



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

2020 Annual Report

OFFICE BEARERS

| | |
|---------------------------|---|
| President: | Ian Bell |
| Vice President: | Andrew McGill |
| Directors: | Christiaan Gosewisch June Allen Alan Ryall Andrew Collen Sharon Darby |
| Secretary Manager: | Debbie Welsh |
| Solicitors: | Piggott Stinson & Thompson Greer |
| Accountants: | Crowe |
| Auditor: | Kennedy Saunders |

{This page has been intentionally left blank }

NOTICE OF ANNUAL GENERAL MEETING

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 3rd May 2021 commencing at 6.00pm.

Items of Business

1. Apologies
2. To confirm the minutes of the last Annual General Meeting dated 13 July 2020.
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 2020 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.

NOTICE OF MOTION - To change name of current auditors Kennedy Saunders (resigned) and appoint Skybridge Financial. It is resolved to continue with the appointment of Skybridge Financial as auditors for future financial year's.

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;

NOTICE OF ANNUAL GENERAL MEETING

- (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.

On behalf of my fellow directors, I would like to welcome all our members to the 2021 AGM. I would also like to thank our members for their support through the year.

There is no doubt that 2020 was a tumultuous year for everyone, so to be able to record a profit of \$548835.00 in such trying times is a credit to the management of our great club, especially when you consider the club was forced to close for nearly 3 months

Congratulations to Debbie Welsh and her staff for such an outstanding result.

With the gradual easing of restrictions in the community and within the club, it is hoped that we can continue to update amenities further and get back to some sort of normal.

Lastly, thank you to the directors of the club for your help and support throughout the year. We all look forward to the club continuing to expand our membership, with a focus on attracting younger members, whilst still affording our existing members the facilities our club has to offer. Thank you

Ian Bell
President

SECRETARY MANAGERS REPORT

It is with pleasure I present this report showing a trading profit of \$548835.00. Total cash in the bank as of 31st December 2020 \$1649451.00 EBTIDA is 37.53% which is above industry benchmark of 15%. Monies spent on the club in 2020. New amenities in the Poker Machine room, New carpet in the main area of club and poker machine room. Purchase of 5 new poker machines, New Coffee machine and TV in main area. Install 2 new cash registers, new membership card printer, 2 new computers and 2 new compressors in cool rooms. Sliding doors tinted, purchased new Ice Machine Total cost \$378441.91+ \$35317.28 on repairs and maintenance. This is the first year we have had to pay tax a total of \$89533.67

This has been a very trying year due to COVID, club was closed for nearly 3 months and so many stipulations and rules made trading very difficult. Hopefully we have no more clusters and can move forward this year.

Thank you to President Mr Ian Bell, Vice President Mr Andy McGill and Directors for your support during the year.

To the Management Team Operations Manager - Suzette Collen and Gaming Manager -Bridie Tiles a huge thank you for your support and dedication to the club. To all the staff thank you

Thank you to the members for your patronage throughout the year, without you we have no club.

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

Debbie Welsh

Secretary Manager

DIRECTOR'S NOMINATIONS

Bell Ian - Member No. 1561

Occupation- Asset Inspector with Essential Energy, been with the company for 21 years.

First elected to the board of South Services in 2009.

Held positions as Director, Deputy President and Vice President before being elected President in 2015, a position I proudly held for 3 years.

I did not nominate for the board in 2018, before returning as Vice President in 2019.

I was fortunate enough to be re-elected as President at the 2019 AGM, a position I currently hold.

Sincerely, Ian Bell.

McGill Andrew – Member No. 52

I started work at South Grafton Ex-Servicemen's in September 1976 and continued working there till my retirement in 2015. In 2016 I put my name forward for the Board of Directors and was elected for the next 5 years. I will put my name forward again in 2021 for President, Deputy President and board of Director. Thank you for your support during this time.

Allen June – Member No. 1459

I have been a Director of the South Grafton Ex-Servicemen's Club for five years, during this time I have been coordinator of the Wednesday mixed social bowlers, we have membership of approx. 20, some play every week, while other members play when work and time permits, we stay on at the club for lunch. It's great to catch up with friends. I also help out at the raffles or any other time when called upon. And attend monthly board meetings. During the last four years there have been many necessary improvements made at the club, for the benefit of our members, which I support and continue to do so if returned to the Board.

COLLEN Andrew - Member No. 3012

I've lived in South Grafton most of my life. I'm married with 4 children and 10 grandchildren. I have assisted with cleaning up the club after the 2013 floods and I enjoy lending a hand to the Friday night raffles. I have been employed with Clarence Valley Council for the past 23 years. The past 7 years as Supervisor, Civil Section (roads, drains responsible for Grafton/South Grafton to the west and north of Copmanhurst towards Tabulam and the Gwyder). Responsible for 26 full time employees delegating and monitoring their work. I have been on the WHS and Joint Consultee committee for 19 years. I am responsible for a working budget of \$2.4 million. With this experience I believe I would make a responsible Director to guide our Club for its best future.

Darby Sharon- Member No. 1009

I was born in Runnymede Hospital Grafton in 1955. I attended South Grafton Primary and High School, I left High School in 1970 and two days later I started my first job at Big River Timbers, better known as Pidcocks Veneer Mill, I was there for two years and decided to move to Queensland. I worked in a Service Station at Indoorpilly until I decided to shift back to South Grafton to be with my family. I was only home a week and was offered two jobs one as a barmaid at Walkers Marina Hotel and one at Gordon Woods Mitsubishi Motors as a car detailer for four years. I decided to resign from Gordon Woods to pursue my career in the hotel industry and have done so ever since until I retired in March of 2019.

FORWELL Peter – Member No. 4084

I am Alan Peter Forwell, known as Peter Forwell I am 71 years old truck driver retired. I have lived in South Grafton community for over 65 years my wife and I have raised four adult children. I have played an active role in many communities based organisation from junior sporting clubs to social & fundraising organisation. I went on to be active member South Grafton junior soccer supporting fundraising and as a key organiser of carnivals and other events. I then went on to be a founding member of the over 40's completion for the soccer to ensure there was an active community for the fathers of junior players to be involved. As president of the truck drivers social club for many years I was responsible for growing the club's membership to its highest number and raised over \$40,000 for a fund for injured truck drivers. During this time as president I began the annual truck parade and truckies ball held over the long weekend. This was used to raise money for local charities many successful functions resulted in secured large donations.

GOSEWISCH Christiaan- Member No : 2819

During my 11 years on the Board, 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. Now with relaxing covid restrictions , my hope is we can have a better year for our members to enjoy themselves. More music and dancing

RYALL Alan Stephen – Member No 854

I am seeking re-election to the board of the South Grafton District Ex-Servicemen's Club. I am currently employed as the Maintenance Officer for the Grafton Aged Care Home. I have been a member on the board for 8 years and it has been both rewarding and very challenging but working as part of a good team we have experienced a great turnaround in the club's financial position .During my working career I have held various positions in the Club and Hotel industry and at present am the Licensee for the Grafton Show and Showground Trust. I have completed the Clubs NSW Finance for Club Boards Course. Over the years I have served on many Boards and Committees including Charitable, Military and Sporting associations including Treasurer for the S.G.R.S.L. Sub-branch and the Lawrence Rodeo.

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

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Your directors present their report on the co-operative for the year ended 31 December 2020.

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 37.53% was achieved which is above the 15% industry benchmark (2019: 25.56%).
- Profit, after income tax expense, for the financial year was \$548,835 compared to the 2019 profit of \$643,697.
- Operating Cash Flow for the financial year was \$949,851 compared to the 2019 operating cash flow of \$1,148,161.
- the co-operative has complied with all Workplace Health and Safety Employment and Environmental requirements.

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

DIRECTORS REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

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 |
|-----------------------|---------------------------------|---------------------------|--------------------------------------|
| Ian Bell | President | 1 Year | Essential Energy |
| Andrew McGill | Vice President | 6 Years | Retired |
| Christiaan Gosewisch | Director | 10 Years | Business Owner Company Director |
| June Allen | Director | 5 Years | Retired |
| Alan Ryall | Director | 7 Years | Coach Driver |
| Andrew Collen | Director | 1 Year | Council Supervisor |
| Sharon Darby | Director | 1.5 Year | Retired |

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 |
| Andrew McGill | 11 | 11 |
| Ian Bell | 11 | 11 |
| Christiaan Gosewisch | 11 | 11 |
| June Allen | 11 | 11 |
| Alan Ryall | 11 | 8 |
| Andrew Collen | 11 | 11 |
| Sharon Darby | 11 | 11 |

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:



Ian Bell
President

Dated: 1 March 2021

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|--|---------|----------------|----------------|
| Revenues | 2 | 2,298,837 | 3,626,250 |
| Interest revenue calculated using the effective interest rate method | 2 | 204 | 382 |
| Other income | 3 | 586,300 | 378,399 |
| Cost of goods sold | 4 | (162,654) | (305,983) |
| Depreciation | | (443,708) | (377,722) |
| Employee benefits expense | | (658,415) | (810,361) |
| Finance costs | | (724) | (2,213) |
| Gaming expenses | | (358,652) | (536,743) |
| Members amenities and entertainment | | (195,498) | (639,188) |
| Occupancy expenses | | (287,957) | (460,975) |
| Other expenses | | (139,365) | (228,149) |
| Profit before income tax expense | | 638,368 | 643,697 |
| Income tax expense | 1(b); 5 | (89,533) | - |
| Profit after income tax expense | | 548,835 | 643,697 |
| Other comprehensive income | | | |
| Net loss on revaluation of poker machine entitlements | | - | - |
| Other comprehensive income for the year, net of tax | | - | - |
| Total comprehensive income for the year | | 548,835 | 643,697 |

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

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|------------------|------------------|
| ASSETS | | | |
| CURRENT ASSETS | | | |
| Cash and cash equivalents | 6 | 1,724,701 | 1,136,995 |
| Trade and other receivables | 7 | - | 1,412 |
| Inventories | 8 | 17,204 | 14,683 |
| Investments and other financial assets | 9 | 15,000 | 15,000 |
| Other current assets | 10 | 48,289 | 40,699 |
| TOTAL CURRENT ASSETS | | 1,805,194 | 1,208,789 |
| NON CURRENT ASSETS | | | |
| Property, plant and equipment | 11 | 3,769,818 | 3,827,439 |
| Intangible assets | 13 | 375,000 | 375,000 |
| Right-of-Use assets | 12 | 78,694 | 58,531 |
| TOTAL NON CURRENT ASSETS | | 4,223,512 | 4,260,970 |
| TOTAL ASSETS | | 6,028,706 | 5,469,759 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Leases | 14 | 57,304 | 41,627 |
| Trade and other payables | 15 | 138,754 | 202,570 |
| Financial liabilities | 16 | - | 872 |
| Current tax liabilities | 19 | 89,534 | |
| Provisions | 17 | 137,120 | 138,287 |
| Contract liabilities | 18 | 64,520 | 71,366 |
| TOTAL CURRENT LIABILITIES | | 487,232 | 454,722 |
| NON CURRENT LIABILITIES | | | |
| Provisions | 17 | 5,923 | 28,321 |
| TOTAL NON CURRENT LIABILITIES | | 5,923 | 28,321 |
| TOTAL LIABILITIES | | 493,155 | 483,043 |
| NET ASSETS | | 5,535,551 | 4,986,716 |
| EQUITY | | | |
| Reserves | | 977,434 | 977,434 |
| Retained earnings | | 4,558,117 | 4,009,282 |
| TOTAL EQUITY | | 5,535,551 | 4,986,716 |

The accompanying notes form part of these financial statements.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Asset Revaluation Reserve \$ | Retained Earnings \$ | Total \$ |
|---|---------------------------------------|----------------------------|------------------|
| Balance at 01 January 2019 | 977,434 | 3,365,585 | 4,343,019 |
| Profit after income tax expense | - | 643,697 | 643,697 |
| Total other comprehensive income for the period | - | - | - |
| Balance at 31 December 2019 | <u>977,434</u> | <u>4,009,282</u> | <u>4,986,716</u> |
| Profit after income tax expense | - | 548,835 | 548,835 |
| Total other comprehensive income for the period | - | - | - |
| Balance at 31 December 2020 | <u>977,434</u> | <u>4,558,117</u> | <u>5,535,551</u> |

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | Note | 2020 \$ | 2019 \$ |
|---|--------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts from customers | | 3,096,579 | 4,445,551 |
| Payments to suppliers and employees | | (2,146,208) | (3,295,558) |
| Interest received | | 204 | 382 |
| Finance costs | | (724) | (2,213) |
| Net cash provided by operating activities | 20 (b) | <u>949,851</u> | <u>1,148,162</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from sale of property, plant and equipment | | 29,500 | 749 |
| Purchase of property, plant and equipment | | (406,450) | (981,833) |
| Net cash used in investing activities | | <u>(376,950)</u> | <u>(981,084)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from borrowings | | - | - |
| Repayment of borrowings | | - | - |
| Proceeds from lease liabilities | | 63,505 | 69,854 |
| Repayment of lease liabilities | | (48,700) | (170,805) |
| Net cash used in financing activities | | <u>14,805</u> | <u>(100,951)</u> |
| Net increase in cash held | | 587,706 | 66,127 |
| Cash at the beginning of the financial year | | <u>1,136,995</u> | <u>1,070,868</u> |
| Cash at the end of the financial year | 20 (a) | <u>1,724,701</u> | <u>1,136,995</u> |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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 - Reduced Disclosure Requirements 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 (q).

The financial statements were authorised for issue, in accordance with a resolution of directors, on 1 March 2021.

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 2020

(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 2020

(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 2020

(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.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

(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) Asset Revaluation Reserve

Asset revaluation reserve captures the gains from the revaluation of land, buildings and poker machine entitlements owned by the co-operative.

(p) 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 2020

(q) 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.

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

New and amended standards and interpretations

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.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(s) Comparative Figures

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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

In order to provide more relevant reporting to the users of the financial statements and to ensure the financial statements comply with AASB 101 Presentation of Financial Statements, the allocation of some items in the Statement of Profit Loss and Other Comprehensive Income have been restated. 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 2019 \$ | Effect of Restatement \$ | Restated 2019 \$ |
|---|------------------------|--------------------------------|------------------------|
| STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME | | | |
| Revenues | 4,004,649 | (378,399) | 3,626,250 |
| Other income | - | 378,399 | 378,399 |
| Profit before income tax expense | <u>643,697</u> | <u>-</u> | <u>643,697</u> |
| Income tax expense | - | - | - |
| Total comprehensive income for the year | <u>643,697</u> | <u>-</u> | <u>643,697</u> |
| STATEMENT OF FINANCIAL POSITION | | | |
| CURRENT LIABILITIES | | | |
| Provisions | 183,247 | (44,960) | 138,287 |
| Contract liabilities | 26,406 | 44,960 | 71,366 |
| TOTAL CURRENT LIABILITIES | <u>454,722</u> | <u>-</u> | <u>454,722</u> |
| TOTAL LIABILITIES | <u>483,043</u> | <u>-</u> | <u>483,043</u> |
| NET ASSETS | <u>4,986,716</u> | <u>-</u> | <u>4,986,716</u> |
| TOTAL EQUITY | <u>4,986,716</u> | <u>-</u> | <u>4,986,716</u> |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Note 2: Revenue | | |
| Revenue from contracts with customers | | |
| Bar trading | 366,459 | 696,722 |
| Catering trading | 12,192 | 45,697 |
| Total sales revenue | <u>378,651</u> | <u>742,419</u> |
| Membership subscriptions and fees | 31,883 | 42,057 |
| Raffle income | 99,312 | 227,844 |
| Bingo income | 22,935 | 113,679 |
| Commissions | 29,890 | 44,836 |
| Rent & Reimbursements | 18,156 | 47,631 |
| Hiring charges | 3,364 | 9,933 |
| Gaming revenue | 1,690,544 | 2,333,458 |
| | <u>2,274,735</u> | <u>3,561,857</u> |
| Other revenue: | | |
| Dividends received | 800 | 800 |
| Sundry income | 23,302 | 63,593 |
| | <u>24,102</u> | <u>64,393</u> |
| Total revenue | <u>2,298,837</u> | <u>3,626,250</u> |
| Interest calculated using the effective interest rate method: | | |
| financial institutions | 204 | 382 |
| | <u>204</u> | <u>382</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 | 2,242,852 | 3,519,800 |
| Service transferred over time | 31,883 | 42,057 |
| | <u>2,274,735</u> | <u>3,561,857</u> |
| Note 3: Other Income | | |
| Profit/(Loss) on sale of fixed assets | 29,300 | (45,396) |
| Government stimulus | 307,000 | - |
| Insurance recoveries | 250,000 | 423,795 |
| Total other income | <u>586,300</u> | <u>378,399</u> |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Note 4: Expenses | | |
| (a) Significant expenses | | |
| Cost of goods sold | 162,654 | 305,983 |
| Depreciation | | |
| - Property, plant and equipment | 424,215 | 362,560 |
| - Leases | 19,492 | 15,162 |
| Electricity and gas | 99,184 | 141,615 |
| Members amenities | 195,498 | 639,188 |
| Poker machine tax | 244,952 | 353,124 |
| Repairs and maintenance | 76,660 | 222,239 |
| Salaries and wages | 608,702 | 689,915 |
| Superannuation | 49,978 | 62,476 |
| 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 27.5% (2019: 30%) | 175,551 | 193,109 |
| Less: Tax effect of; | | |
| Non-assessable profit from members | (86,018) | (45,324) |
| Tax losses not brought to account | - | (150,705) |
| | <u>(86,018)</u> | <u>(196,029)</u> |
| Income tax expense attributable to the co-operative | <u>89,533</u> | <u>(2,920)</u> |
| Note 6: Cash and Cash Equivalents | | |
| Cash on hand | 75,250 | 75,250 |
| Cash at bank | 1,649,451 | 1,061,745 |
| | <u>1,724,701</u> | <u>1,136,995</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>1,724,701</u> | <u>1,136,995</u> |
| Balance as per statement of cash flows | <u>1,724,701</u> | <u>1,136,995</u> |
| Note 7: Trade and Other Receivables | | |
| <u>Expected to be settled within 12 months</u> | | |
| Trade receivables | - | 1,412 |
| | <u>-</u> | <u>1,412</u> |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| Note 8: Inventories | | |
| CURRENT | | |
| Stock on Hand | | |
| - Bar | 16,801 | 14,683 |
| - Other | 403 | - |
| | <u>17,204</u> | <u>14,683</u> |
| Note 9: 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 | 5,000 | 5,000 |
| | <u>15,000</u> | <u>15,000</u> |
| Note 10: Other Assets | | |
| CURRENT | | |
| Prepayments | 48,289 | 40,699 |
| | <u>48,289</u> | <u>40,699</u> |
| Note 11: Property, Plant & Equipment | | |
| Land and buildings (at cost) | | |
| Land and Buildings | 4,691,798 | 4,691,798 |
| Less: Accumulated depreciation | (2,252,003) | (2,170,988) |
| Total Land and Buildings | <u>2,439,795</u> | <u>2,520,810</u> |
| Plant and Equipment (at cost) | | |
| Plant and Equipment | 2,149,967 | 2,046,203 |
| Less: Accumulated depreciation | (1,432,758) | (1,414,047) |
| | <u>717,209</u> | <u>632,156</u> |
| Poker Machines | 2,053,113 | 2,028,431 |
| Less: Accumulated depreciation | (1,458,988) | (1,353,958) |
| | <u>594,125</u> | <u>674,473</u> |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 \$ | 2019 \$ |
|-------------------------------------|------------------|------------------|
| Motor Vehicles | 72,904 | 24,536 |
| Less: Accumulated depreciation | <u>(54,215)</u> | <u>(24,536)</u> |
| | <u>18,689</u> | <u>-</u> |
| Total Plant and Equipment | <u>1,330,023</u> | <u>1,306,629</u> |
| Total Property, Plant and Equipment | <u>3,769,818</u> | <u>3,827,439</u> |

(a) Movements in carrying amounts

| | Land and Buildings \$ | Plant and Equipment \$ | Total \$ |
|--|-----------------------------|------------------------------|------------------|
| Balance at the beginning of the period | 2,520,810 | 1,306,629 | 3,827,439 |
| Additions | - | 342,946 | 342,946 |
| Disposals | - | (201) | (201) |
| Transfers | - | 23,849 | 23,849 |
| Depreciation expense | <u>(81,015)</u> | <u>(343,200)</u> | <u>(424,215)</u> |
| Carrying amount at the end of the period | <u>2,439,795</u> | <u>1,330,023</u> | <u>3,769,818</u> |

Note 12: Right-of-Use Assets

Plant and Equipment (at cost)

| | | |
|-------------------------------------|-----------------|-----------------|
| Plant and Equipment | 106,104 | 68,245 |
| Less: Accumulated depreciation | <u>(27,410)</u> | <u>(31,768)</u> |
| | <u>78,694</u> | <u>36,477</u> |
| Motor Vehicles | - | 48,368 |
| Less: Accumulated depreciation | <u>-</u> | <u>(26,314)</u> |
| | <u>-</u> | <u>22,054</u> |
| Total Plant and Equipment | <u>78,694</u> | <u>58,531</u> |
| Total Property, Plant and Equipment | <u>78,694</u> | <u>58,531</u> |

(a) Movements in carrying amounts

| | Plant and Equipment \$ | Total \$ |
|--|------------------------------|-----------------|
| Balance at the beginning of the period | 58,531 | 58,531 |
| Additions | 63,504 | 63,504 |
| Disposals | - | - |
| Transfers | (23,849) | (23,849) |
| Depreciation expense | <u>(19,492)</u> | <u>(19,492)</u> |
| Carrying amount at the end of the period | <u>78,694</u> | <u>78,694</u> |

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| Note 13: 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 2021. | | |
| Note 14: Leases | | |
| Lease liabilities are presented in the statement of financial position as follows: | | |
| CURRENT | | |
| Lease liability | 40,877 | 19,638 |
| Total Current Lease liability | <u>40,877</u> | <u>19,638</u> |
| NON-CURRENT | | |
| Lease liability | 16,427 | 21,989 |
| Total Non-Current Lease liability | <u>16,427</u> | <u>21,989</u> |
| Total Lease liability | <u>57,304</u> | <u>41,627</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 15: Trade and Other Payables | | |
| CURRENT | | |
| Trade payables | 35,831 | 109,556 |
| Paid up capital | 8,554 | 8,554 |
| Other payables and accruals | 94,369 | 84,460 |
| | <u>138,754</u> | <u>202,570</u> |
| Note 16: Financial Liabilities | | |
| CURRENT | | |
| Credit card | - | 872 |
| | <u>-</u> | <u>872</u> |
| (b) The unused finance facilities are: | | |
| Bank overdraft | 30,000 | 30,000 |
| Credit Card | 3,000 | 2,128 |
| | <u>33,000</u> | <u>32,128</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 \$ | 2019 \$ |
|---------------------------------|----------------|----------------|
| Note 17: Provisions | | |
| CURRENT | | |
| Provision for employee benefits | <u>137,120</u> | <u>138,287</u> |
| | <u>137,120</u> | <u>138,287</u> |
| NON-CURRENT | | |
| Provision for employee benefits | <u>5,923</u> | <u>28,321</u> |
| | <u>5,923</u> | <u>28,321</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 18: Contract Liabilities

| | | |
|---------------------------------|---------------|---------------|
| CURRENT | | |
| Income received in advance | 25,521 | 26,406 |
| Poker machine jackpot provision | <u>38,999</u> | <u>44,960</u> |
| | <u>64,520</u> | <u>71,366</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 19: Tax assets and liabilities

(a) Liabilities

| | | |
|------------|---------------|----------|
| CURRENT | | |
| Income tax | <u>89,534</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| Note 20: Cash Flow Information | | |
| (a) Reconciliation of cash | | |
| Cash and cash equivalents | <u>1,724,701</u> | <u>1,136,995</u> |
| | <u>1,724,701</u> | <u>1,136,995</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 | 548,835 | 643,697 |
| Non cash flows in profit from ordinary activities: | | |
| Depreciation and amortisation | 443,708 | 377,722 |
| Loss on sale of fixed assets | (29,300) | 45,396 |
| Changes in Assets and Liabilities: | | |
| (Increase)/decrease in trade and other receivables | 1,412 | (229) |
| (Increase)/decrease in inventories | (2,521) | 3,645 |
| (Increase)/decrease in prepaid expenses | (7,590) | (3,326) |
| Increase/(decrease) in creditors and accruals | (63,816) | 22,691 |
| Increase/(decrease) in provisions | (23,565) | 23,642 |
| Increase/(decrease) in other liabilities | (6,846) | 34,924 |
| Increase/(decrease) in income taxes payable | 89,534 | - |
| Cash flows from operations | <u>949,851</u> | <u>1,148,162</u> |

(c) Non-cash Financing and Investing Activities

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

Note 21: Capital Commitments

(a) Capital Expenditure Commitments

As at 31 December 2020, the co-operative had not engaged in any capital commitments.

Note 22: 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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

| | 2020 | 2019 |
|--|------|------|
| | \$ | \$ |

Note 23: Financial Risk Management

The co-operative's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable and leases.

The following information classifies the financial instruments into measurement classes:

Financial assets

| | | | |
|--|---|------------------|------------------|
| Cash and cash equivalents | 6 | 1,724,701 | 1,136,995 |
| Loans and receivables | 7 | - | 1,412 |
| Financial assets at fair value through profit and loss | 9 | 10,000 | 10,000 |
| Financial assets at amortised cost | 9 | 5,000 | 5,000 |
| | | 1,734,701 | 1,148,407 |

Financial liabilities

| | | | |
|--|----|----------------|----------------|
| Financial liabilities at amortised cost: | | | |
| Trade and other payables | 15 | 138,754 | 202,570 |
| Lease liabilities | 14 | 57,304 | 41,627 |
| Borrowings | 16 | - | 872 |
| | | 196,058 | 245,069 |

Note 24: 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 | 281,492 | 269,329 |
| Number of persons | 3 | 3 |

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 25: 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-OP LTD
ABN 61 200 799 714

DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2020

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 - Reduced Disclosure Requirements and the Co-operatives National Regulations; and
 - (b) gives a true and fair view of the financial position as at 31 December 2020 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:

A handwritten signature in blue ink that reads "Ian Bell". The signature is written in a cursive, flowing style.

Ian Bell
President

Dated: 1 March 2021



South Grafton Ex-Servicemen's Club Co-operative Limited
Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of South Grafton Ex-Servicemen's Club Co-operative Limited (the Club), which comprises the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion the accompanying financial report of the Club has been prepared in accordance with the Co-operatives National Law (NSW) and the Co-operatives National Regulation (NSW), including:

- (i) giving a true and fair view of the Club's financial position as at 31 December 2020 and of its financial performance and its cash flows for the year ended on that date; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Regime.

Basis for Opinion

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

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

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the directors' report but does not include the financial report and the auditor's report thereon.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Regime, the Co-operatives National Law (NSW) and the Co-operatives National Regulation (NSW) and for such internal control as the directors determine is 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 Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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


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

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

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

Skybridge Financial Pty Ltd
ABN 86 024 398 385



John Malcolm
Registered Company Auditor #3953

Dated this 2nd day of March 2021