

Granville Diggers Club Limited

ABN 63 085 849 902

Annual Report - 31 December 2022

Granville Diggers Club Limited
Directors' report
31 December 2022

The directors present their report, together with the financial statements, on Granville Diggers Club Limited (the 'Company') for the year ended 31 December 2022.

Directors

The following persons were directors of the Company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Name	Position	Date of Appointment
Paul McLaughlin	President	2009 - Director 2017 - President (August 2017)
Anton Eltakchi	Director	Appointed 24 May 2021
George Georgievski	Director	Appointed 24 May 2021
Raymond Wehbe	Director	Appointed 24 May 2021
Wally Helou	Director	Appointed 24 May 2021
Joseph Bechara	Director	Appointed 5 April 2022
Bharathi Rengarajan	Director	Appointed 26 April 2022
Richard Attard	Director	Resigned 22 April 2022
John Toum	Director	Resigned 22 April 2022

Meetings of directors

The number of meetings of the Company's Board of Directors ('the Board') held during the year ended 31 December 2022, and the number of meetings attended by each director were:

Director	Number of meetings held*	Number of meetings attended
Wally Helou	12	10
Anton Eltakchi	12	12
George Georgievski	12	11
Joseph Bechara	10	9
Bharathi Rengarajan	9	7
John Toum	2	-
Richard Attard	1	1
Raymond Wehbe	12	11
Paul McLaughlin	12	11

* Number of meetings held during the time the director held office during the year.

Principal activities

The principal activities of the Company during the financial year consisted of the conduct and promotion of a licensed social club for members.

No significant changes in the nature of the Company's activity occurred during the financial year.

Operating results

The profit of the Company after providing for income tax amounted to \$538,574 (2021: Loss \$593,109).

Objectives

Short and long term

The objective of the Company is to serve the members and the community in accordance with club industry traditions and values.

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Strategy for achieving the objectives

The Company implements a number of strategies to achieve these objectives, including the provision of:

- A safe and enjoyable atmosphere for all members and their guests.
- Excellent service in a professional and friendly manner.
- Quality meals and drinks at affordable prices in comfortable surroundings.
- Support to the local community, schools and organizations through use of premises, donations and grants.
- A range of facilities including conference and function facilities.

Performance measurement and key performance indicator

Granville Diggers Club uses the gross profit percentage and wages to sales percentage to gauge the financial performance of all departments within the Company.

The Company also reviews EBITDA percentage as a guide to the overall performance.

	2022	2021
	%	%
Key performance indicators		
Bar - Gross profit percentage	52.21%	49.64%
Bar-percentage of employee benefits expense	21.47%	21.20%

Information on directors

Name: Paul McLaughlin
Title: President
Experience and expertise: Paul McLaughlin is a retired regional manager of Work Cover NSW with over 50 years' experience, dealing with complex and delicate issues during his tenure. Being an active member of the Board for 32 years which included the amalgamation of Auburn RSL and Granville RSL in 2009. Mr McLaughlin was voted to president in 2017 and still holds this position.

Name: Anton Eltakchi
Title: Director
Experience and expertise: Anton Eltakchi is a Granville Resident for over 60 years, and Ex NSW Police officer, accountant/Tax Agent and Real Estate agent. With very strong community ties Anton's passion is getting Granville Diggers back to the Club it once was the jewel of Granville.

Name: George Georgievski
Title: Director
Experience and expertise: George Georgievski was involved in the furniture manufacturing industry for over 30 years and ran successful a business. A resident of Granville for over 40 years George is the current Treasurer and brings his business expertise to the Board room.

Name: Raymond Wehbe
Title: Director
Experience and expertise: Raymond Wehbe is an electrician by trade specialising in commercial fitouts and residential restorations. A Club member for over 20 years and a local resident all his life Raymond bring his business acumen and building industry experience to the Board room.

Name: Wally Helou
Title: Director
Experience and expertise: Wally Helou has over 40 years' experience in the construction industry and brings to the Board experience in running big projects directly related to Fire Safety and compliance. An active Club member for 35 years and a local resident during this time. Wally brings a wealth of knowledge about fire safety compliance, and commercial building trade.

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Name: Joseph Bechara
Title: Director
Experience and expertise: Joe Bechara born and raised in Granville successfully operates the local LJ Hooker Granville Office and has done so for over 30 years and is the director of this company. The Company has recently grown and now operates from 3 locations, Granville, Guildford and Merrylands. Joe is also a Justice of the Peace.

Name: Bharathi Rengarajan
Title: Director
Experience and expertise: Bharathi Rengarajan is a chartered professional Civil and Structural Engineer and Fellow Member of Engineers Australia and hold the Lead Civil Engineer position in Australian Nuclear Science and Technology (ANSTO). 30 years of experience in the Civil Engineering field.

Passion for community service and held volunteer roles in various community organisations. A strategic planner who always works with organisational values and ethics. Maintain transparent communication and encourage innovative ideas for organisational growth

Company secretary

Steven Rodrigues (Diploma of Leadership & Management, Advanced Diploma of Hospitality Management and Diploma of Business Management) has held the role of Company Secretary since November 2020. He has over 20 years of experience in Club Management including:

- Recruit, retrain and coach the right people.
- Effective financial performance of the Club.
- Strategic initiatives to drive business growth.
- Diversification of business activities to drive point of difference.
- Streamline processes and procedures for efficient business practices.
- Strategies to enhance and maintain staff engagement levels and overall culture.
- Strong background with Compliance and governance (WH&S, Food Safety and Legislative Compliance).
- Strategies directly related to enhancing the overall customer experience, which in turn builds on customer satisfaction levels.

Membership

The Company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2022 and the comparison with last year is as follows:

	2022	2021
Members	<u>9,407</u>	<u>6,193</u>

Contributions on winding up

In accordance with the Constitution of the Company, every member of the Company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the Company during the time that he/she is a member or within one year thereafter. The total liability in the event of winding up is \$18,814 (2021: \$12,386).

Matters subsequent to the end of the financial year

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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

Granville Diggers Club Limited
Directors' report
31 December 2022

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Paul McLaughlin

Paul McLaughlin
Director

20th April 2023

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AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Granville Diggers Club Limited for the year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

A handwritten signature in blue ink, appearing to read "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in blue ink, appearing to read "C J Hume".

C J Hume
Partner

Sydney, NSW
Dated: 20 April 2023

Granville Diggers Club Limited
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General information

The financial statements cover Granville Diggers Club Limited as an individual entity. The financial statements are presented in Australian dollars, which is Granville Diggers Club Limited's functional and presentation currency.

Granville Diggers Club Limited is a not-for-profit company limited by guarantee, incorporated and domiciled in Australia. Its registered office and principal place of business is:

5 Memorial Drive
Granville NSW 2142

A description of the nature of the Company's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 20 April 2023. The directors have the power to amend and reissue the financial statements.

Granville Diggers Club Limited
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Revenue	3	6,950,376	3,815,751
Other income	4	-	95,866
Depreciation and amortisation expense	5	(566,201)	(570,689)
Employee benefits expense		(1,527,182)	(1,024,041)
Raw materials and consumables used		(243,783)	(129,949)
Occupancy expense		(1,401,221)	(863,710)
Entertainment, advertising and promotions		(206,929)	(502,254)
Social expense		(546,604)	(338,516)
Donation and welfare		(150,253)	(75,801)
Legal expense		(46,756)	(8,230)
Poker machine licenses and taxes		(1,295,732)	(655,449)
Other expense		(427,141)	(336,087)
Surplus/(deficit) before income tax expense		538,574	(593,109)
Income tax expense	6	-	-
Surplus/(deficit) after income tax expense for the year		538,574	(593,109)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		<u>538,574</u>	<u>(593,109)</u>

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Granville Diggers Club Limited
Statement of financial position
As at 31 December 2022

	Note	2022 \$	2021 \$
Assets			
Current assets			
Cash and cash equivalents	7	3,088,668	2,086,215
Trade and other receivables	8	5,003	-
Inventories	9	41,406	29,581
Other assets	10	5,000	5,000
Total current assets		<u>3,140,077</u>	<u>2,120,796</u>
Non-current assets			
Property, plant and equipment	11	11,348,470	11,753,373
Right-of-use assets	12	4,507	77,769
Intangibles	13	2,085,000	2,085,000
Total non-current assets		<u>13,437,977</u>	<u>13,916,142</u>
Total assets		<u>16,578,054</u>	<u>16,036,938</u>
Liabilities			
Current liabilities			
Trade and other payables	14	437,162	405,476
Lease liabilities	15	4,624	73,446
Employee benefits	16	293,545	249,260
Total current liabilities		<u>735,331</u>	<u>728,182</u>
Non-current liabilities			
Lease liabilities	15	-	4,607
Total non-current liabilities		<u>-</u>	<u>4,607</u>
Total liabilities		<u>735,331</u>	<u>732,789</u>
Net assets		<u>15,842,723</u>	<u>15,304,149</u>
Members' Funds			
Retained surpluses		<u>15,842,723</u>	<u>15,304,149</u>
Total members' funds		<u>15,842,723</u>	<u>15,304,149</u>

The above statement of financial position should be read in conjunction with the accompanying notes

Granville Diggers Club Limited
Statement of changes in equity
For the year ended 31 December 2022

	Retained surpluses \$
Balance at 1 January 2021	15,897,258
Deficit after income tax expense for the year	(593,109)
Other comprehensive income for the year, net of tax	<u>-</u>
Total comprehensive loss for the year	<u>(593,109)</u>
Balance at 31 December 2021	<u><u>15,304,149</u></u>
	Retained surpluses \$
Balance at 1 January 2022	15,304,149
Surplus after income tax expense for the year	538,574
Other comprehensive income for the year, net of tax	<u>-</u>
Total comprehensive income for the year	<u>538,574</u>
Balance at 31 December 2022	<u><u>15,842,723</u></u>

The above statement of changes in equity should be read in conjunction with the accompanying notes

Granville Diggers Club Limited
Statement of cash flows
For the year ended 31 December 2022

	Note	2022 \$	2021 \$
Operating activities			
Receipts from customers (inclusive of GST)		7,629,087	4,291,621
Payments to suppliers and employees (inclusive of GST)		(6,469,017)	(4,231,606)
Interest received		3,848	13,252
Government grant received		-	120,000
Net cash from operating activities		<u>1,163,918</u>	<u>193,267</u>
Investing activities			
Payments for property, plant and equipment	11	(87,750)	(8,845)
Proceeds from sale of property, plant and equipment		<u>18,953</u>	<u>18,181</u>
Net cash (used in)/from investing activities		<u>(68,797)</u>	<u>9,336</u>
Financing activities			
Payment for lease liabilities		<u>(92,668)</u>	<u>(70,510)</u>
Net cash used in financing activities		<u>(92,668)</u>	<u>(70,510)</u>
Net increase in cash and cash equivalents		1,002,453	132,093
Cash and cash equivalents at the beginning of the financial year		<u>2,086,215</u>	<u>1,954,122</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>3,088,668</u></u>	<u><u>2,086,215</u></u>

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Company 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.

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

The following Accounting Standards and Interpretations are most relevant to the Company:

Conceptual Framework for Financial Reporting (Conceptual Framework)

The Company has adopted the revised Conceptual Framework from 1 January 2022. 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 Company's financial statements.

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

The Company has adopted AASB 1060 from 1 January 2022. 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 for key management personnel and related parties.

Basis of preparation

These general purpose financial statements have been prepared in accordance with the Australian Accounting Standards - Simplified Disclosures issued by the Australian Accounting Standards Board ('AASB'), and the Corporations Act 2001, as appropriate for not-for profit oriented entities.

Historical cost convention

The financial statements have been prepared under the historical cost convention.

Critical accounting estimates

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 Company's 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 2.

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 the Company's 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 exchanged 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 the Company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 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.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Note 1. Significant accounting policies (continued)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

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

Customer loyalty program

The Company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognized as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognized at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.

Note 2. 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.

Estimation of useful lives of assets

The Company 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.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the Company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The Company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

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Notes to the financial statements
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Note 2. Critical accounting judgements, estimates and assumptions (continued)

Long service leave

The liability for long service leave is 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.

Intangible assets

The impairment of poker machine entitlements is recognised based on a value in use calculations and is measured at the present value of the estimated future cash inflows available to the Company from the use of these licenses. In determining the present value of the cash inflows growth rate and appropriate discount factor have been considered.

Superannuation plan

The Company contributes to several defined contribution superannuation plans. Contributions are recognised as an expense as they are made. The Company has no legal or constructive obligation to fund any deficit.

Note 3. Revenue

	2022	2021
	\$	\$
<i>Revenue from contracts with customers</i>		
<i>Sales of goods</i>		
Bar sales	543,796	282,925
<i>Rendering of services</i>		
Commission received	166,819	29,931
Keno sales	31,511	22,909
Poker machine - net clearances	5,801,689	3,428,495
Sundry income	271,007	17,382
Member's subscriptions	60,799	13,581
	<u>6,875,621</u>	<u>3,795,223</u>
<i>Other revenue</i>		
Interest received	3,848	13,252
Other revenue	70,907	7,276
	<u>74,755</u>	<u>20,528</u>
Revenue	<u>6,950,376</u>	<u>3,815,751</u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	2022	2021
	\$	\$
<i>Geographical regions</i>		
Australia	<u>6,875,621</u>	<u>3,795,223</u>
<i>Timing of revenue recognition</i>		
Goods transferred at a point in time	543,796	282,925
Services transferred over time	6,331,825	3,512,298
	<u>6,875,621</u>	<u>3,795,223</u>

Granville Diggers Club Limited
Notes to the financial statements
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Note 3. Revenue (continued)

Accounting policy for revenue recognition

The Company recognises revenue as follows:

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements and that it typically controls the goods or services before revenue transferring them to the customer.

Recognition and Measurement

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) on the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods.

Rendering of services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the Company and is recognised when the services are provided.

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.

Other revenue

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

Note 4. Other income

	2022	2021
	\$	\$
Net loss on disposal of property, plant and equipment	-	(24,134)
Government grants	-	120,000
Other income	-	95,866

Accounting policy for sale of property, plant and equipment

The gain or loss on disposal of property, plant and equipment is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs) and is recognised as other income at the date control of the asset passes to the buyer.

Accounting policy for government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Granville Diggers Club Limited
Notes to the financial statements
31 December 2022

Note 5. Expenses

	2022 \$	2021 \$
Surplus/(deficit) before income tax includes the following specific expenses:		
<i>Depreciation expenses</i>		
Depreciation of property, plant and equipment	492,653	504,105
Depreciation of right-of-use assets	73,548	66,584
Total depreciation	<u>566,201</u>	<u>570,689</u>
<i>Finance costs</i>		
Interest and finance charges paid on lease liabilities	<u>1,483</u>	<u>3,317</u>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	<u>131,578</u>	<u>86,087</u>

Note 6. Income tax expense/(benefit)

The Income Tax Assessment Act, 1997 (amended) provides that under the concept of mutuality clubs are only liable for income tax on income derived from non-members and from outside entities.

	2022 \$	2021 \$
The amount set aside for income tax in the Statement of profit or loss and other comprehensive income has been calculated as follows:		
Net tax income/(loss) for the year	280,081	(288,634)
(Utilised against)/transfer to tax losses carried forward	<u>(280,081)</u>	<u>288,634</u>
Net income subject to tax	<u><u>-</u></u>	<u><u>-</u></u>

Accounting policy for income tax

Deferred tax assets have not been recognised in the current year due to the likelihood of utilising the recognised income tax benefits in the short term.

These benefits will only be obtained if:

- (i) the Company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised,
- (ii) the Company continues to comply with the conditions for deductibility imposed by law, and
- (iii) no changes in tax legislation adversely affect the Company in realising the benefit.

Recognition and Measurement

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Granville Diggers Club Limited
Notes to the financial statements
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Note 6. Income tax expense/(benefit) (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

Mutuality Principle

The Company calculates its income in accordance with the mutuality principle which excludes from income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, e.g. Poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

Note 7. Cash and cash equivalents

	2022 \$	2021 \$
<i>Current assets</i>		
Cash on hand	307,844	307,844
Cash at bank	1,783,992	784,253
Short-term deposits	996,832	994,118
	<u>3,088,668</u>	<u>2,086,215</u>

Accounting policy for 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.

Note 8. Trade and other receivables

	2022 \$	2021 \$
<i>Current assets</i>		
Trade receivables	3,336	-
GST receivables	1,667	-
	<u>5,003</u>	<u>-</u>

Accounting policy for trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Granville Diggers Club Limited
Notes to the financial statements
31 December 2022

Note 9. Inventories

	2022 \$	2021 \$
<i>Current assets</i>		
Stock in hand	41,406	29,581

Accounting policy for inventories

Stock on hand is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 10. Other assets

	2022 \$	2021 \$
<i>Current assets</i>		
Other deposits	5,000	5,000

Note 11. Property, plant and equipment

	2022 \$	2021 \$
<i>Non-current assets</i>		
Freehold land and buildings - at cost	13,538,202	13,538,202
Less: Accumulated depreciation	(2,791,852)	(2,559,851)
	<u>10,746,350</u>	<u>10,978,351</u>
Pocker machines - at cost	3,682,863	3,664,113
Less: Accumulated depreciation	(3,547,153)	(3,448,525)
	<u>135,710</u>	<u>215,588</u>
Plant and equipment - at cost	3,051,176	2,985,652
Less: Accumulated depreciation	(2,584,766)	(2,426,218)
	<u>466,410</u>	<u>559,434</u>
	<u>11,348,470</u>	<u>11,753,373</u>

Reconciliations

Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Freehold land and building \$	Plant and equipment \$	Poker machines \$	Total \$
Balance at 1 January 2022	10,978,351	559,434	215,588	11,753,373
Additions	-	65,523	22,227	87,750
Depreciation expense	(232,002)	(158,547)	(102,104)	(492,653)
Balance at 31 December 2022	<u>10,746,349</u>	<u>466,410</u>	<u>135,711</u>	<u>11,348,470</u>

Granville Diggers Club Limited
Notes to the financial statements
31 December 2022

Note 11. Property, plant and equipment (continued)

Valuations of land and buildings

An independent valuation of the Company's land and buildings at Granville RSL was carried out as at 1 January 2021 on the basis of open market value for existing use and resulted in a valuation of land, buildings and improvements of \$27,000,000. As land and buildings are recorded at cost, the valuation has not been brought to account. The directors do not believe that there has been a material movement in the fair value since the valuation date.

Core property

5 Memorial Drive, Granville NSW.

Accounting policy for property, 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:

Buildings	40 years
Poker machines	4 years
Plant and equipment	2.5-10 years

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.

Note 12. Right-of-use assets

	2022 \$	2021 \$
<i>Non-current assets</i>		
Right-of-use asset leased asset	93,556	93,213
Less: Accumulated depreciation	(89,049)	(15,444)
	4,507	77,769

Additions to the right-of-use assets during the year were \$nil and depreciation charged to profit or loss was \$73,548.

The Company leases plant and equipment under agreements between 2 to 5 years. There are no options to extend under these lease agreements.

Accounting policy for 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.

Granville Diggers Club Limited
Notes to the financial statements
31 December 2022

Note 13. Intangibles

	2022 \$	2021 \$
<i>Non-current assets</i>		
Poker Machine - at cost	<u>2,085,000</u>	<u>2,085,000</u>

Accounting policy for intangible assets

Indefinite useful life

Poker machine entitlements are administrated by the state government and restrict the number of poker machines that can be installed by licensed club holder. The entitlements which may be transferred or acquired or sold do not have an expiration date and are therefore deemed to have an indefinite useful life. Poker machine entitlements are internally generated and therefore are only recognised when acquired and are valued at cost.

Recognition and measurement

Poker machine entitlements are not amortised. Instead, poker machine entitlements are tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

Note 14. Trade and other payables

	2022 \$	2021 \$
<i>Current liabilities</i>		
Trade payables	75,395	34,900
Accrued expenses	346,414	291,810
GST payables	-	63,754
Other payables	<u>15,353</u>	<u>15,012</u>
	<u>437,162</u>	<u>405,476</u>

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 15. Lease liabilities

	2022 \$	2021 \$
<i>Current liabilities</i>		
Lease liability	<u>4,624</u>	<u>73,446</u>
<i>Non-current liabilities</i>		
Lease liability	<u>-</u>	<u>4,607</u>
<i>Future lease payments</i>		
Future lease payments are due as follows:		
Within one year	4,624	79,822
One to five years	<u>-</u>	<u>4,624</u>
	<u>4,624</u>	<u>84,446</u>

Granville Diggers Club Limited
Notes to the financial statements
31 December 2022

Note 15. Lease liabilities (continued)

Accounting policy for 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 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 a 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.

Note 16. Employee benefits

	2022	2021
	\$	\$
<i>Current liabilities</i>		
Annual leave	156,356	136,991
Long service leave	137,189	112,269
	<u>293,545</u>	<u>249,260</u>

Accounting policy for 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.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Granville Diggers Club Limited
Notes to the financial statements
31 December 2022

Note 17. Key management personnel disclosures

(a) Directors

The following persons were non-executive directors of the Company during the financial year:

Paul McLaughlin
Richard Attard
John Toum
Raymond Wehbe
Wally Helou
Anton Eltakchi
George Georgievski
Joseph Bechara
Bharathi Rengarajan

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly during the financial year:

Name	Position
Steve Rodrigues	Chief Executive Officer

(c) Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Company is set out below:

	2022	2021
	\$	\$
Total compensation paid to key management personnel	<u>155,098</u>	<u>278,259</u>

Note 18. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Company:

	2022	2021
	\$	\$
<i>Audit services - RSM Australia Partners</i>		
Audit of the financial statements	<u>30,000</u>	<u>27,000</u>
<i>Other services - RSM Australia Partners</i>		
Preparation of the financial statements	<u>5,000</u>	<u>3,500</u>
	<u>35,000</u>	<u>30,500</u>

Note 19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2022 and 31 December 2021.

Note 20. Commitments

The Company had no commitments for expenditure as at 31 December 2022 and 31 December 2021.

Granville Diggers Club Limited
Notes to the financial statements
31 December 2022

Note 21. Related party transactions

Key management personnel

Disclosures relating to key management personnel are set out in note 17.

Directors' transactions with the Company

From time to time, directors of the Company, or their director-related entities, may purchase goods from the Company. These purchases are on the same terms and conditions as those entered into by other employees or customers and are trivial or domestic in nature.

Mr Raymond Wehbe is a sole trader providing electrical service. During the year Granville Diggers Club Limited engaged Raymond Wehbe for various Electrical services and installations around the Club. All dealings with this firm were based on normal commercial terms and conditions.

The aggregate amounts of each of the above types transactions with directors and their Director-related entities were as follows:

	2022	2021
	\$	\$
Entertainment, promotions and printing	-	759,188
Electrical service & installation	92,849	-

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Receivable from and payable to related parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 31 December 2022 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

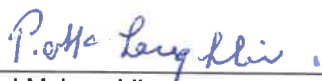
Granville Diggers Club Limited
Directors' declaration
31 December 2022

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Simplified Disclosures, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2022 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors



Paul McLaughlin
Director

20th April 2023

INDEPENDENT AUDITOR'S REPORT To the Members of Granville Diggers Club Limited

Opinion

We have audited the financial report of Granville Diggers Club Limited (the Company), which comprises the statement of financial position as at 31 December 2022, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds 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 the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Company's financial position as at 31 December 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence 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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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 comprises the information included in the Company's annual report for the year ended 31 December 2022, 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 accordingly 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 Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – *Simplified Disclosures* under AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* and the Corporations Act 2001 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 ability of the Company 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 Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.



RSM AUSTRALIA PARTNERS



C J Hume
Partner

Sydney, NSW
Dated: 21 April 2023