Granville Diggers Club Limited

ABN: 63 085 849 902

Annual Report

For the Year Ended 31 December 2021

Granville Diggers Club Limited

ABN: 63 085 849 902

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For the Year Ended 31 December 2021

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Directors' Report
31 December 2021

The directors present their report, together with the financial statements, on Granville Diggers Club Limited (the "Company") for the financial year ended 31 December 2021.

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)
Richard Attard	Director	Resigned 2 Febuary 2022
Raymond Wehbe	Director	Appointed 24 May 2021
Wally Helou	Director	Appointed 24 May 2021
Tony Eltakchi	Director	Appointed 24 May 2021
Matthew Shaw	Director	Resigned 24 May 2021
John Toum	Director	Resigned 6 March 2022
Rick Powell	Director	Resigned 24 May 2021
Elias Nassar	Director	Resigned 24 May 2021
Brenda Louwen	Director	Resigned 24 May 2021
George Georgievski	Director	Appointed 24 May 2021

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	11	8
Richard Attard	11	8
Wally Helou	7	6
Tony Eltakchi	7	7
Matthew Shaw	4	-
John Toum	11	11
Rick Powell	4	3
Elias Nassar	4	4
Brenda Louwen	4	4
George Georgievski	7	6

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

Granville Diggers Club Limited

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Directors' Report

31 December 2021

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 loss of the Company after providing for income tax amounted to $593,109 (2020: Loss $666,178).

Due to COVID-19 Government regulations, the Granville Diggers Club was closed during the month of 26 June 2021 till 11 October 2021. This had an adverse effect on the current year earnings.

The Club received Government assistance in the form of the Business Grant (15,000) of and the Job Saver Program (120,000). This enable 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.

Directors' Report
31 December 2021

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.

	2021 $	2020 $
Key performance indicators		
Bar - Gross profit percentage	49.64%	50.16%
Bar-percentage of employee benefits expense (net of Jobkeeper)	21.20%	38.09%

Membership

The Company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2021 and the comparison with last year is as follows:

	2021	2020
Members	6,193	9,479

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 $12,386 (2020: $18,958).

Covid-19 Impact

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 frequently changing 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.

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.

Granville Diggers Club Limited

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Directors' Report

31 December 2021

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 ......10th...... day of ......May...... 2022

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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 2021, 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.

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 10 May 2022

Granville Diggers Club Limited

ABN: 63 085 849 902

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Notes	2021 $	2020 $
Revenue	4	**3,815,751**	3,630,643
Other income	4	**95,866**	850,424
Raw materials and consumables used		**(129,949)**	(93,359)
Employee benefits expense		**(1,024,041)**	(1,335,168)
Occupancy expenses		**(863,710)**	(746,204)
Entertainment, advertising and promotions		**(502,254)**	(618,759)
Social expenses		**(338,516)**	(561,452)
Depreciation and amortisation expense	5	**(570,689)**	(756,619)
Donation and welfare		**(75,801)**	(46,958)
Legal expense		**(8,230)**	(9,565)
Poker machine licenses and taxes		**(655,449)**	(586,724)
Other expenses		**(336,087)**	(392,437)
Loss before income tax		**(593,109)**	(666,178)
Income tax expense	6	**-**	-
Loss for the year		**(593,109)**	(666,178)
Other comprehensive income for the year, net of tax		**-**	-
Total comprehensive loss for the year		**(593,109)**	(666,178)

The accompanying notes form part of these financial statements.

Granville Diggers Club Limited

ABN: 63 085 849 902

Statement of Financial Position

As at 31 December 2021

	Notes	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	7	**2,086,215**	1,954,122
Trade and other receivables	8	**-**	109,600
Inventories	9	**29,581**	24,347
Other assets	10	**5,000**	5,000
Total current assets		**2,120,796**	2,093,069
Non-current assets			
Property, plant and equipment	11	**11,753,373**	12,299,820
Right-of-use assets	12	**77,769**	140,571
Intangible assets	13	**2,085,000**	2,085,000
Total non-current assets		**13,916,142**	14,525,391
Total assets		**16,036,938**	16,618,460
Liabilities			
Current liabilities			
Trade and other payables	14	**405,476**	288,657
Employee benefits	15	**249,260**	282,213
Lease liabilities	16	**73,446**	97,104
Total current liabilities		**728,182**	667,974
Non-current liabilities			
Lease liabilities	16	**4,607**	53,228
Total non-current liabilities		**4,607**	53,228
Total liabilities		**732,789**	721,202
Net assets		**15,304,149**	15,897,258
Members' Funds			
Retained earnings		**15,304,149**	15,897,258
Total members' funds		**15,304,149**	15,897,258

The accompanying notes form part of these financial statements.

Granville Diggers Club Limited

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Statement of Changes in Members' Funds

For the Year Ended 31 December 2021

	Retained earnings $
Balance at 1 January 2021	**15,897,258**
Loss for the year	**(593,109)**
Other comprehensive income for the year	**-**
Total comprehensive loss for the year	**(593,109)**
Balance at 31 December 2021	**15,304,149**
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

The accompanying notes form part of these financial statements.

Granville Diggers Club Limited

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Statement of Cash Flows

For the Year Ended 31 December 2021

	Note	2021 $	2020 $
Operating activities:			
Receipts from customers		**4,291,621**	3,936,060
Payments to suppliers and employees		**(4,231,606)**	(4,922,206)
Interest received		**13,252**	6,708
Government grant received		**120,000**	843,400
Net cash provided by/(used in) operating activities		**193,267**	(136,038)
Investing activities:			
Proceeds from sale of property, plant and equipment		**18,181**	174,875
Purchase of property, plant and equipment		**(8,845)**	(498,014)
Net cash provided by/(used in) investing activities		**9,336**	(323,139)
Financing activities:			
Payment for lease liabilities		**(70,510)**	(143,261)
Net cash used in financing activities		**(70,510)**	(143,261)
Net increase/(decrease) in cash and cash equivalents		**132,093**	(602,438)
Cash and cash equivalents at beginning of year		**1,954,122**	2,556,560
Cash and cash equivalents at end of financial year	7	**2,086,215**	1,954,122

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 December 2021

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 10 May 2022.

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.

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.

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.

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 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.

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

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.

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 2021. The Company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

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).

3 Critical Accounting Estimates and Judgements (continued)

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.

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

4 Revenue and Other Income

	2021 $	2020 $
Sales of goods		
Bar sales	**282,925**	187,322
Rendering of services revenue		
Commission received	**29,931**	28,436
Keno sales	**22,909**	24,806
Member's subscriptions	**13,581**	10,237
Poker machine - net clearances	**3,428,495**	3,362,537
Sundry income	**17,382**	7,266
	3,512,298	3,433,282
Other revenue		
Interest received	**13,252**	6,708
Other revenue	**7,276**	3,331
	20,528	10,039

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

	2021 $	2020 $
Geographical regions		
Australia	**3,795,223**	3,620,604
Other income		
(Loss)/gain on sale of property, plant and equipment	**(24,134)**	7,024
Government grants	**120,000**	843,400
	95,866	850,424

Notes to the Financial Statements

For the Year Ended 31 December 2021

5 Expenses

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

	2021 $	2020 $
Depreciation expenses:		
Depreciation of buildings and improvements	**238,050**	244,321
Depreciation of plant and equipment	**126,320**	155,446
Depreciation of poker machines	**139,735**	186,890
Depreciation of right-of-use assets	**66,584**	169,962
	570,689	756,619
Employee benefits expense		
Defined contribution superannuation expense	**86,087**	83,171
Other expense		
Finance cost	**2,411**	5,470
Interest expense on lease liabilities	**3,317**	-
Loss on sale of property, plant and equipment	**-**	39,358
	5,728	44,828

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.

	2021 $	2020 $
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 loss for the year	**(288,634)**	(247,536)
Transfer to tax losses carried forward	**288,634**	247,536
Net income subject to tax	**-**	-

7 Cash and Cash Equivalents

	2021 $	2020 $
Cash on hand	**307,844**	307,844
Cash at bank	**784,253**	665,379
Short-term deposits	**994,118**	980,899
	2,086,215	1,954,122

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

Granville Diggers Club Limited

ABN: 63 085 849 902

Notes to the Financial Statements

For the Year Ended 31 December 2021

8 Trade and Other Receivables

	2021 $	2020 $
CURRENT		
Jobseeker wage subsidy	-	84,600
Other receivables	-	25,000
	-	109,600

9 Inventories

	2021 $	2020 $
Stock in hand	**29,581**	24,347

10 Other Assets

	2021 $	2020 $
CURRENT		
Deposits	**5,000**	5,000

11 Property, Plant and Equipment

	2021 $	2020 $
Freehold land and building		
At cost	**13,538,202**	13,538,202
Accumulated depreciation	**(2,559,851)**	(2,321,800)
	10,978,351	11,216,402
Plant and equipment		
At cost	**2,985,652**	3,007,782
Accumulated depreciation	**(2,426,218)**	(2,316,592)
	559,434	691,190
Poker machines		
At cost	**3,664,113**	3,713,967
Accumulated depreciation	**(3,448,525)**	(3,321,739)
	215,588	392,228
Total property, plant and equipment	**11,753,373**	12,299,820

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 2021				
Balance at the beginning of the year	11,216,402	691,190	392,228	12,299,820
Additions	-	8,845	-	8,845
Revaluation on carrying amount	-	-	(36,907)	(36,907)
Disposals	-	(14,280)	-	(14,280)
Depreciation	(238,051)	(126,321)	(139,733)	(504,105)
Balance at the end of the year	10,978,351	559,434	215,588	11,753,373

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

Notes to the Financial Statements

For the Year Ended 31 December 2021

12 Right-of-use Assets

	2021	2020
	$	$
NON-CURRENT		
Right-of-use asset leased asset	**93,213**	509,886
Accumulated depreciation	**(15,444)**	(369,315)
Balance at 31 December 2021	**77,769**	140,571

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

During the financial year, there was a modification to the lease agreement which resulted in the revaluation of Right-of-use asset and Lease liability amounts. The net impact of the adjustment was a gain of $8,869. Accumulated deprecation for the period was $69,903.

13 Intangible Assets

	2021	2020
	$	$
Poker machine		
Cost	**2,085,000**	2,085,000

14 Trade and Other Payables

	2021	2020
	$	$
CURRENT		
Trade payables	**34,900**	1,723
Other payables	**15,012**	-
GST payable	**63,754**	21,046
Accrued expense	**291,810**	265,888
	405,476	288,657

15 Employee Benefits

	2021	2020
	$	$
CURRENT		
Annual leave	**136,991**	158,170
Long service leave provision	**112,269**	124,043
	249,260	282,213

Notes to the Financial Statements

For the Year Ended 31 December 2021

16 Lease Liabilities

	2021 $	2020 $
CURRENT		
Lease liabilities	**73,446**	97,104
NON-CURRENT		
Lease liabilities	**4,607**	53,228

-

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 2021. The discount rates applied was 4.5%.

17 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 Toum

Matthew Shaw

Brenda Louwen

Rick Powell

Raymond Wehbe

Wally Helou

Tony Eltakchi

George Georgievski

17 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**
Steve Rodrigues	General Manager (appointed November 2020)
Rowan Easterbrook	Gaming Manager

(c) Key management personnel compensation

	2021	2020
	$	$
Total compensation to key management personnel	**278,259**	227,197

18 Related Parties

Key management personnel

For details of remuneration disclosures relating to key management personnel, refer to Note 17: 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.

Mr Elias Nassar is 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:

	2021	2020
	$	$
Entertainment, promotions and printing	**759,188**	1,163,855

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.

Notes to the Financial Statements

For the Year Ended 31 December 2021

19 Contingent Liabilities

In the opinion of the Directors, the Company did not have any contingent liabilities at 31 December 2021 (31 December 2020 : None)

20 Commitments

In the opinion of the Directors, the Company did not have any commitments at 31 December 2021 (31 December 2020 : None)

21 Covid-19 Impact

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 frequently changing 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.

22 Events Occurring After the Reporting Date

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

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 2021 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 10TH day of May 2022

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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 2021, 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 2021 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 2021 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

RSM AUSTRALIA PARTNERS

C J Hume
Partner

Sydney, NSW
Dated: 17 May 2022