
Granville Diggers Club Limited

ABN: 63 085 849 902

Annual Report

For the Year Ended 31 December 2020

Granville Diggers Club Limited

ABN: 63 085 849 902

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For the Year Ended 31 December 2020

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Granville Diggers Club Limited

ABN: 63 085 849 902

Directors' Report 31 December 2020

The directors present their report, together with the financial statements, on Granville Diggers Club Limited (the "Company") for the financial year ended 31 December 2020.

Directors

The names of each person who has been a director during the year and to the date of this report are:

Name	Position	Date of Appointment
Paul McLaughlin	President	2009 - Director 2017 - President (August 2017)
Elias Nassar	Director	2010 - Director
Richard Attard	Director	2015 - Director
John Toun	Director	2017 - Director
Matthew Shaw	Director	2017 - Director
Brenda Louwen	Director	2019 - Director
Rick Powell	Director	2019 - Director

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Directors' meetings

The number of directors' meetings of the Company's Board of Directors (the Board) and the number of meetings attended by each director were:

Director	Number of Meetings Held*	Number of Meetings Attended
Paul McLaughlin	12	11
Elias Nassar	12	12
Richard Attard	12	12
John Toun	12	12
Matthew Shaw	12	4
Brenda Louwen	12	12
Rick Powell	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.

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Directors' Report 31 December 2020

Operating results

The loss of the Company after providing for income tax amounted to \$666,178 (2019: \$675,047).

Due to COVID-19 Government regulations, the Granville Diggers Club was closed on 22 March 2020 and was able to re-open on 1 June 2020. This had an adverse effect on current year's earnings.

The Club received Government assistance in the form of the Cash Flow Boost (\$100,000) and the Jobkeeper Program (\$743,400). This enabled the Club to manage cashflow and helped to retain employees.

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.

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.

	2020 \$	2019 \$
Key performance indicators		
Bar - Gross profit percentage	50.16%	53.53%
Bar-percentage of employee benefits expense (net of Jobkeeper)	38.09%	24.79%

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Directors' Report

31 December 2020

Membership

The Company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2020 and the comparison with last year is as follows:

	2020	2019
Members	<u>9,479</u>	<u>13,371</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 \$18,958 (2019: \$26,742).

Matters subsequent to the end of the financial year

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

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.

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

Director:



Paul McLaughlin

Dated this day of 2021

19th

MAY

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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 2020, 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 stylized blue ink signature of "Rsm".

RSM AUSTRALIA PARTNERS

A blue ink signature of "C J Hume".

C J Hume
Partner

Sydney, NSW
Dated: 19 May 2021

Granville Diggers Club Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 31 December 2020

		2020	2019
	Notes	\$	\$
Revenue	4	3,630,643	6,390,869
Other income	4	850,424	9,866
Raw materials and consumables used		(93,359)	(174,464)
Employee benefits expense		(1,335,168)	(1,514,498)
Occupancy expenses		(746,204)	(1,149,775)
Entertainment, advertising and promotions		(618,759)	(857,206)
Social expenses		(561,452)	(843,382)
Depreciation and amortisation expense	5	(756,619)	(845,711)
Donation and welfare		(46,958)	(122,127)
Legal expense		(9,565)	(1,904)
Poker machine licenses and taxes		(586,724)	(1,198,049)
Other expenses	5	(392,437)	(368,666)
Loss before income tax		(666,178)	(675,047)
Income tax expense	6	-	-
Loss for the year		(666,178)	(675,047)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(666,178)	(675,047)

The accompanying notes form part of these financial statements.

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Statement of Financial Position As at 31 December 2020

	Notes	2020 \$	2019 \$
Assets			
Current assets			
Cash and cash equivalents	7	1,954,122	2,556,560
Trade and other receivables	8	109,600	8,644
Inventories	9	24,347	35,210
Other assets	10	5,000	23,953
Total current assets		2,093,069	2,624,367
Non-current assets			
Property, plant and equipment	11	12,299,820	12,595,672
Right-of-use assets	12	140,571	343,195
Intangible assets	13	2,085,000	2,085,000
Deferred tax assets		-	121,167
Total non-current assets		14,525,391	15,145,034
Total assets		16,618,460	17,769,401
Liabilities			
Current liabilities			
Trade and other payables	14	288,657	399,546
Employee benefits	15	282,213	362,847
Lease liabilities	16	97,104	178,320
Other liabilities	17	-	21,441
Total current liabilities		667,974	962,154
Non-current liabilities			
Employee benefits	15	-	6,576
Deferred tax liabilities		-	70,146
Lease liabilities	16	53,228	147,935
Other liabilities	17	-	19,154
Total non-current liabilities		53,228	243,811
Total liabilities		721,202	1,205,965
Net assets		15,897,258	16,563,436
Members' Funds			
Retained earnings		15,897,258	16,563,436
Total members' funds		15,897,258	16,563,436

The accompanying notes form part of these financial statements.

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**Statement of Changes in Members' Funds
For the Year Ended 31 December 2020**

	Retained earnings
	\$
Balance at 1 January 2020	16,563,436
Loss for the year	(666,178)
Other comprehensive income for the year	-
Total comprehensive loss for the year	(666,178)
Balance at 31 December 2020	15,897,258
Balance at 1 January 2019	17,238,483
Loss for the year	(675,047)
Other comprehensive income for the year	-
Total comprehensive loss for the year	(675,047)
Balance at 31 December 2019	16,563,436

The accompanying notes form part of these financial statements.

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Statement of Cash Flows For the Year Ended 31 December 2020

	Note	2020 \$	2019 \$
Operating activities:			
Receipts from customers		3,936,060	7,172,436
Payments to suppliers and employees		(4,922,206)	(7,022,187)
Interest received		6,708	35,930
Government grant received		843,400	-
Net cash (used in) / provided by operating activities		<u>(136,038)</u>	<u>186,179</u>
Investing activities:			
Proceeds from sale of property, plant and equipment		174,875	186,880
Purchase of property, plant and equipment		(498,014)	(458,052)
Net cash used in investing activities		<u>(323,139)</u>	<u>(271,172)</u>
Financing activities:			
Payment for lease liabilities		(143,261)	(94,765)
Net cash used in financing activities		<u>(143,261)</u>	<u>(94,765)</u>
Net decrease in cash and cash equivalents		(602,438)	(179,758)
Cash and cash equivalents at beginning of year		<u>2,556,560</u>	<u>2,736,318</u>
Cash and cash equivalents at end of financial year	7	<u><u>1,954,122</u></u>	<u><u>2,556,560</u></u>

The accompanying notes form part of these financial statements.

Granville Diggers Club Limited

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Notes to the Financial Statements For the Year Ended 31 December 2020

The financial report covers Granville Diggers Club Limited as an individual entity.

Granville Diggers Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements.

The functional and presentation currency of Granville Diggers Club Limited is Australian dollars (\$).

The financial report was authorised for issue by the Directors on 19 May 2021.

1 Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations 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 entity'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 3.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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 Revenue

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(a) Revenue and other income (continued)

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.

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.

(b) Goods and services tax (GST)

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 Taxation Office (ATO).

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 ATO is included with other receivables or 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.

(c) 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.

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Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(c) Income Tax (continued)

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.

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.

(d) 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 entity's normal operating cycle; it is held primarily for trading purposes; it is expected to be realised within 12 months after the reporting date; 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 trading purposes; it is due to be settled within 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(e) Customer loyalty program

The Company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised 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 recognised 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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(f) 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.

(g) Trade and other receivables

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

(h) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

(i) Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings, but excluding freehold land, is depreciated using the straight line/diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Fixed asset class	Useful life (years)
Buildings	40
Poker machines	4
Plant and equipment	2.5-10

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss.

(j) Intangibles

Indefinite useful life

Poker machine entitlements are administered 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.

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(j) Intangibles (continued)

Recognition and Measurement

Poker Machine Entitlements

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.

(k) Impairment of assets

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pretax 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. Impairment losses are recognised in the income statement, unless an asset has previously been revalued, in which case the impairment loss is recognised as reversal to the extent of that previous revaluation with any excess recognised through the income statement.

(l) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(m) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

- Plant and equipment: 3 years

Notes to the Financial Statements

For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(m) Leases (continued)

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 2(k) Impairment of assets.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(n) 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.

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Notes to the Financial Statements For the Year Ended 31 December 2020

2 Summary of Significant Accounting Policies (continued)

(o) Contract liabilities

Contract liabilities represent the Company's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Company recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Company has transferred the goods or services to the customer.

(p) Comparative figures

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

(q) New and amended accounting policies adopted by the Company

(i) New and amended standards and interpretations

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.

(ii) Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the entity for the annual reporting period ended 31 December 2020. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Notes to the Financial Statements

For the Year Ended 31 December 2020

3 Critical Accounting Estimates and Judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Determining the lease term of contracts with renewal and termination options

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Company has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the entity operates.

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 to 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.

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Notes to the Financial Statements For the Year Ended 31 December 2020

3 Critical Accounting Estimates and Judgements (continued)

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.

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.

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Notes to the Financial Statements For the Year Ended 31 December 2020

4 Revenue and Other Income

	2020	2019
	\$	\$
<i>Sales of goods</i>		
Bar sales	187,322	375,472
<i>Rendering of services revenue</i>		
Commission received	28,436	61,523
Keno sales	24,806	43,128
Member's subscriptions	10,237	30,798
Poker machine - net clearances	3,362,537	5,802,097
Sundry income	7,266	33,808
	<u>3,433,282</u>	<u>5,971,354</u>
<i>Other revenue</i>		
Interest received	6,708	35,930
Other revenue	3,331	8,113
	<u>10,039</u>	<u>44,043</u>

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

<i>Geographical regions</i>		
Australia	3,630,643	6,373,688
<i>Other income</i>		
Gain on sale of property, plant and equipment	7,024	9,866
Government grants	843,400	-
	<u>850,424</u>	<u>9,866</u>

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Notes to the Financial Statements For the Year Ended 31 December 2020

5 Expenses

Loss before income tax from continuing operations includes the following specific expenses:

	2020	2019
	\$	\$
<i>Depreciation expenses:</i>		
Depreciation of buildings and improvements	244,321	250,864
Depreciation of plant and equipment	155,446	193,348
Depreciation of poker machines	186,890	375,951
Depreciation of right-of-use assets	169,962	25,548
	756,619	845,711
<i>Employee benefits expense</i>		
Defined contribution superannuation expense	83,171	123,632
<i>Other expense</i>		
Finance cost	5,470	5,991
Loss on sale of property, plant and equipment	39,358	-

6 Income Tax Expense

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.

	2020	2019
	\$	\$
<i>The amount set aside for income tax in the Statement of profit or loss and other comprehensive income has been calculated as follows:</i>		
Net tax loss for the year	(247,536)	(176,015)
Transfer to tax losses carried forward	247,536	176,015
Net income subject to tax	-	-

7 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	307,844	308,344
Cash at bank	665,379	846,363
Short-term deposits	980,899	1,401,853
	1,954,122	2,556,560

For the purpose of statement of cashflows, cash and cash equivalents comprise the above.

Granville Diggers Club Limited

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Notes to the Financial Statements For the Year Ended 31 December 2020

8 Trade and Other Receivables

	2020	2019
	\$	\$
<i>CURRENT</i>		
Jobseeker wage subsidy	84,600	-
Other receivables	25,000	8,644
	<u>109,600</u>	<u>8,644</u>

9 Inventories

	2020	2019
	\$	\$
Stock in hand	<u>24,347</u>	<u>35,210</u>

10 Other Assets

	2020	2019
	\$	\$
<i>CURRENT</i>		
Deposits	5,000	5,000
Prepayments	-	18,953
	<u>5,000</u>	<u>23,953</u>

11 Property, Plant and Equipment

	2020	2019
	\$	\$
<i>Freehold land and building</i>		
At cost	13,538,202	13,297,229
Accumulated depreciation	(2,321,800)	(2,077,479)
	<u>11,216,402</u>	<u>11,219,750</u>
<i>Plant and equipment</i>		
At cost	3,007,782	3,744,807
Accumulated depreciation	(2,316,592)	(2,926,852)
	<u>691,190</u>	<u>817,955</u>
<i>Poker machines</i>		
At cost	3,713,967	4,889,235
Accumulated depreciation	(3,321,739)	(4,331,268)
	<u>392,228</u>	<u>557,967</u>
Total property, plant and equipment	<u><u>12,299,820</u></u>	<u><u>12,595,672</u></u>

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Notes to the Financial Statements For the Year Ended 31 December 2020

11 Property, Plant and Equipment (continued)

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Freehold land and building \$	Plant and equipment \$	Poker machines \$	Total \$
Year ended 31 December 2020				
Balance at the beginning of the year	11,219,750	817,955	557,967	12,595,672
Additions	240,973	65,928	191,113	498,014
Disposals	-	(37,247)	-	(37,247)
Depreciation	(244,321)	(155,446)	(356,852)	(756,619)
Balance at the end of the year	11,216,402	691,190	392,228	12,299,820

Directors' Valuation

An independent valuation of the Company's land and buildings at Granville RSL was carried out as at 1 January 2017 on the basis of open market value for existing use and resulted in a valuation of land, buildings and improvements of \$23,000,000. 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, except for the part described in non-core below.

Non-core Property

Part of the land of the Club at 5 Memorial Drive, Granville, comprising part of Lot 100 in Deposited Plan 813998, being the whole of the carpark located on the northern side of the Club house up to the land boundaries

12 Right-of-use Assets

	2020 \$	2019 \$
NON-CURRENT		
Right-of-use asset leased asset	509,886	378,827
Accumulated depreciation	(369,315)	(35,632)
Balance at 31 December 2020	140,571	343,195

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

Granville Diggers Club Limited

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Notes to the Financial Statements For the Year Ended 31 December 2020

13 Intangible Assets

	2020	2019
	\$	\$
<i>Poker machine</i>		
Cost	<u>2,085,000</u>	<u>2,085,000</u>

14 Trade and Other Payables

	2020	2019
	\$	\$
<i>CURRENT</i>		
Trade payables	1,723	2,381
GST payable	21,046	19,003
Accrued expense	<u>265,888</u>	<u>378,162</u>
	<u>288,657</u>	<u>399,546</u>

15 Employee Benefits

	2020	2019
	\$	\$
<i>CURRENT</i>		
Annual leave	158,170	187,651
Long service leave provision	<u>124,043</u>	<u>175,196</u>
	<u>282,213</u>	<u>362,847</u>
<i>NON-CURRENT</i>		
Long service leave	<u>-</u>	<u>6,576</u>

16 Lease Liabilities

	2020	2019
	\$	\$
<i>CURRENT</i>		
Lease liability	<u>97,104</u>	<u>178,320</u>
<i>NON-CURRENT</i>		
Lease liabilities	<u>53,228</u>	<u>167,089</u>

Granville Diggers Club Limited

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Notes to the Financial Statements For the Year Ended 31 December 2020

16 Lease Liabilities (continued)

	Lease liabilities
	\$
As at 1 January 2020	326,255
Additions	-
Accretion of interest	-
Payment of lease liabilities	(175,923)
	<u>150,332</u>

These liabilities have been brought to account as the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates as of 31 December 2020. The discount rates applied was 4.5%.

17 Other Liabilities

	2020	2019
	\$	\$
<i>CURRENT</i>		
Poker machine duty rebate received in advance	-	17,180
Subscriptions received in advance	-	4,261
	<u>-</u>	<u>21,441</u>
 <i>NON-CURRENT</i>		
Subscriptions received in advance	-	19,154
	<u>-</u>	<u>19,154</u>

18 Key Management Personnel Disclosures

(a) Directors

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

Paul McLaughlin

Elias Nassar

Richard Attard

John Toun

Matthew Shaw

Brenda Louwen

Rick Powell

Granville Diggers Club Limited

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Notes to the Financial Statements

For the Year Ended 31 December 2020

18 Key Management Personnel Disclosures (continued)

(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
Peter Hunt	General Manager (resigned February 2020)
Margaret Ward	General Manager (retired December 2020)
Steve Rodrigues	General Manager (appointed November 2020)
Rowan Easterbrook	Gaming Manager

(c) Key management personnel compensation

	2020	2019
	\$	\$
Total compensation to key management personnel	<u>227,197</u>	<u>216,193</u>

19 Related Parties

Key management personnel

For details of remuneration disclosures relating to key management personnel, refer to Note 18: Key Management Personnel Disclosures.

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.

A Director, Mr Elias Nassar, is also a Director of Blackrock Media Australia. During the year Granville Diggers Club Limited engaged Blackrock Media Australia for various entertainment, promotion and printing goods and services. All dealings with this firm were based on normal commercial terms and conditions.

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

	2020	2019
	\$	\$
Entertainment, promotions and printing	<u>1,163,855</u>	<u>1,567,521</u>

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.

Granville Diggers Club Limited

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Notes to the Financial Statements For the Year Ended 31 December 2020

20 Contingent Liabilities

In the opinion of the Directors, the Company did not have any contingent liabilities at 31 December 2020 (31 December 2019 : None)

21 Commitments

In the opinion of the Directors, the Company did not have any commitments at 31 December 2020 (31 December 2019 : None)

22 Events Occurring After the Reporting Date

The impact of the Coronavirus (COVID-19) pandemic is ongoing and it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

23 Company Details

The registered office of and principal place of business of the Company is:

Granville Diggers Club Limited
5 Memorial Drive
Granville NSW 2142

Granville Diggers Club Limited

ABN: 63 085 849 902

Directors' Declaration

The directors of the Company declare that:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards - Reduced Disclosure Requirements, 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 2020 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

Director

Paul McLaughlin

Dated this day of 2021

RSM Australia Partners

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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 2020, 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 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements 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 2020 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 – Reduced Disclosure Requirements 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: 19 May 2021