

**SOUTH SYDNEY GRAPHIC ARTS
CLUB LIMITED**

ANNUAL FINANCIAL REPORT

31 DECEMBER 2021

AUDITORS

D. A STRATI & ASSOCIATES PTY LTD
Level 5, 376 Bay Street
Brighton Le Sands NSW 2216

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

ANNUAL FINANCIAL REPORT
31 DECEMBER 2021

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SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 31 December 2021.

DIRECTORS

The directors of the company in office at any time during or since the end of the year are:

<u><i>Name</i></u>	<u><i>Qualifications and Experience</i></u>
Deborah Atkins	President Retired - School Principal Board member for 15 years
Ross Marshall	Vice President Retired - Printer Board member for 20 years
Justin Wenban	Director Self Employed Board member for 9 years Resigned 31 August 2021
Michael Comminos	Director Director of Infrastructure Strategy and Programs Board member for 8 years
Victoria Talbot	Director Semi-Retired Teacher Board member for 6 years
Michael King	Director Painter / Decorator Board member for 5 years
Mark Blizard	Director Group Executive / Project Management Board member for 4 years
Sophie Lumsden	Director Solicitor Appointed 12 October 2021

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

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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DIRECTORS' REPORT (continued)

DIRECTORS' MEETINGS

The number of directors' meetings and the number of meetings attended by each of the directors of the company during the financial year were:

Director	Number of meetings Held *	Number of meetings attended
Deborah Atkins	12	12
Ross Marshall	12	11
Justin Wenban	8	6
Michael Comminos	12	12
Victoria Talbot	12	12
Michael King	12	12
Mark Blizzard	12	12
Sophie Lumsden	3	3

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

COMPANY SECRETARY

Mr Ian McMillan held the position of the Company Secretary during the year and to the date of this report. Mr McMillan was appointed company secretary on the 31 July 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company was to provide members and their guests with amenities and facilities usually associated with that of a licensed social club.

OPERATING RESULT FOR THE YEAR

The net loss after tax for the year amounted to \$46,952 compared with a profit of \$45,510 for the prior year. This result was achieved after recognising \$426,690 (2020: \$448,132) for depreciation and amortisation.

SIGNIFICANT CHANGES

There have been no significant changes in the company's financial activity or state of affairs during the financial year.

IMPACT OF COVID-19

The directors have determined that COVID-19 is a non-adjusting event. Accordingly, the financial statements do not include any adjustments with regards to the impact of COVID-19.

EVENTS SUBSEQUENT TO REPORTING PERIOD

There were no significant events occurring after the balance date which will affect either the company's operations or results of those operations or the company's state of affairs.

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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DIRECTORS' REPORT (continued)

MEMBERSHIP

The company is a company limited by guarantee and without share capital. The number of members as at 31 December 2021 was 5,317 (2020: 4,782).

MEMBERS LIMITED LIABILITY

In accordance with Constitution of the company, each member undertakes to contribute an amount not exceeding two dollars (\$2.00) in the event of the winding up of the company, while he or she is a member of the Club or within one year thereafter.

SHORT AND LONG-TERM OBJECTIVES

The company's short-term objectives are to:

- provide the best possible licensed club facilities to members and guests.
- maintain the current levels of membership and encourage new members.
- remain financially viable to achieve the company's objectives.

The company's long-term objectives are to:

- provide a high quality licensed club for members and guests to use, together with a standard of facilities and services that provide a rewarding and measurable experience.
- establish an environment where members and guests can participate in social activities that foster enjoyment, friendship and mutual respect amongst members.

STRATEGIES

To achieve its stated objectives, the company has adopted the following strategies:

- Maintain stringent controls over the company finances to ensure the Club remains viable. Continue to manage costs in order to maintain efficient and effective operations without compromising the quality of the services provided to members and guests.
- The Board strives to attract and retain quality management and staff with the knowledge and skills required to operate a successful social club. The Board believes attracting and retaining quality staff will assist in providing a high level of services to members and the success of the Club.
- The Board is committed to consistent standards of governance and best practice; being aware of statutory and legislative changes and to ensuring compliance at all times with these laws and regulations.

KEY PERFORMANCE INDICATORS

The company measures its own performance through the use of both quantitative and qualitative benchmarks. Some of the key performance indicators are:

- financial performance when compared to Board approved budgets.
- the successful implementation of business operating plans.
- completing capital expenditure works within budget and agreed timeframes.
- training and development of the key management and staff.
- timely response to all compliance matters required under relevant statutory and legislative requirements.

DIRECTORS' REPORT (continued)

DIRECTORS' BENEFITS

No director has received or become entitled to receive, during or since the end of the financial year, a benefit because of a contract made by the company with a director, firm of which a director is a member or an entity in which the director has a substantial financial interest.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the company has agreed to indemnify its auditors, D.A Strati & Associates, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify D.A Strati & Associates during or since the financial year.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year the company has paid insurance premiums of \$4,182 in respect of directors' and officers' liability, legal expenses and insurance contracts for current and former directors and officers.

The insurance premiums relate to:

- costs and expenses incurred by the relevant officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

PROCEEDINGS ON BEHALF OF THE ENTITY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

AUDITORS' INDEPENDENCE DECLARATION

The directors have received the Independence Declaration from the Auditors as required under Section 307C of the Corporations Act 2001. The declaration is attached to this report.

Signed in accordance with a resolution of the Board of Directors.

Ms Deborah Atkins – President
25 February 2022 at Mascot

Mr Ross Marshall – Vice President
25 February 2022 at Mascot

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N 87 000 298 699

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C – CORPORATION ACT 2001

As the lead audit partner for the audit of the financial report of South Sydney Graphic Arts Club Limited for the financial year ended 31 December 2021, I declare that, to the best of my knowledge and belief, that there has been:

- (i) No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (ii) No contraventions of any applicable code of professional conduct in relation to the audit.

D.A STRATI & ASSOCIATES
Certified Practising Accountants

A handwritten signature in black ink, appearing to read 'D. Strati', enclosed within a large, loopy oval shape.

Domenic Strati
Level 5, 376 Bay Street
Brighton Le Sands

25 February 2022

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
Revenue from ordinary activities			
Revenue from sale of goods		1,962,510	1,750,007
Revenue from rendering services		1,499,038	1,897,181
Members subscriptions		5,998	14,880
Other revenue		39,652	28,404
Insurance recoveries		-	11,210
Government subsidies		227,694	400,006
Total Revenue	2	<u>3,734,892</u>	<u>4,101,688</u>
Expenses from ordinary activities			
Cost of sales		(715,582)	(683,129)
Poker machine licences and taxes		(169,864)	(244,371)
Personnel expenses		(1,588,005)	(1,676,117)
Members benefits		(159,302)	(146,650)
Finance costs		(18,922)	(25,569)
Other expenses		(677,311)	(857,461)
Total Expenses		<u>(3,328,986)</u>	<u>(3,633,297)</u>
Profit before depreciation and impairment		405,906	468,391
Depreciation and amortisation		(426,690)	(448,132)
Profit before income tax	3	<u>(20,785)</u>	<u>20,256</u>
Income tax benefit (expense)	4	67,737	25,254
Net Profit for the year		<u>46,952</u>	<u>45,510</u>
Total comprehensive income attributable to members of the entity		<u>46,952</u>	<u>45,510</u>

The accompanying notes form part of these financial statements

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash and cash equivalents	5	52,733	101,442
Trade and other receivables	6	144,320	75,233
Inventories	7	34,700	32,467
Other current assets	8	7,666	11,032
Total Current Assets		<u>239,419</u>	<u>220,174</u>
NON-CURRENT ASSETS			
Intangible assets	9	1,187,000	1,187,591
Property, plant and equipment	10	25,075,825	24,685,787
Deferred tax assets	11	560,244	517,760
Other non current assets	8	5,000	5,000
Total Non-Current Assets		<u>26,828,069</u>	<u>26,396,138</u>
TOTAL ASSETS		<u>27,067,488</u>	<u>26,616,312</u>
CURRENT LIABILITIES			
Cash and cash equivalents	5	340,802	-
Trade and other payables	12	317,800	354,293
Short term provisions	13	252,926	350,466
Total Current Liabilities		<u>911,528</u>	<u>704,759</u>
NON-CURRENT LIABILITIES			
Trade and other payables	12	195,690	290,022
Long term provisions	13	67,601	75,814
Interest-bearing loans and borrowings	14	900,000	600,000
Total Non-Current Liabilities		<u>1,163,291</u>	<u>965,836</u>
TOTAL LIABILITIES		<u>2,074,819</u>	<u>1,670,595</u>
NET ASSETS		<u>24,992,669</u>	<u>24,945,717</u>
MEMBERS' EQUITY			
Reserves	15	22,073,045	22,073,045
Retained earnings		2,919,624	2,872,672
TOTAL MEMBERS' EQUITY		<u>24,992,669</u>	<u>24,945,717</u>

The accompanying notes form part of these financial statements

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED**A.B.N. 87 000 298 699****STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2021**

	Retained Earnings	Asset Revaluation Reserve	Capital Profits Reserve	Total
	\$	\$	\$	\$
Balance at 1 January 2020	2,827,162	19,599,196	473,849	22,900,207
Net Profit for the year	45,510	-	-	45,510
Revaluation Land and Buildings		2,000,000		2,000,000
Balance at 31 December 2020	<u>2,872,672</u>	<u>21,599,196</u>	<u>473,849</u>	<u>24,945,717</u>
Net Profit for the year	46,952	-	-	46,952
Balance at 31 December 2021	<u><u>2,919,624</u></u>	<u><u>21,599,196</u></u>	<u><u>473,849</u></u>	<u><u>24,992,669</u></u>

The accompanying notes form part of these financial statements

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		4,009,616	4,486,768
Cash paid to suppliers and employees		(3,882,990)	(3,890,395)
Net cash from (used) operating activities	16(a)	<u>126,626</u>	<u>596,373</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant & equipment		(816,137)	(505,727)
Net cash from (used) investing activities		<u>(816,137)</u>	<u>(505,727)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in Borrowings		300,000	(50,000)
Net cash from (used) financing activities		<u>300,000</u>	<u>(50,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR		(389,511)	40,646
Cash and cash equivalents at the beginning of year		101,442	60,796
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16(b)	<u><u>(288,069)</u></u>	<u><u>101,442</u></u>

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

The financial report is for the South Sydney Graphic Arts Club Limited as an individual entity, incorporated and domiciled in Australia. South Sydney Graphic Arts Club Limited is a company limited by guarantee.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the requirements of the Corporations Act 2001, Australian Accounting Standards – Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board.

The company is a not-for-profit entity which is not publicly accountable. Australian Accounting Standards contain requirements specific to not-for-profit entities, which set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical cost and do not consider the changing values of money, except for financial assets and financial liabilities which are measured at fair value.

The amounts presented in the financial statements are in Australian dollars (\$) and have been rounded to the nearest dollar.

Accounting Policies

a) Revenue and Other Income

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Revenue from functions, catering, beverages and merchandise is recognised when the significant risks and rewards of ownership have passed to the buyer and can be reliably measured. Risks and rewards are considered passed to the buyer when goods have been delivered to the customer.

Rendering of Services and Membership Revenue

Revenue from gaming and services to members and patrons is recognised when services are provided.

Interest Revenue

Interest revenue is recognised as interest accrues taking into account the interest rates and effective yield on the financial asset.

Rental Income

Rental Income is accounted for on a straight line basis over the term of the lease.

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.

All revenue is stated net of the amount of goods and services tax (GST).

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Inventories

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

c) Property Plant and Equipment

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in Statement of Changes in Equity and accumulated in the Asset Revaluation Reserve. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in the Statement of Changes of Equity and will decrease the Asset Revaluation Reserve.

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Freehold land and buildings that have been contributed at no cost or for nominal cost are valued and recognised at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit and loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(e) for details of impairment).

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 recognised as expenses in profit or loss in the financial period which they are incurred.

Plant and equipment that have been contributed at no cost or for a nominal cost are recognised at the fair value of the asset at the date it is acquired.

Depreciation

Property, plant and equipment are depreciated over their useful lives commencing from the time the asset is held ready for use. Buildings are depreciated using the straight line method whereas plant and equipment is depreciated using the diminishing value method. Land is not depreciated.

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Depreciation (continued)

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Assets</u>	<u>Rates</u>
Buildings and Related Improvements	2% - 20%
Plant, Equipment and Furniture	3% - 40%
Poker Machines and Related Equipment	30% - 40%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the income statement when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

d) Intangibles

Poker Machine Entitlements

Poker machine entitlements are deemed to have an indefinite useful life and are not amortised. Instead they are tested annually for impairment.

Other Intangibles

Other Intangibles are deemed to have a finite useful life and are amortised over their useful lives commencing from the time the asset is held and ready for use.

e) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets' carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets' fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

g) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use.

All other borrowing costs are recognised in the income statement over the period of the borrowings to which they relate.

h) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees at balance date. Employee benefits that are expected to be settled within 1 year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the company to employee superannuation funds and are charged as expenses when incurred.

i) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

j) Leases

Leases of assets where substantially all the risks and benefits incidental to the ownership of the asset, but not legal ownership, are transferred to the entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Capitalised Leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight line basis over the life of the lease term.

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

k) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Subsequent to initial recognition these instruments are measured as set out below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the company's intention to hold these investments to maturity. Any held-to-maturity investments held by the company are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the income statement.

l) Goods and Services Tax (GST)

Revenue, 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

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

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

m) Income Tax

The company is assessable for income tax on the surplus of trading with persons other than members and on investment income. Receipts from members themselves, however, are not subject to income tax being in accordance with the principle of mutuality.

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 for permanent differences, changes in deferred tax assets and liabilities attributed to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in the income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

n) Critical Accounting Estimates and Judgements

The preparation of the financial statements require management to make estimates and judgements that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities.

Uncertainty about these estimates and judgements could result in outcomes that require a material adjustment to the carrying amount of assets and liabilities affected in future periods.

Estimates and Judgements

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Management based its estimates and judgements on historical results and the best available current information. Estimates and judgements assume a reasonable expectation of future events and are based on current trends and economic data, from internal and external sources.

Estimation of useful life of assets

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

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Critical Accounting Estimates and Judgements (continued)

Impairment of non-financial assets

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset.

Assessment of impairment and remaining useful lives of property, plant and equipment

The Directors have considered whether any indicators of impairment exist which would require the performance of an impairment review in respect of the property, plant and equipment owned by the Club. In addition, management has considered whether the useful lives of any such assets should be revised as a result of any anticipated development. Management has determined that as at the year-end date no such indicators exist.

o) New Revised Standards Effective for these Financial Statements

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

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

p) Going Concern

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. In determining the appropriateness of the basis of preparation, the directors have considered the impact of the COVID-19 pandemic on the position of the Company at 31 December 2021 and its operations in future periods.

It is not possible to estimate the duration and impact of COVID-19 or the effectiveness of Government responses to combat the virus and support businesses. This being the case, we do not consider it practicable to provide a quantitative or qualitative estimate of the potential impact of COVID-19.

In arriving at this position, the directors believe that the Company will continue as a going concern and meet its debts and commitments as and when they fall due and fund its ongoing operations for a period of not that less than 12 months from the date of approval of the financial statements.

q) Comparative Figures

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

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 2: REVENUE

	2021	2020
	\$	\$
Operating activities:		
Revenue from bar trading	983,459	899,332
Revenue from restaurant and bistro	979,050	850,675
Revenue from poker machines	1,462,776	1,853,873
Revenue from Keno and TAB	36,263	43,308
Revenue from boardroom	29,120	20,319
Revenue from members subscriptions	5,998	14,880
Commissions received	10,532	8,085
Insurance recoveries	-	11,210
Government subsidies	227,694	400,006
Total revenue	<u>3,734,892</u>	<u>4,101,688</u>

NOTE 3: PROFIT FOR THE YEAR

Profit from ordinary activities before income tax expense has been determined after:

Expenses (excluding depreciation)

Direct Costs of:

- Bar trading	540,578	639,817
- Restaurant and Bistro	833,463	790,443
- Poker Machine trading	481,082	581,209
Total Direct Cost of Trading	<u>1,855,123</u>	<u>2,011,469</u>

Depreciation and Amortisation

- Buildings and property improvements	89,540	79,668
- Plant, equipment and furniture	111,145	110,291
- Poker machines and related equipment	211,309	241,862
	<u>411,994</u>	<u>431,821</u>
Amortisation of website	187	320
Net loss on disposal of Non-Current Assets	14,509	15,991
Total Depreciation	<u>426,690</u>	<u>448,132</u>

Interest expense on financial liabilities	<u>18,922</u>	<u>25,569</u>
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SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 3: PROFIT FOR THE YEAR (continued)

	2021	2020
	\$	\$
Remuneration of the auditor for:		
- Audit of the financial report	21,900	21,000
- Other services	8,578	7,984
	<u>30,478</u>	<u>28,984</u>
Provision for employee entitlements:		
Annual leave and Sick leave	(94,776)	14,120
Long service leave	(8,213)	22,916
	<u>(102,989)</u>	<u>37,036</u>

NOTE 4: INCOME TAX

- a) The amount set aside for income tax in the statement of comprehensive income has been calculated as follows:

Portion of income attributable to non members	308,276	253,056
Less: Portion of expenses attributable to non members	(288,098)	(233,698)
	<u>20,178</u>	<u>19,358</u>
Add: Other assessable income	303,609	371,718
Less: Other deductible expenses	(466,392)	(520,965)
Transfer to tax losses	142,605	129,889
Net income subject to tax	<u>-</u>	<u>-</u>
Increase (decrease) in deferred tax asset	42,484	40,316
Less: Permanent differences	25,253	(15,062)
Income tax benefit (expense)	<u>67,737</u>	<u>25,254</u>

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 5: CASH AND CASH EQUIVALENTS

	2021	2020
	\$	\$
Cash on hand	51,500	51,500
Cash at bank (Trading Account)	-	49,405
Cash at bank (TAB Account)	938	492
Cash at bank (Sundry Account)	295	45
	<u>52,733</u>	<u>101,442</u>
Bank Overdraft (Trading Account)	<u>(340,802)</u>	<u>-</u>

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT

Trade receivables	97,033	2,294
Other receivables	47,287	72,939
	<u>144,320</u>	<u>75,233</u>

NOTE 7: INVENTORIES

CURRENT

At cost

Bar and Liquor at cost	30,625	27,394
Food at cost	4,075	5,073
	<u>34,700</u>	<u>32,467</u>

NOTE 8: OTHER ASSETS

CURRENT

Prepayments	<u>7,666</u>	<u>11,032</u>
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NON-CURRENT

Security Deposit - TAB	<u>5,000</u>	<u>5,000</u>
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SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

	2021	2020
	\$	\$
NOTE 9: INTANGIBLE ASSETS		
Website development	-	591
License agreement		
Fingal Bay unit - at directors valuation	62,000	62,000
Poker machine licences - at directors valuation	1,125,000	1,125,000
	<u>1,187,000</u>	<u>1,187,591</u>
NOTE 10: PROPERTY, PLANT AND EQUIPMENT		
Land		
Club freehold land - at independent valuation 2020	20,400,000	20,400,000
Buildings - at independent valuation 2020	3,856,797	3,326,769
Less accumulated depreciation	<u>(322,974)</u>	<u>(233,434)</u>
	<u>23,933,823</u>	<u>23,493,335</u>
Plant, Equipment and Furniture - at cost	1,444,992	1,412,124
Less accumulated depreciation	<u>(910,565)</u>	<u>(870,407)</u>
	<u>534,428</u>	<u>541,717</u>
Poker Machines and Related Equipment - at cost	1,677,062	1,572,751
Less accumulated depreciation	<u>(1,069,488)</u>	<u>(922,016)</u>
	<u>607,574</u>	<u>650,735</u>
Total property, plant and equipment	<u>25,075,825</u>	<u>24,685,787</u>

Pursuant to Section 41J of the Registered Clubs Act, the land and buildings situated at 182 Coward Street Mascot NSW, are classified as core property of the Club for the financial year ended 31 December 2021.

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)

Movement in Carrying Amounts	2021	2020
	\$	\$
<p>Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:</p>		
<u>Land and Buildings</u>		
Carrying amount at the beginning of year	23,493,335	21,434,146
Additions	530,028	138,857
Revaluation	-	2,000,000
Depreciation Expense	<u>(89,540)</u>	<u>(79,668)</u>
Carrying amount at end of year	<u>23,933,823</u>	<u>23,493,335</u>
<u>Plant, Equipment and Furniture</u>		
Carrying amount at the beginning of year	541,717	562,976
Additions	115,325	89,392
Disposals	(11,469)	(359)
Depreciation Expense	<u>(111,145)</u>	<u>(110,291)</u>
Carrying amount at end of year	<u>534,428</u>	<u>541,717</u>
<u>Poker Machines and Equipment</u>		
Carrying amount at the beginning of year	650,735	630,750
Additions	170,784	277,478
Disposals	(2,636)	(15,631)
Depreciation Expense	<u>(211,309)</u>	<u>(241,862)</u>
Carrying amount at end of year	<u>607,574</u>	<u>650,735</u>
<u>Total</u>		
Balance at the beginning of the year	24,685,787	22,627,872
Additions	816,137	505,727
Disposals	(14,105)	(15,991)
Depreciation	(411,994)	(431,822)
Revaluations	-	2,000,000
Carrying amount at the end of the year	<u>25,075,825</u>	<u>24,685,787</u>

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 11: DEFERRED TAX ASSETS	2021	2020
	\$	\$
Opening Balance	517,760	477,444
Income tax benefit (expense)	42,484	40,316
Closing Balance	<u>560,244</u>	<u>517,760</u>
Recognised in comprehensive income		
- Employee entitlements	8,655	8,952
- Tax Losses	551,589	508,808
	<u>560,244</u>	<u>517,760</u>

NOTE 12: TRADE AND OTHER PAYABLES

Unsecured liabilities:		
Trade payables	27,815	74,625
Accrued expenses	56,191	89,973
Equipment payable	155,894	124,613
Goods and services tax	30,933	30,116
Income received in advance	-	2,325
Members subscriptions in advance	9,256	3,170
PAYG withholding	37,711	29,471
	<u>317,800</u>	<u>354,293</u>
NON-CURRENT		
Equipment payable	<u>195,690</u>	<u>290,022</u>

NOTE 13: PROVISIONS

CURRENT		
Short-term Provisions		
Provision for Poker Machine Linked Jackpot	20,364	23,128
Employee entitlements:		
Provision for annual leave	134,129	88,186
Provision for sick leave	98,432	239,152
	<u>252,926</u>	<u>350,466</u>
NON-CURRENT		
Long-term		
Employee entitlements:		
Provision for long service leave	<u>67,601</u>	<u>75,814</u>

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 14: LONG TERM BORROWINGS

	2021	2020
	\$	\$
NON-CURRENT		
Mortgage loan	<u>900,000</u>	<u>600,000</u>

NOTE 15: RESERVES

Asset Revaluation Reserve	21,599,196	21,599,196
Capital Profits Reserve	<u>473,849</u>	<u>473,849</u>
	<u>22,073,045</u>	<u>22,073,045</u>

- a. Asset Revaluation Reserve
The asset revaluation reserve records the revaluation of non current assets.
- b. Capital Profits Reserve
The capital profits reserve represents the after tax capital profits on sale of non current assets.

NOTE 16: CASH FLOW INFORMATION

16 (a) Reconciliation of cash flow from operations with Statement of Profit or Loss:		
Net Profit for the year	46,952	45,510
Non-cash flows in Net Profit		
Depreciation and Amortisation	412,181	432,141
Disposal of plant and equipment	14,509	15,991
Changes in assets and liabilities:		
Decrease (increase) in receivables	(69,087)	(22,808)
Decrease (increase) in inventories	(2,233)	(2,635)
Decrease (increase) in other assets	3,366	22,763
Decrease (increase) in deferred tax assets	(42,484)	(40,316)
Increase (decrease) in payables	(130,825)	100,095
Increase (decrease) in short term provisions	(97,540)	22,716
Increase (decrease) in long term provisions	(8,213)	22,916
Net cash provided by (used in) operating activities	<u>126,626</u>	<u>596,373</u>
16 (b) Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position (note 5).	<u>(288,069)</u>	<u>101,442</u>

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 17: RELATED PARTY TRANSACTIONS

The name of each person holding the position of director of the club during the financial year is listed in the Directors Report.

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.

Directors' Remuneration	2021	2020
All directors positions are honorary. The directors received no remuneration or retirement benefits from the Club, with the exception that honorariums were paid to the directors.	\$	\$
	<u>37,680</u>	<u>33,120</u>

Key Management Personnel

The following were key management personnel of the company at any time during the reporting period and unless otherwise indicated were directors for the entire period:

Directors

Deborah Atkins
 Ross Marshall
 Justin Wenban - Resigned 31 August 2021
 Michael Comninos
 Victoria Talbot
 Michael King
 Mark Blizard
 Sophie Lumsden - Appointed 12 October 2021

Executive Management

Ian McMillan - Chief Executive Officer
 James McKenzie - Operations Manager

Transactions with Key Management Personnel	2021	2020
	\$	\$
The key management personnel compensation included in "personnel expenses" is as follows:		
Short term employee benefits		
Executive Management Salaries and Allowances	<u>434,252</u>	<u>432,403</u>
Post employment benefits		
Executive Management Superannuation	<u>71,633</u>	<u>67,020</u>

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

NOTE 18: POKER MACHINE ENTITLEMENTS

The company acknowledges that Poker Machine Entitlements have a value. The value of these entitlements is the market value determined by the trading of such entitlements. The current market value is estimated by the directors to be \$25,000 for each entitlement. The club currently holds forty five (45) poker machine entitlements.

NOTE 19: IMPACT OF COVID-19

The Company has determined that COVID-19 is a non-adjusting event. Accordingly, the financial statements do not include any adjustments relating to the recoverability of asset carrying amounts or the amount of liabilities that might result should the entity be unable to continue as a going concern and meet its debts as and when they fall due.

The duration and impact of COVID-19, as well as the effectiveness of government responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of the consequences of COVID-19, as well as the impact on the financial position and results of the Company for future periods.

NOTE 20: EVENTS SUBSEQUENT TO REPORTING DATE

There are no matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company as at 31 December 2021.

NOTE 21: MEMBERS GUARANTEE

The company is limited by guarantee. If the company is wound up, the Articles of Association state that each member is required to contribute a maximum of \$2 each towards meeting the outstanding obligations of the company. At 31 December 2021 the number of financial members totalled 5,317 (2020: 4,782).

NOTE 22: COMPANY DETAILS

The registered office and principle place of business is:
182 Coward Street
MASCOT NSW 2020

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N 87 000 298 699

DIRECTORS' DECLARATION

The directors of South Sydney Graphic Arts Club Limited declare that:

1. The financial statements, comprising the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and accompanying notes, are in accordance with the Corporations Act 2001 and:
 - (a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements and Corporations Regulations 2001 and other professional reporting requirements; and
 - (b) 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;

2. At the date of this declaration there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.

Ms Deborah Atkins – President

25 February 2022 at Mascot

Mr Ross Marshall – Vice President

25 February 2022 at Mascot

SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED
A.B.N. 87 000 298 699

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED

Auditor's Opinion

We have audited the accompanying financial report of South Sydney Graphic Arts Club Limited, which comprises the statement of financial position as at 31 December 2021, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the financial report of South Sydney Graphic Arts Club Limited 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 ended on that date; 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 this 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) relevant to our audit of the financial report. 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 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 other information. The other information comprises the information included in the Company's annual report for the year ended 31 December 2021 excluding the financial report and our 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 from the audit or otherwise appears to be materially misstated.

Other Information (Continued)

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.

Directors' responsibilities 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 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.

D.A STRATI & ASSOCIATES

Certified Practising Accountants

A handwritten signature in black ink, appearing to read 'D. Strati', enclosed within a large, loopy oval shape.

Domenic Strati
Brighton Le Sands
25 February 2022