 1914, so these claims may have been a case of ‘blame the past president’.

⁹ It is difficult to see how a lower than expected income item could be an item of ‘extra expenditure’.

to the club. The club had also loaned a further £20 to the Ground Committee. While Carlton invested large amounts of funds into the development of the facilities at Princes Park, (for example, in addition to the £600 debentures, the club had also directly donated a further £900), this expenditure did not give rise to an asset in their balance sheet as they had no 'ownership rights' over the Princes Park developments. Thus at the beginning of season 1915, Carlton's overall balance sheet position was shown as 'Balance of Liabilities over Assets' of £182.

What was the financial position at the end of the war?

In season 1918, almost all clubs had resumed playing in the VFL¹⁰. At the end of season 1918, Carlton had an overdraft balance of £453 (from 1919 accounts) and the 1919 accounts show the payment of outstanding accounts of £253 from 1916/17, indicating a total debt of £706. This amount does not include any outstanding amounts from 1918 that were not shown in the accounts. As there were amounts unpaid at the end of the seasons for which we have accounts, it is likely that there were amounts unpaid at the close of season 1918.

Given that Carlton commenced the war period (season 1915) with reported debts of £848 and completed the war period (season 1918) with reported debts of £706, it does not appear, prima facie, that Carlton gained substantial financial benefit from continuing to play during the war. However, there may have been a benefit if the club had considerable fixed expenses to which a contribution would be made by any revenue the club could obtain during the period.

To identify the expenses that were likely to be incurred by Carlton, even if they did not play in a particular season, we examined the 1916 accounts of South Melbourne Football Club, as an example of a club that was in a sound financial position prior to the war and elected not to play for seasons 1915 and 1916. South Melbourne's Statement of Receipts and Expenditure for Season 1916 showed football-related expenses for the following items: the annual meeting, VFL levy and delegates fees, ground rent, insurance, postage telegrams and stationery, gas and light, and audit fees, totalling £136. While their bank balance fell by £144 during the season, £73 of this was voluntary donations to various war funds. While we did not have access to the 1916 accounts for Carlton, the 1917 accounts could be used to estimate

¹⁰ Melbourne remained the only non-participant.

the cost to Carlton of the 'fixed' costs identified above. Comparing the costs of the two clubs, Carlton seem to spend less on their annual meeting (showing only £2 for printing the annual reports compared to South's £31) and have a lower VFL levy (£40 compared to South's £51). However, they had a higher ground rent (£75 compared to £33). While Carlton were paying interest on their overdraft of around £30 per year, they were also earning £30 interest on their debentures. Assuming that Carlton could have raised similar revenue from social activities and fund raising as South, and taking the differences in expenditures identified above into account, it can be estimated that Carlton's likely annual deficit would have been around £73 per annum.

It can thus be concluded that there was some financial benefit to Carlton in continuing to play for 1915 and 1916. Instead of the actual debts of £706 reported at the end of season 1918, the debts may have been around £150 higher. While this would indicate that Carlton was able to slightly improve its financial position by playing through the war, it does not indicate that there was a substantial financial benefit to Carlton.

Of course, such analysis focuses only on the financial position of Carlton Football Club as an independent legal entity. It does not take into account the financial benefits received by players, coaches, doctors and committee members. In 1917 alone, this amounted to £338. It also does not take into account the share of gate receipts that were received by the Carlton Recreation Ground Committee as a result of the games played by Carlton on their home ground. A separate analysis of the CRGC financial position is provided in a later section of this paper.

The financial management practices of the club during the war period

Merely examining the financial statement in the annual report also overlooks the effort and processes that were taking place within the club to maintain its financial position during the war period. The recent discovery of Carlton Football Club's minute books for the period 1917 to 1918 [the minute books cover 1917 to 1950] enables us to gain insights into the day-to-day financial management practices of the club during the latter part of the war.

The minutes show a picture of a club that was paying players (in contradiction to the League's directive) and was able to pay trainers and doorkeepers, the secretary and treasurer, and doctors and other individuals associated with the playing of football. On the other hand,

the weekly minutes show the committee juggling accounts presented for payment, deliberately not paying some accounts, and regularly needing “to wait upon” various creditors to persuade them to delay their demands for payment. Such creditors included the Melbourne Parks and Gardens Committee (re the levy for Carlton’s grounds that had amounted to £200), the club’s players’ insurance company (the 1917 premium of £48 was outstanding from early 1917 until June 1919), the bootmaker, the club doctor, a widow (whose husband had died while waiting for Carlton to pay him the £27 that was outstanding from at least early 1917 until late 1918) and even, at one point, the club’s auditors (who offered to discount their bill in order to get it paid (Carlton Minutes, 25th June 1917)). Almost every meeting saw the receipt of correspondence from at least one solicitor on behalf of creditors to whom Carlton owed money.

The approval of accounts for payment was also clearly a troublesome item for the committee. Each meeting was given a detailed list of individual, and often very small, amounts to approve for payment. Such accounts were often discussed and approved or deferred one at a time during the meeting. It thus appeared from the minutes that the day-to-day management of club finances was indeed a very time-consuming and challenging activity in at least 1917, and presumably also in 1916, as many of the debts considered in the 1917 minutes related to season 1916.

In addition to the financial management practices of careful control of expenditures and delaying payment of accounts, the minutes also show that the club took action at a number of points to generate additional funds through increasing the bank overdraft limit to £600 in March 1919, the issuance of £250 worth of debentures in 1918¹¹, and a loan of £46 from the VFL in late 1918 (repaid in 1919).

Again, the evidence from the minute books indicates that while Carlton was not at a financial disadvantage by playing on during the war period, it required considerable effort and skill by people such as the clubs’ President, Secretary and Treasurer to ensure the club was able to manage its cash flow during this period to avoid sinking into further debt. However, at the same time, it is apparent that there was sufficient cash flow to continue to pay players at least

¹¹ While the issuance of debentures was discussed extensively at many points in the minutes, we were unable to find any evidence of how much, if anything, was raised and no evidence of repayments of the debentures could be found in subsequent year’s accounts. It is thus possible that the debentures were not issued.

expenses and lost wages, if not more, and to pay £150 per annum in honorariums to the Secretary and Treasurer.

Carlton Recreation Grounds Committee

In addition to reviewing the Football Club accounts, the accounts of the Grounds Committee should also be perused. In 1912, the CRGC went from an opening balance in the bank of £112 to an overdraft/loan of £940. By the end of 1912, they also owed £1200 on debentures purchased by the Football Club and Cricket Club. At the end of 1913, they had debit balance at the bank of £1084, plus the debentures, and at the end of 1914, £996, plus the debentures. In addition to the grandstand, the CRGC continued to invest in ground improvements during this time, paying £108 for the instalment of electric lights in 1913 and, in 1914, £699 for sewerage, £151 for fencing and £79 for asphaltting. As the CRGC accounts were not included in the Carlton Football Club annual report after 1914, the continuing financial position of the Grounds Committee could not be easily determined. However, as the CRGC did not repay the debentures during WWI and appeared unable to pay even the interest on the debentures during this time, it is likely that they had poor cash flow and were struggling financially and prioritised any surplus cash to the payment of interest, and possibly some of the debt, to the bank rather than to its member clubs. Given that we know from other sources that the number of people attending football matches declined significantly in 1916 and 1917, the income of the CRGC would have been significantly reduced. This suggests that the CRGC may well have run a deficit for these years, placing it in a worse financial position by the end of 1917 than in 1914.

An estimate of the income for CRGC can be derived from considering the gate receipts shown in Carlton Football Club's accounts. In the five years leading up to World War I, the accounts showed that gate receipts reported as receipts by the Carlton Football Club (calculated as 1/3 of net gate receipts after expenses directly associated with the game) were around 26-28% of the CRGC actual game receipts¹². Thus, for example, in the financial statement for season 1916, Carlton showed £204 in gate receipts. This suggests that the CRGC would have had maximum net receipts of around £700 from games, of which £200 would have been paid to Carlton and a further £200 to the opposing Clubs, leaving approximately £300 to contribute to the general costs of the grounds. Given that interest on

¹² This ratio may have been even less in the war years, as the CRGC's fixed costs would consume a larger proportion of the gate receipts.

the £1000 overdraft and the £1200 debentures would have been at least £130 per year (given a rate of 5% on the debentures and payments of overdraft interest of £68 on the approximately £1000 owing in 1914 (CFC Annual Report 1914)), this leaves little available to repay any outstanding loans.

However while the CRGC may not have been able to reduce its outstanding debts, playing on during the War period appears to have generated sufficient cash flow for the Committee to make interest payments to the bank and to enable it to continue to hold the tenancy on the grounds.

Did Carlton pay off any of its debts during the war?

As shown in the analysis above, neither Carlton nor the Carlton Recreation Grounds Committee, generated material surplus funds during the war years. Given that Carlton started the war period with reported debts of £848 and concluded with debts of £706, it paid off only a limited amount of its 1915 debts during the war period. There was also no evidence that the CRGC was able to pay material amounts of its debts during this period. We thus conclude that the second research question is given only very limited support by our financial analysis – that Carlton used most of the proceeds earned from playing on during World War I to meet its day-to-day expenditures and had very little available to pay off any of its debts.

Given the extremely negative publicity that the Club received as a result of its actions during the War and the enormous amounts of what must have consisted of “anxious” (Annual Report 1915, p 7), time-consuming, and, at times, very professionally embarrassing work for the President, Treasurer and Secretary, there appears on the surface to be no clear financial benefit to continuing to play during the war. However given that Carlton continued to pay not only its players, but also trainers, the secretary, and the treasurer, amongst others, in apparent preference to paying off debts, it may be argued that there were longer term financial benefits to continuing to play during the war, such as the ability to retain good players and coaches and thus field strong teams in the post-war years. However such analysis is outside the scope of this paper.

Conclusion

In this paper we have used an archive of financial data consisting of annual reports, financial statements, and minute books to enhance our understanding of one football club’s history.

We identified two prominent ‘myths’ about the Carlton Football Club that have dominated histories of the Club in the early-twentieth-century, and posed two research questions. Each research question was examined using the available financial information and was shown to be largely inaccurate. The significant contribution of the paper is that we demonstrate that using an archive of financial information has greatly informed our analysis of two significant points of the history of the Carlton Football Club (Carnegie & Napier 1996). Of particular note is the use of the minute books for detailed information on the day to day managing of accounts.

The financial records and other evidence of the day-to-day financial management of sporting clubs have largely been ignored in any analysis of their history. Traditionally football and sporting clubs histories have concentrated on on-field performances and the personalities of players and coaches. This paper has shown how the accounting archive of a football club can provide historians with new information around which existing historical studies of a club can be questioned. For historians who seek to understand how Australian Football evolved to the game and the industry we know today, and how an individual club’s fortunes have been shaped by decisions that have been made in the past, there is clearly considerable knowledge to be gained by an analysis of financial accounts, annual reports and related financial information.

REFERENCES

- Andrews, J. (1998), “The World of Sport”. *The Economist*, Survey, 6 June, pp. 1-19.
- Age* (1967).
- Argus* (1906, 1909, 1910, 1911, 1912, 1933).
- Aronsson, S., Johansson, K., and Jönsson, F. (2004). *Accounting for football - let's give it a shot. A delineation of financial statements within Swedish football clubs*. Paper available at: www.handels.gu.se/epc/archive/00003776/.
- Australasian* (Melbourne) (1898).
- Banks, S. (2002), *Going Down: Football in Crisis* (Edinburgh and London: Mainstream Publishing).
- Blainey, G. (2003), *A Game of Our Own: The Origins of Australian Football* (Melbourne: Black Inc.).

- Briggs, A. (1963), *Victorian Cities*, Harmondsworth: Penguin.
- Buggy, H. and Bell, H. (1958) *The Carlton Story: A History of the Carlton Football Club*, Melbourne: Eric White Associates.
- Carlton Football Club (1887 - 1895), *Annual Reports*.
- Carlton Football Club (1900 - 1915), *Annual Reports*.
- Carlton Football Club (1918 - 1976), *Annual Reports*.
- Carlton Football Club (1917 - 1950), *Minute Books*.
- Carnegie, G. D. and Napier, C. J. (1996), "Critical and interpretive histories: insights into accounting's present and future through its past". *Accounting, Auditing & Accountability Journal*, Vol. 9, No. 3, pp. 7-39
- Carroll, L. (1999), *The Grand Old Flag: The History of the Melbourne Football Club*, Melbourne: Hardie Grant.
- Coleman, D. (1987), "The Uses and Abuses of Business History", *Business History*, Vol. 29, No. 2, April, pp. 141-56.
- Cordner, J., Allen, D., Daffey, P., Grow, R. and Senyard, J. (2007), *Black & Blue: The Story of Football at the University of Melbourne*, Melbourne: Melbourne University Football Club.
- Dabscheck, B. (1975), "The Wage Determination Process for Sportsmen", *Economic Record*, Vol. 51, Issue 133, pp. 52-65.
- de Bolfo, T. (2009) *Out of the Blue: Memorable Moments of the Carlton Football Club*, Melbourne: Weston Media and Communications.
- Dobson, S. and Goddard, J. (2004), "Revenue Divergence and Competitive Balance in a Divisional Sports League", *Scottish Journal of Political Economy*, Vol. 51, No. 3, pp. 359-76.
- Fort, R. and Quirk, J. (2004), "Owner Objectives and Competitive Balance", *Journal of Sports Economics*, Vol. 5, No. 1, pp. 20-32.
- Frost, L. (1998), *The Old Dark Navy Blues: A History of the Carlton Football Club*, Sydney: Allen & Unwin.
- Frost, L. (2006), "Crossroads Blues: Carlton Football Club in the Early Twenty-First Century", in Nicholson, M., Stewart, B. and Hess, R. (eds), *Football Fever: Moving the Goalposts*, Melbourne: Maribyrnong Press, pp. 77-89.
- Frost, L. (2008), "Men of Vision", in Weston, J. (ed.), *The Australian Game of Football Since 1858* (Melbourne: GSP Books), pp. 302-11.

- Frost, L. and Halabi, A. (2008a), "The Country Football Club: Measuring its Success as a Community Institution", in Burke, P. and Seynard, J. (eds), *Behind the Play: Football in Australia*, Melbourne: Maribyrnong Press, pp. 73-88.
- Gomes, D. (2008), "The interplay of conceptions of accounting and schools of thought in Accounting History" *Accounting History*, Vol 14, No. 4, pp. 479-509.
- Halabi, A.K. (2007), "Examining the Accountability of Senior Australian Rules Football Clubs in Country Victoria", *Accounting, Accountability and Performance*, Vol. 13, No. 2, pp. 36-56.
- Hansen, B. (2002), *The Blue Boys: The History of the Carlton Football Club from 1864*, Melbourne: Brian Hansen Nominees.
- Hess, R. and Stewart, B. (eds.) (1998). *More Than a Game: An Unauthorised History of Australian Rules Football*, Melbourne: Melbourne University Press.
- Hoehn, T. and Szymanski, S. (1999), "The Americanization of European Football", *Economic Policy*, Vol. 28, Issue 28, pp. 205-33.
- Holt, R. (2006), "The Amateur Body and the Middle-class Man: Work, Health and Style in Victorian Britain", *Sport in History*, Vol. 26, No. 3, pp. 352-369.
- Hutchinson, G. (2001), *The Mighty Blues: Team of the Century*, Melbourne: Lothian Books.
- Keenan, T. (2004), *Kicking into the Wind: A History of the Formative Years of the Port Melbourne Football Club, 1874-1917*, Sydney: Walla Walla Press.
- Keenan, T. (2006), *Unduly Rough Play: A History of the Port Melbourne Football Club. Vol. 2, 1918-1944*, Melbourne: Eucalyptus Press.
- Keenan, T. (2008), *A Different Breed: A History of the Port Melbourne Football Club. Vol. 3, 1945-1995*, Sydney: Walla Walla Press.
- Lack, J., McConville, C., Small, M., and Wright, D. (1996), *A History of the Footscray Football Club: Unleashed*, Melbourne: Aus-Sport Enterprises.
- Napier, C. (2006), "Accounts of Change: 30 Years of Historical Accounting Research", *Accounting, Organizations and Society*, Vol.31, Nos.4-5, pp.445-507.
- Niall, J. (2009), "Blues Regain Swagger, Propped Up By Pratt", *Age*, 23 April.
<http://www.theage.com.au/cgi-bin/common/popupPrintArticle.pl?path=/articles/2009/>.
 Viewed on 23 April 2009.
- Oriard, M. (2007), *Brand NFL: Making and Selling America's Favorite Sport*, Chapel Hill: University of North Carolina Press.
- Pascoe, R. (1995), *The Winter Game: The Complete History of Australian Football*, Melbourne: Text Publishing.

- Richardson, A. J. (2008), "Strategies in the Development of Accounting History as an Academic Discipline", *Accounting History*, Vol. 13, No. 3, pp. 247-80.
- Sharland, W.S. (1930), "Victorian League Controls Players' Payments: Flat Rate of £3 a Week Adopted", *Sporting Globe*, 12 March, p. 9.
- Stewart, B. (ed.) (2007), *The Games Are Not the Same: The Political Economy of Football in Australia*, Melbourne: Melbourne University Press.
- Stremski, R. (1986), *Kill for Collingwood*, Sydney: Allen & Unwin.
- Szymanski, S. and Kuypers, T. (1999), *Winners and Losers: The Business Strategy of Football*, London: Viking Books.
- Vamplew, W. (1982), "The Economics of a Sports Industry: Scottish Gate-Money Football, 1890-1914", *Economic History Review*, Vol. 35, No. 4, pp. 549-567.
- Vrooman, J. (1995), "A General Theory of Professional Sports Leagues", *Southern Economic Journal*, Vol. 61, Issue 4, pp. 971-90.
- Zimbalist, A. (2003a), *May the Best Team Win: Baseball Economics and Public Policy* (Washington, D.C.: Brookings Institution Press).