



South Grafton District Ex-Servicemen's Club Co-operative Limited

2022 Annual Report

OFFICE BEARERS

President:	Christiaan Gosewisch
Vice President:	Andrew Collen
Directors:	June Allen Sharon Darby Chris Metcalfe Gail Norton Mavis Tago
Secretary Manager:	Debbie Welsh
Solicitors:	Piggott Stinson & Thompson Greer
Accountants:	Crowe
Auditor:	JG Audit & Assurance

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Notice is hereby given that the Annual General Meeting of South Grafton District Ex-Servicemen's Club Co-Operative Limited, will be held at the registered office of the Co-operative, 2 Wharf Street South Grafton, on Monday 1st May 2023 commencing at 6.00pm.

Items of Business

1. Apologies
2. To confirm the minutes of the last Annual General Meeting dated 23 May 2022.
3. Business arising from previous minutes.
4. To receive, consider and adopt the Financial Report of the Co-operative for the year ending 31st December 2022 and the reports by Directors and Auditors thereon.
5. To consider and if thought fit approve the Ordinary Resolutions as set out in this booklet.
6. To elect President, Vice President and Directors for the ensuing year.
7. To determine and fix any honorariums. Currently, honorariums are as follows:

President:	\$ 5,000 per annum
Vice President:	\$ 2,750 per annum
Directors:	\$ 600 per annum
8. To receive and deal with any business for which notice in writing has been given to the Secretary Manager in accordance with the rules of South Grafton District Ex-Servicemen's Club Co-operative Limited.
9. Member's recommendation to the Board of Directors.

Members please note that any Member who may have any questions relating to any matter contained within the financial statements or any question which may require investigation, please put your question in writing to the Secretary Manager at least seven (7) days prior to the meeting to enable a considered response to be provided at the Annual General Meeting.

Ordinary Resolution

That pursuant to the Registered Clubs Act, the Members hereby approve that each of the Directors are to be entitled to the following benefits over the next twelve (12) months and the Members acknowledge that these benefits are not available to Members generally, but only those who are Directors (and spouses of directors) of the Club:

- (i) Directors are to be reimbursed for any reasonable out of pocket expenses incurred during the course of acting for or on behalf of the Club;
- (ii) The reasonable costs of Directors for meals and/or drinks covering Board Meetings attendance and associated activities;
- (iii) The reasonable costs of travel, accommodation and meals for Director attending seminars, lectures, trade displays, organised study tours, fact finding tours, Registered Club Association of New South Wales events, Club Managers Association's events and other similar events as may be determined by the Board from time to time;
- (iv) Attendance at functions, with spouses, where appropriate and required, to represent the Club;
- (v) Reasonable expenses incurred by Directors in relation to other such duties including the entertainment of special guests to the Club and other promotional activities performance by Directors subject to board approval;
- (vi) That should the Board resolve that a uniform is required for Directors, the uniform shall be provided at the Club's expenses; and
- (vii) Provision of the Board of grants and donations for charitable, community and sporting organisations.

My fellow Directors and myself would like to thank all our Members for their ongoing attendance and support over the past 12 months.

We as Directors are very thankful for the patience shown by our patrons/members during our renovations of improving our poker machine and dining areas, with more to come in the future.

I would like to extend special thanks to Debbie Welsh for her exceptional efforts during her ill health. Debbie had delivered and given all. Our thanks also goes to her assistants Suzette and Bridie and other staff for their efforts.

Personally my sincere thanks to my fellow Board Members for their support, I will be putting myself up for re-election of this wonderful Club.

My Regards and Best Wishes

Chris Gosewisch
President

It is with pleasure I present this report showing a trading profit of \$180,500.00. Total cash in the bank as of 31st December 2022 \$2,200,00.00 EBTIDA 25.62% which is above industry benchmark of 15%. Cash on hand \$85,250.00 .During 2022 we have continued to upgraded the club with a new non smoking poker machine room, refurbish the Restaurant cost of \$540,000.00 + \$39,773.83 for repairs and maintenance to club house and \$6738.45 to Bowling Greens

Thank you to President Chris Gosewisch, Vice President Andrew Collen and Directors for your support during the year

To the Management Team Suzette Collen and Bridie Tilse and all staff thank you for your support and dedication through the year

A special thankyou to Bridie Tilse who has been of great assistance while I have been ill .

To the member's thank you for your patronage throughout the year , without you we have no club

To members who have suffered bereavement during the year, I offer my sincere condolences

Debbie Welsh

Secretary Manager

GOSEWISCH Christiaan- Member No: 2819

During my 12 years on the Board, I have been President for the past year .I have seen our club progress from a loss situation (in the red) to a strong monetary situation I do believe the present Board, Management and Staff have contributed to the result. The turn-around is very gratifying to me and all concerned, and I will do my utmost to see it continues to improve if I am re-elected. My hope is we can have a better year for our members to enjoy themselves.

ALLEN June – Member No: 1459

I have been a member of the South Grafton District Ex-Servicemen's Club for over 52 years; I have been a director of the club for the past 7 years. I am currently Chairperson and a playing member of the South Grafton District Ex-Servicemen's mixed social bowls club

I have also been a member on the Jacaranda Festival Committee for 20 years and have been a director on many committees during that period, I was elected President and was president for a period of 10 years until I retired from the Festival, and I was awarded Life Membership of the Jacaranda Festival.

In 2003, I was awarded Grafton's Australia Day Citizen of the year award.

The time, commitment and involvement I have with these organizations, I feel have given me the experience to represent our members as Vice- President of the club.

DARBY Sharon- Member No; 1009

I have been a director for the past 3 years. I was employed in the hospitality industry since 1974. I feel with my experience and knowledge of the industry this would be a huge advantage to the club. I have been a director of the club for the past

As legislation and licensing can be challenging for some, I feel this is an advantage to me having a full understanding, which will be a benefit to the club.

COLLEN Andrew - Member No: 3225

I would like to outline a brief history of myself and why I would be a good candidate for the board.

Lived in the Clarence valley for 59 years of my 61 years. Employed locally with the Clarence Valley Council for past 25 years. .Heavily involved with sport (soccer).One of the first children to play on the Rushforth Park and still playing.Coached senior and junior teams for the south services (still coaching juniors) for over 28 years won several coaching and clubman awards including clarence valley coach of the year. I have now been on the board for the past 3 years and have been Vice President for the past year. Again willing to help to progress the club forward for the future.

TAGOE Mavis – Member No: 1622

I have been a director of the club for the past year. This year I'm nominating for Vice President and Director. I moved to South Grafton 6.5 years ago. My husband and I are both retired and have custody of my granddaughter.

I am a Christian with Christian values. I have faced many challenges in my life and I consider myself a very honest person as well as a hard worker. I have worked as a nurse and social educator all my life. I concern myself a team player always willing to stand up to any challenge and work hard in a team setting. I pride myself on being very considerate and easy to work with others. I have been very blessed to be able to work as a volunteer with St Vincent de Paul helping and supporting people from all different walks of life. I look forward to assisting the club in the future.

Gail Norton – Member No 4731

I have been a Director for the past year. I enjoy the challenge and assist the club in any area I can. My husband Don was a Director for 2.5 years and enjoyed being on the board. He was committed to his role and loved every minute of being a director. I feel I have a full understanding of what is expected in this role and would feel very privileged to be a director.

Barbara Hindom - Member No. 2525

Hi, I am Barbara Hindom & I would like to put myself forward as a contender for the position of Director of the South Grafton Ex-Servicemen's Club.

I am retired and have lived with my family in South Grafton for 45 years. My career and passion were in the health care sector, working in hospitals and hospital theatres and later into aged care. I was the national secretary for the miniature horse association of Australia and a volunteer on numerous local horse committees. I look forward to working towards to the goals and aspirations for the Members of the Club.

Janet Howell – Member No. 680

I Moved to Grafton from June 7 years ago. I have worked in the hospitality industry for over 20 years, currently working two jobs. I have helped in many organisations: for example The Salvation Army, Schools and Athletics etc.

I am a very honest down to earth person and a team player and I am not afraid of any challenge. I feel being a Director would be a great opportunity to learn different aspects of what the Club does and be able to help Members anyway I can.

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD

ABN 61 200 799 714

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022**

**SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
ABN 61 200 799 714**

**DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Your directors present their report on the co-operative for the year ended 31 December 2022.

Principal Activities

The principal activities of the co-operative during the year have been that of providing for members and guests a social and sporting club with all the usual facilities of a club.

Short and Long Term Objectives of the Co-operative

The co-operative has identified the following short term objectives:

- to maintain the clubs profitability.
- to meet the industry benchmark for financial performance of a 15% EBITDA (Earning Before Interest Tax Depreciation and Amortisation).
- to install new technology to enhance the controls over cash flow.
- to meet industry requirements for the provision of a smoke free and safe environment for staff, members and their guests.
- to foster the clubs involvement with community organisations.

The co-operative has identified the following long term objectives:

- to remain financially secure.
- to continue to maintain and refurbish the facilities of the co-operative to meet the needs of the members and the community.
- to grow the operations of the co-operative in accordance with members interests.
- the preparation of strategic and business plans.

Strategies

The co-operative has adopted the followings strategies in order to achieve these short and long term objectives:

- the preparation of an annual financial budget for financial performance and cashflow projections. The management and directors regularly review the co-operative performance against budget.
- the on going management of in house compliance with legislative obligations be conducted.
- to closely monitor performance of revenue and expenses.

Performance Measurement

The co-operative uses the following key performance indicators to measure performance:

- EBITDA of 25.62% was achieved which is above the 15% industry benchmark (2021: 28.47%).
- Profit, after income tax expense, for the financial year was \$180,500 compared to the 2021 profit of \$216,874.
- Operating Cash Flow for the financial year was \$627,647 compared to the 2021 operating cash flow of \$674,515.
- the co-operative has complied with all Workplace Health and Safety Employment and Environmental requirements.

**SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
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**DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2022**

Directors Information

Directors

The names of the directors in office at any time during, or since the end of, the year and the period that each director has been in office:

Directors Name	Special Responsibilities	Period as Director	Qualifications and Experience
Christiaan Gosewisch	President	12 Years	Business Owner/ Company Director
Andrew Collen	Vice President	3 Years	Council Supervisor
June Allen	Director	7 Years	Retired
Sharon Darby	Director	3.5 Years	Retired
Chris Metcalfe	Director	8 months	School Teacher
Gail Norton	Director	8 months	Retired
Mavis Tago	Director	8 months	Retired
Andrew McGill		Resigned 23 May 2022	
Peter Forwell		Resigned 23 May 2022	
Robert Worthy		Resigned 23 May 2022	

Meetings of Directors

During the financial year, 11 meetings of directors (including committees of directors) were held and the attendances by each director during the year were as follows:

	Directors' Meetings	
	Eligible to attend	Number attended
Christiaan Gosewisch	9	8
Andrew Collen	9	9
June Allen	9	9
Sharon Darby	9	8
Chris Metcalfe	5	5
Gail Norton	5	4
Mavis Tago	5	5
Andrew McGill	4	4
Peter Forwell	4	4
Robert Worthy	4	3

Significant Changes to Operations

No significant matters have arisen which are considered to have significantly impacted upon the operation of the co-operative.

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



Christiaan Gosewisch
President

Dated: 27 February 2023

South Grafton Ex-Servicemen's Club Co-Operative Limited

ABN 61 200 799 714

Auditors Independence Declaration to the Directors of South Grafton Ex-Servicemen's Club Co-Operative Limited

As the auditor for the South Grafton Ex-Servicemen's Club Co-Operative Limited for the year ended 31 December 2022, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act* 2001 in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.



Jessica Galvin

Registered Company Auditor Number: 476 815

Dated: 27 February 2023

**SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
ABN 61 200 799 714**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Note	2022 \$	Restated 2021 \$
Revenues	2	2,534,607	2,476,178
Interest revenue calculated using the effective interest rate method	2	405	121
Other income	3	32,000	17,031
Cost of goods sold	4	(165,872)	(163,295)
Depreciation		(469,218)	(479,824)
Employee benefits expense		(658,384)	(646,554)
Finance costs		(639)	(819)
Gaming expenses		(425,280)	(367,988)
Members amenities and entertainment		(202,257)	(189,073)
Occupancy expenses		(307,508)	(257,435)
Other expenses		(149,930)	(159,254)
Profit before income tax expense		187,924	229,088
Income tax expense	1(b); 5	(7,424)	(12,214)
Profit after income tax expense		180,500	216,874
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		180,500	216,874

The accompanying notes form part of these financial statements.

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
ABN 61 200 799 714

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 \$	Restated 2021 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	2,266,434	2,164,931
Inventories	7	14,609	14,844
Investments and other financial assets	8	15,000	15,000
Other current assets	9	38,794	35,094
TOTAL CURRENT ASSETS		2,334,837	2,229,869
NON CURRENT ASSETS			
Property, plant and equipment	10	2,838,480	2,738,804
Intangible assets	12	375,000	375,000
Right-of-Use assets	11	12,921	36,820
TOTAL NON CURRENT ASSETS		3,226,401	3,150,624
TOTAL ASSETS		5,561,238	5,380,493
LIABILITIES			
CURRENT LIABILITIES			
Leases	13	10,911	12,452
Trade and other payables	14	124,154	160,529
Financial liabilities	15	67	763
Current tax liabilities	18	7,424	12,214
Provisions	16	202,935	166,666
Contract liabilities	17	79,305	65,986
TOTAL CURRENT LIABILITIES		424,796	418,610
NON CURRENT LIABILITIES			
Leases	13	6,231	17,143
Provisions	16	14,720	9,749
TOTAL NON CURRENT LIABILITIES		20,951	26,892
TOTAL LIABILITIES		445,747	445,502
NET ASSETS		5,115,491	4,934,991
EQUITY			
Reserves		160,000	160,000
Retained earnings		4,955,491	4,774,991
TOTAL EQUITY		5,115,491	4,934,991

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Asset Revaluation Reserve \$	Retained Earnings \$	Total \$
Restated Balance at 01 January 2021	160,000	4,558,117	4,718,117
Profit after income tax expense	-	216,874	216,874
Total other comprehensive income for the period	-	-	-
Restated Balance at 31 December 2021	<u>160,000</u>	<u>4,774,991</u>	<u>4,934,991</u>
Profit after income tax expense	-	180,500	180,500
Total other comprehensive income for the period	-	-	-
Balance at 31 December 2022	<u>160,000</u>	<u>4,955,491</u>	<u>5,115,491</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 \$	Restated 2021 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,823,644	2,731,661
Payments to suppliers and employees		(2,183,549)	(1,966,915)
Interest received		405	121
Finance costs		(639)	(819)
Income tax paid		(12,214)	(89,533)
Net cash provided by operating activities	19 (b)	<u>627,647</u>	<u>674,515</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		(544,987)	26,850
Purchase of property, plant and equipment		31,992	(221,187)
Net cash used in investing activities		<u>(512,995)</u>	<u>(194,337)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from lease liabilities		-	13,394
Repayment of lease liabilities		(13,149)	(53,342)
Net cash used in financing activities		<u>(13,149)</u>	<u>(39,948)</u>
Net increase in cash held		101,503	440,230
Cash at the beginning of the financial year		<u>2,164,931</u>	<u>1,724,701</u>
Cash at the end of the financial year	19 (a)	<u>2,266,434</u>	<u>2,164,931</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Statement of Significant Accounting Policies

The financial statements are for South Grafton District Ex-Servicemen's Club Co-op Ltd as an individual entity, incorporated and domiciled in Australia. South Grafton District Ex-Servicemen's Club Co-operative Limited is a not-for-profit co-operative.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures and Interpretations issued by the Australian Accounting Standards Board and the Co-operatives National Law and Regulations (NSW), as appropriate for not-for-profit oriented entities.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the co-operatives accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1 (p).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 February 2023.

Accounting Policies

(a) Revenue Recognition

The entity revenue as follows:

Revenue from Contracts with Customers

Revenue is recognised at an amount that reflects the consideration to which the entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of Goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

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

Rent

Rent revenue from kitchen and room hire is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(b) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liability are calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled, and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The mutuality principle has been applied to the income tax calculation of the Club.

(c) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchange or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled with 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(d) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value on a first in first out basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(f) Investments and Other Financial Assets

Investments and other financial assets, other than investments in associates, are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Association has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Association intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Impairment of financial assets

The Association recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Association's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

(g) Impairment of Non-Financial Assets

At the end of each reporting period, the Association assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value of its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Where it is not possible to estimate the recoverable amount of an individual asset, the Association estimates the receivable amount of the cash-generating unit to which the asset belongs.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(h) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at cost.

Plant and Equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Class of Fixed Asset	Depreciation Rate
Buildings and Improvements	2.5%
Plant and equipment	5 - 100%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

(i) Intangibles

Poker Machine Entitlements

The poker machine entitlements shown in the accounts represent licences purchased by the club. The co-operative holds other poker machine entitlements that have a market value. If the co-operative were to be wound up or the number of entitlements were in excess of requirements then the poker machine entitlements would be able to be sold at the prevailing market price. Poker machine entitlements are intangible assets classified with an indefinite life. The intangible asset is subject to annual impairment testing to the higher of fair value less related costs to sell and value in use.

(j) Impairment of Assets

At each reporting date, the co-operative reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the assets' fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(k) Right-of-use Assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(l) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the co-operative during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(m) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Contributions are made by the entity to an employee superannuation fund and are charged as expenses when incurred.

(n) Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option or extension option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of an extension or purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

(o) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(p) Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Key Judgement - Revenue from contracts with customers

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Estimation of useful lives of assets

The co-operative determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Impairment of indefinite life intangible assets

The co-operative assesses impairment of indefinite life intangible assets at each reporting date by evaluating conditions specific to the co-operative and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision

As discussed in note 1 (m), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

(q) New, revised or amending Accounting Standards and Interpretations adopted

The co-operative has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the co-operative.

The following Accounting Standards and Interpretations are most relevant to the co-operative:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The co-operative has adopted the revised Conceptual Framework from 1 July 2021. The Conceptual Framework contains new definition and recognition criteria as well as new guidance on measurement that affects several Accounting Standards, but it has not had a material impact on the co-operative's financial statements.

AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities

The co-operative has adopted AASB 1060 from 1 July 2021. The standard provides a new Tier 2 reporting framework with simplified disclosures that are based on the requirements of IFRS for SMEs. As a result, there is increased disclosure in these financial statements.

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
ABN 61 200 799 714

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

(r) Accounting Policies, Changes in Accounting Estimates and Errors

During the 2022 audit process an error was noted in the balances of Land and reserves. As a result of this amendment and in accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the prior period accounts have been restated. What follows is the result of the restatement.

	Original 2021 \$	Effect of Restatement \$	Restated 2021 \$
STATEMENT OF FINANCIAL POSITION			
NON CURRENT ASSETS			
Property, plant and equipment	<u>3,556,238</u>	<u>(817,434)</u>	<u>2,738,804</u>
TOTAL NON CURRENT ASSETS	<u>3,968,058</u>	<u>(817,434)</u>	<u>3,150,624</u>
TOTAL ASSETS	<u>6,197,927</u>	<u>(817,434)</u>	<u>5,380,493</u>
NET ASSETS	<u>5,752,425</u>	<u>(817,434)</u>	<u>4,934,991</u>
EQUITY			
Reserves	<u>977,434</u>	<u>(817,434)</u>	<u>160,000</u>
TOTAL EQUITY	<u>5,752,425</u>	<u>(817,434)</u>	<u>4,934,991</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	Restated 2021 \$
Note 2: Revenue		
Revenue from contracts with customers		
Bar trading	372,720	344,904
Catering trading	19,984	23,015
Total sales revenue	<u>392,704</u>	<u>367,919</u>
Membership subscriptions and fees	27,796	30,373
Raffle income	121,244	100,647
Bingo income	23,821	20,000
Commissions	33,651	31,325
Hiring charges	5,383	1,735
Gaming revenue	1,926,963	1,899,608
	<u>2,531,562</u>	<u>2,451,607</u>
Other revenue:		
Dividends received	800	800
Sundry income	2,245	23,771
	<u>3,045</u>	<u>24,571</u>
Total revenue	<u>2,534,607</u>	<u>2,476,178</u>
Interest calculated using the effective interest rate method:		
financial institutions	405	121
	<u>405</u>	<u>121</u>
<i>Disaggregation of revenue</i>		
The disaggregation of revenue from contracts with customers is as follows:		
Timing of revenue recognition		
Goods transferred at a point in time	2,503,766	2,421,234
Service transferred over time	27,796	30,373
	<u>2,531,562</u>	<u>2,451,607</u>
Note 3: Other Income		
Profit/(Loss) on sale of fixed assets	32,000	17,031
Total other income	<u>32,000</u>	<u>17,031</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	Restated 2021 \$
Note 4: Expenses		
(a) Significant expenses		
Cost of goods sold	165,872	163,295
Depreciation		
- Property, plant and equipment	458,012	362,560
- Leases	11,198	15,162
Electricity and gas	99,284	74,941
Members amenities	202,257	189,073
Poker machine tax	278,748	246,124
Repairs and maintenance	91,087	66,763
Salaries and wages	542,882	538,518
Superannuation	54,141	48,206
Note 5: Income Tax Expense		
(a) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on profit from ordinary activities before income tax at 25% (2021: 26%)	46,981	59,563
Less: Tax effect of;		
Non-assessable profit from members	(39,557)	(47,349)
Tax losses not brought to account	-	-
	<u>(39,557)</u>	<u>(47,349)</u>
Income tax expense attributable to the co-operative	<u>7,424</u>	<u>12,214</u>
Note 6: Cash and Cash Equivalents		
Cash on hand	85,250	75,250
Cash at bank	2,181,184	2,089,681
	<u>2,266,434</u>	<u>2,164,931</u>
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>		
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:		
Balances as above	<u>2,266,434</u>	<u>2,164,931</u>
Balance as per statement of cash flows	<u>2,266,434</u>	<u>2,164,931</u>

SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	Restated 2021 \$
Note 7: Inventories		
CURRENT		
Stock on Hand		
- Bar	<u>14,609</u>	<u>14,844</u>
	<u>14,609</u>	<u>14,844</u>
Note 8: Investments and Other Financial Assets		
(a) Financial assets at fair value through profit or loss		
- shares in unlisted corporations, at cost	10,000	10,000
(b) Financial assets at amortised cost (current)		
Financial assets at amortised cost under AASB 9		
- tab deposit bond	<u>5,000</u>	<u>5,000</u>
	<u>15,000</u>	<u>15,000</u>
Note 9: Other Assets		
CURRENT		
Prepayments	<u>38,794</u>	<u>35,094</u>
	<u>38,794</u>	<u>35,094</u>
Note 10: Property, Plant & Equipment		
Land and buildings (at cost)		
Land and Buildings	3,962,723	3,889,242
Less: Accumulated depreciation	<u>(2,413,679)</u>	<u>(2,332,661)</u>
Total Land and Buildings	<u>1,549,044</u>	<u>1,556,581</u>
Plant and Equipment (at cost)		
Plant and Equipment	2,540,241	2,226,622
Less: Accumulated depreciation	<u>(1,721,187)</u>	<u>(1,575,139)</u>
	<u>819,054</u>	<u>651,483</u>
Poker Machines	2,233,098	2,175,908
Less: Accumulated depreciation	<u>(1,775,477)</u>	<u>(1,660,482)</u>
	<u>457,621</u>	<u>515,426</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	Restated 2021 \$
Motor Vehicles	72,904	72,904
Less: Accumulated depreciation	<u>(60,143)</u>	<u>(57,590)</u>
	<u>12,761</u>	<u>15,314</u>
Total Plant and Equipment	<u>1,289,436</u>	<u>1,182,223</u>
Total Property, Plant and Equipment	<u>2,838,480</u>	<u>2,738,804</u>

(a) Movements in carrying amounts

	Land and Buildings \$	Plant and Equipment \$	Total \$
Balance at the beginning of the period	1,556,581	1,182,223	2,738,804
Additions	73,481	471,506	544,987
Disposals	-	-	-
Transfers	-	12,701	12,701
Depreciation expense	<u>(81,018)</u>	<u>(376,994)</u>	<u>(458,012)</u>
Carrying amount at the end of the period	<u>1,549,044</u>	<u>1,289,436</u>	<u>2,838,480</u>

Note 11: Right-of-Use Assets

Plant and Equipment (at cost)

Plant and Equipment	55,992	55,992
Less: Accumulated depreciation	<u>(43,071)</u>	<u>(19,172)</u>
Total Property, Plant and Equipment	<u>12,921</u>	<u>36,820</u>

(a) Movements in carrying amounts

	Plant and Equipment \$	Total \$
Balance at the beginning of the period	36,820	36,820
Additions	-	-
Disposals	-	-
Transfers	(12,701)	(12,701)
Depreciation expense	<u>(11,198)</u>	<u>(11,198)</u>
Carrying amount at the end of the period	<u>12,921</u>	<u>12,921</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	Restated 2021 \$
Note 12: Intangible Assets		
Poker machine entitlements (at fair value)	375,000	375,000
Less: accumulated impairment losses	-	-
	<u>375,000</u>	<u>375,000</u>

Poker Machine Entitlements

Poker machine entitlements are assessed as having an indefinite useful life. The measurement and recognition criteria is outlined in Note 1 to the financial statements

Poker machine entitlements have been impairment tested using calculations of the higher of fair value less costs to sell and value in use. The directors believe that the carrying amount of poker machine entitlements are not impaired and impairment testing will be conducted at 31 December 2023.

Note 13: Leases

Lease liabilities are presented in the statement of financial position as follows:

CURRENT

Lease liability	10,911	12,452
Total Current Lease liability	<u>10,911</u>	<u>12,452</u>

NON-CURRENT

Lease liability	6,231	17,143
Total Non-Current Lease liability	<u>6,231</u>	<u>17,143</u>
Total Lease liability	<u>17,142</u>	<u>29,595</u>

The Cooperative has leases for the CRT facilities, and poker machines. With the exception of short-term leases and leases of low-value underlying assets, each lease is reflected on the balance sheet as a leased asset and a lease liability. Variable lease payments which do not depend on an index or a rate are excluded from the initial measurement of the lease liability and asset. The Cooperative classifies its leased assets in a consistent manner to its property, plant and equipment (see Note 11).

Note 14: Trade and Other Payables

CURRENT

Trade payables	10,752	84,049
Paid up capital	8,554	8,554
Other payables and accruals	104,848	67,926
	<u>124,154</u>	<u>160,529</u>

Note 15: Financial Liabilities

CURRENT

Credit card	67	763
	<u>67</u>	<u>763</u>

(a) The unused finance facilities are:

Bank overdraft	30,000	30,000
Credit Card	2,933	2,237
	<u>32,933</u>	<u>32,237</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	Restated 2021 \$
Note 16: Provisions		
CURRENT		
Provision for employee benefits	<u>202,935</u>	<u>166,666</u>
	<u>202,935</u>	<u>166,666</u>
NON-CURRENT		
Provision for employee benefits	<u>14,720</u>	<u>9,749</u>
	<u>14,720</u>	<u>9,749</u>

Provision for employee benefits

A provision has been recognised for employee entitlements relating to annual and long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Note 17: Contract Liabilities

CURRENT		
Income received in advance	20,822	19,045
Poker machine jackpot provision	<u>58,483</u>	<u>46,941</u>
	<u>79,305</u>	<u>65,986</u>

Provision for poker machine jackpots

Provision has been made for poker machine jackpots representing the liability accrued as a result of turnover on poker machines in excess of the minimum jackpot amount.

Note 18: Tax assets and liabilities

(a) Liabilities

CURRENT		
Income tax	<u>7,424</u>	<u>12,214</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022 \$	Restated 2021 \$
Note 19: Cash Flow Information		
(a) Reconciliation of cash		
Cash and cash equivalents	<u>2,266,434</u>	<u>2,164,931</u>
	<u>2,266,434</u>	<u>2,164,931</u>
(b) Reconciliation of cash flow from operations with profit from ordinary activities after income tax expense		
Profit from ordinary activities after income tax expense	180,500	216,874
Non cash flows in profit from ordinary activities:		
Depreciation and amortisation	469,218	479,824
(Profit)/Loss on sale of fixed assets	(32,000)	(17,031)
Changes in Assets and Liabilities:		
(Increase)/decrease in inventories	235	2,360
(Increase)/decrease in prepaid expenses	(3,700)	13,195
Increase/(decrease) in creditors and accruals	(36,375)	21,775
Increase/(decrease) in provisions	41,240	33,372
Increase/(decrease) in other liabilities	13,319	1,466
Increase/(decrease) in income taxes payable	(4,790)	(77,320)
Cash flows from operations	<u>627,647</u>	<u>674,515</u>

(c) Non-cash Financing and Investing Activities

There were no non-cash financing or investing activities during the period.

Note 20: Capital Commitments

(a) Capital Expenditure Commitments

As at 31 December 2022, the co-operative had not engaged in any capital commitments. (2021 Nil)

Note 21: Events After the End of the Reporting Period

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

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

	2022	Restated
	\$	2021
		\$

Note 22: Related Party Transactions

Key Management Personnel

The totals of remuneration paid to key management personnel (KMP) during the year are as follows:

Key management personnel compensation	<u>286,850</u>	<u>277,682</u>
Number of persons	<u>3</u>	<u>3</u>

Other Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. There are no identified transactions with other related parties.

Note 23: Auditors' Remuneration

During the financial year the following fees were paid or payable for services provided by JG Audit & Assurance, the auditor of the company (Skybridge Financial 2021):

Audit of the financial statements	<u>8,500</u>	<u>8,500</u>
Other allowable services	<u>-</u>	<u>-</u>
	<u>8,500</u>	<u>8,500</u>

Note 24: Co-operative Details

The registered office and principal place of business is:

South Grafton District Ex-Servicemen's Club Co-operative Limited
2 Wharf Street
SOUTH GRAFTON NSW 2460

**SOUTH GRAFTON DISTRICT EX-SERVICEMEN'S CLUB CO-OPERATIVE LTD
ABN 61 200 799 714**

**DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

The directors of the co-operative declare that:

1. the financial statements and notes are in accordance with the Co-operatives National Law (NSW) , and:
 - (a) comply with Accounting Standards - Simplified Disclosures and the Co-operatives National Regulations; and
 - (b) gives a true and fair view of the financial position as at 31 December 2022 and of the performance for the period ended on that date of the co-operative;
2. in the directors' opinion there are reasonable grounds to believe that the co-operative will be able to pay its debts as and when they become due and payable.

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



Christian Gosewisch
President

Dated: 27 February 2023

Independent Audit Report to the members of South Grafton Ex-Servicemen's Club Co-Operative Limited

Opinion

I have audited the financial report of South Grafton Ex-Servicemen's Club Co-Operative Limited (the Co-operative), which comprises the statement of financial position as at 31 December 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial report of South Grafton Ex-Servicemen's Club Co-Operative Limited, is in accordance with the *Co-operatives (Adoption of National Law) Act 2012 (NSW)* and the *Co-Operatives National Regulation 2013 (NSW)*, including:

- Giving a true and fair view of the registered entity's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- Complying with the Australian Accounting Standards – Reduced Disclosures Regime.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Entity in accordance with the ethical requirements of the *Corporations Act 2001* and 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

I confirm that the independence declaration required by the *Corporation Act 2001*, which has been given to the directors of the Co-operative, would be in the same terms if given to the directors as at the time of this auditors report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the directors for the financial report

The directors of the Co-operative is responsible for the preparation of the financial report that gives a true and fair view in accordance with the financial reporting requirements of the *Co-operatives (Adoption of National Law) Act 2012 (NSW)* and the *Co-Operatives National Regulation 2013 (NSW)* and is appropriate to meet the needs of the members. The director's responsibility also includes such internal control the directors determine are necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Co-operative'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 management either intends to liquidate the co-operative or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objective is 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 my 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 Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 procedure that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Co-operative.
- Conclude on the appropriateness of the Co-operative's use of the going concern basis or 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 Co-operative's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Co-operative 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 a true and fair view.

I communicate with the Co-operative regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Jessica Galvin

Registered Company Audit Number: 476 815

Dated: 10 March 2023