
Granville Diggers Club Limited

ABN 63 085 849 902

**Annual Financial Report
31 December 2019**

Granville Diggers Club Limited

Directors' Report

Directors

The directors present their report, together with the financial statements of Granville Diggers Club Limited (the Company) for the year ended 31 December 2019.

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

Name	Position	Date of Appointment
Paul McLaughlin	President	2009 - Director 2017 - President (August 2017)
Kenneth Arkley	Director	2007 - Director (did not stand - 20 May 2019)
Elias Nassar	Director	2010 - Director
Richard Attard	Director	2015 - Director
John Toum	Director	2017 - Director
Matthew Shaw	Director	2017 - Director
Brenda Louwen	Director	2017 - Director (appointed - 20 May 2019)
Rick Powell	Director	2017 - Director (appointed - 20 May 2019)

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 Attended	Number of Meetings Held*
Paul McLaughlin	11	13
Kenneth Arkley (did not stand - 20 May 2019)	3	5
Elias Nassar	11	13
Richard Attard	11	13
John Toum	13	13
Matthew Shaw	13	13
Brenda Louwen (appointed - 20 May 2019)	8	8
Rick Powell (appointed - 20 May 2019)	8	8

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

Granville Diggers Club Limited

Directors' Report (continued)

Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2019 and the comparison with last year is as follows:

	2019	2018
Members	13,371	16,185

Members' limited liability

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 \$26,742 (2018: \$32,370).

Operating result

The net loss before tax for the year amounted to \$675,047 compared with a loss of \$837,579 for the prior year. This resulted after charging \$845,711 (2018: \$979,682) for depreciation.

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.

Granville Diggers Club Limited

Directors' Report (continued)

Principal activities

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

There have been no significant changes in the nature of these activities during the year.

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.

Key performance indicators

	2019 %	2018 %
Key Performance Indicators		
Bar - Gross profit percentage	53.53%	54.56%
Wages and salaries - percentage of total revenue	24.79%	23.81%

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 on page 4.

Signed in accordance with a resolution of the directors.

Dated at Granville this 24th day of February 2020.


Paul McLaughlin
President

DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF GRANVILLE DIGGERS CLUB LIMITED

As lead auditor of Granville Diggers Club Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- The auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- Any applicable code of professional conduct in relation to the audit.



Paul Cheeseman
Partner

BDO East Coast Partnership

Sydney, 24 February 2020

To the members of Granville Diggers Club Limited

Report on the Audit of the Financial Report

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 2019, the statement of profit or loss and other comprehensive income, the statement of changes in members' fund and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Granville Diggers 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 2019 and of its financial performance for the year ended on that date; and
- (ii) Complying with Australian Accounting Standards 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 *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 obtained at the date of this auditor's report is information included in the Directors report and the supplementary information to the financial statements, this does not include the financial report and our auditor's report thereon.

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

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

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar1.pdf.

This description forms part of our auditor's report.

BDO East Coast Partnership



Paul Cheeseman
Partner

Sydney, 24 February 2020

Granville Diggers Club Limited

Directors' Declaration

The directors of the company declare that:

- (a) In the Directors' opinion the financial report and notes set out on pages 8 to 32, are 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 2019 and of its performance, for the financial year ended on that date; and
 - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements; the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- (b) 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 the directors made pursuant to section 295 (5)(a) of the *Corporations Act 2001*.

Dated at Granville this 24th day of February 2020.



Paul McLaughlin
President

Granville Diggers Club Limited

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Revenue			
Sale of goods		375,472	412,992
Rendering of services		5,971,354	6,473,372
Other revenue		44,043	39,566
		<hr/>	<hr/>
Total revenue	1	6,390,869	6,925,930
		<hr/>	<hr/>
Other Income	1	9,866	-
		<hr/>	<hr/>
Expenses			
Raw Materials and consumables used		(174,464)	(188,210)
Poker machine licences and taxes		(1,198,049)	(1,358,536)
Employment benefits expenses		(1,514,498)	(1,734,569)
Occupancy expenses		(1,149,775)	(1,141,531)
Entertainment, advertising and promotions		(857,206)	(859,118)
Social expenses		(843,382)	(898,675)
Depreciation and amortisation expenses	2	(845,711)	(979,682)
Donations and welfare		(122,127)	(120,875)
Legal fees		(1,904)	(5,944)
Net loss on disposal of plant and equipment		-	(2,996)
Other expenses		(368,666)	(473,373)
		<hr/>	<hr/>
Total Expenses		(7,075,782)	(7,763,509)
		<hr/>	<hr/>
Loss before income tax		(675,047)	(837,579)
Income tax benefit	3(a)	-	-
		<hr/>	<hr/>
Net loss after income tax expense		(675,047)	(837,579)
		<hr/>	<hr/>
Other comprehensive Income			
Other comprehensive income for the year, net of tax		-	-
		<hr/>	<hr/>
Total comprehensive loss for the year, net of tax		(675,047)	(837,579)
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 12 to 32.

Granville Diggers Club Limited

Statement of Financial Position As at 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
Current Assets			
Cash and cash equivalents		2,556,560	2,736,318
Trade and other receivables		8,644	12,381
Inventories		35,210	27,547
Prepayments		23,953	43,403
Total Current Assets		2,624,367	2,819,649
Non-Current Assets			
Property, plant and equipment	4	12,595,672	13,327,661
Deferred tax assets	3(b)	121,167	121,167
Intangible assets	5	2,085,000	2,085,000
Right-of-use asset	6	343,195	-
Total Non-Current Assets		15,145,034	15,533,828
Total Assets		17,769,401	18,353,477
LIABILITIES			
Current Liabilities			
Trade and other payables	7	399,546	318,874
Employee benefits	8	362,847	365,889
Financial liabilities	9	-	126,276
Lease liabilities	10	178,320	-
Other current liabilities	11	21,441	35,959
Total Current Liabilities		962,154	846,998
Non-Current Liabilities			
Employee benefits	8	6,576	30,761
Financial liabilities	9	-	147,935
Lease liabilities	10	147,935	-
Deferred tax liabilities	3(c)	70,146	70,146
Other non-current liabilities	11	19,154	19,154
Total Non-Current Liabilities		243,811	267,996
Total Liabilities		1,205,965	1,114,994
Net Assets		16,563,436	17,238,483
Members' Funds			
Retained profits		16,563,436	17,238,483
Total Members' Funds		16,563,436	17,238,483

The Statement of Financial Position should be read in conjunction with the accompanying notes set out on pages 12 to 32.

Granville Diggers Club Limited

Statement of Changes in Members' funds
For the Year Ended 31 December 2019

	Retained Earnings \$	Total Equity \$
Balance at 1 January 2018	18,076,062	18,076,062
Net profit after income tax benefit for the year	(837,579)	(837,579)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	(837,579)	(837,579)
Balance at 31 December 2018	17,238,483	17,238,483
Net loss after income tax benefit for the year	(675,047)	(675,047)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive loss for the year	(675,047)	(675,047)
Balance at 31 December 2019	16,563,436	16,563,436

The Statement of Changes in Members' funds should be read in conjunction with the accompanying notes set out on pages 12 to 32.

Granville Diggers Club Limited

Statement of Cash Flows
For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Cash Flows From Operating Activities			
Receipts from customers		7,164,323	7,623,086
Payments to suppliers and employees		(7,022,187)	(7,732,623)
Interest received		35,930	35,234
Other revenue received		8,113	4,332
		<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities		186,179	(69,971)
		<hr/>	<hr/>
Cash Flows From Investing Activities			
Proceeds from sale of plant and equipment		186,880	-
Payment for plant and equipment		(458,052)	(265,838)
		<hr/>	<hr/>
Net cash outflow from investing activities		(271,172)	(265,838)
		<hr/>	<hr/>
Cash Flows From Financing Activities			
Payment for finance leases		(94,765)	(90,141)
		<hr/>	<hr/>
Net cash outflow from financing activities		(94,765)	(90,141)
		<hr/>	<hr/>
Net decrease in cash held and cash equivalents		(179,758)	(425,950)
Cash and cash equivalents at the beginning of the financial year		2,736,318	3,162,268
		<hr/>	<hr/>
Cash and cash equivalents at the end of the financial year		2,556,560	2,736,318
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes set out on pages 12 to 32.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

About this report

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 financial statements are for Granville Diggers Club Limited as a standalone legal entity. The financial statements were approved for issue by the Directors on 24th February 2020. The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- Have been prepared on an ongoing concern basis.

New or amended Accounting Standards and Interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the Company:

AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below.

AASB 16 Leases

The Company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 15 and AASB 16 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact from the adoption of AASB 15 *Revenue from contracts with customers* on opening retained profits as at 1 January 2019.

There was no significant difference on adoption of AASB 16 *Leases* from the operating lease commitments disclosed in applying AASB 117 at the end of the annual reporting period 31 December 2018 after having discounted the commitments using the incremental borrowing rate at 1 January 2019.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

About this report continued

The Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 4
Estimation of useful lives of assets	Note 4
Intangible assets	Note 5
Long service leave liability	Note 8

Granville Diggers Club Limited

Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
1 Revenue and Other Income		
Sale of Goods Revenue		
Bar sales	375,472	412,992
Rendering of Services Revenue		
Poker machines - net clearances	5,802,097	6,273,942
Members' subscriptions	30,798	51,504
Keno sales	43,128	34,467
Commission received	61,523	66,131
Sundry income	33,808	47,328
Total rendering of services revenue	5,971,354	6,473,372
Other Revenues		
Interest received	35,930	35,234
Other	8,113	4,332
Total other revenue	44,043	39,566
Total revenue	6,390,869	6,925,930
Other Income		
Net gain on sale of plant and equipment	9,866	-
Total other income	9,866	-
Total Revenue and Other Income	6,400,735	6,925,930

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

1 Revenue and Other Income (continued)

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.

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.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

	2019 \$	2018 \$
2 Expenses		
Loss before income tax includes the following specific expenses:		
Other Expenses		
Finance Costs	5,991	4,867
	<hr/>	<hr/>
Depreciation and Amortisation		
Buildings and improvements	250,864	257,759
Poker machines	375,951	476,765
Plant and equipment	193,348	245,158
Right-of-use asset	25,548	-
	<hr/>	<hr/>
Total depreciation and amortisation	845,711	979,682
	<hr/>	<hr/>
Net (gain)/ expense from movements in provision for		
Employee benefits	(27,227)	(79,802)
	<hr/>	<hr/>
Defined contribution superannuation expense	123,632	128,214
	<hr/>	<hr/>

Recognition and Measurement

Finance costs are expensed in the period in which they are incurred, including interest on finance leases.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3 Income Tax

(a) 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.

	2019 \$	2018 \$
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	176,015	-
Transfer to tax losses carried forward	176,015	-
	<hr/>	<hr/>
Net income subject to tax	-	-
	<hr/>	<hr/>
Current income tax applicable to above at rate of 27.5%		
(Increase)/ Decrease in deferred tax assets	-	-
Increase/(Decrease) in deferred tax liabilities	-	-
	<hr/>	<hr/>
Income tax expense attributable to operating profit	-	-
	<hr/> <hr/>	<hr/> <hr/>

Granville Diggers Club Limited

Notes to the Financial Statements
For the Year Ended 31 December 2019

	2019 \$	2018 \$
3 Income Tax (continued)		
(b) Deferred Tax Assets		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Employee benefits	15,769	15,769
Carried forward tax losses on operating profits	105,398	105,398
	<hr/>	<hr/>
Net deferred tax assets	121,167	121,167
	<hr/> <hr/>	<hr/> <hr/>
Movements		
Opening balance	121,167	121,167
Credited to the profit or loss	-	-
	<hr/>	<hr/>
Closing balance	121,167	121,167
	<hr/> <hr/>	<hr/> <hr/>
(c) Deferred Tax Liabilities		
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Depreciation of property, plant and equipment	70,146	70,146
	<hr/>	<hr/>
Net deferred tax Liabilities	70,146	70,146
	<hr/> <hr/>	<hr/> <hr/>

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

3 Income Tax (continued)

Unrecognised deferred tax assets in relation to temporary differences associated with tax losses total \$95,888 at the end of the financial year (2018: \$47,484). Deferred tax assets have not been recognised in the current year due to the likelihood of utilising the recognised income tax benefits in the short term.

These benefits will only be obtained if:

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

Recognition and Measurement

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

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

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

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.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

	2019 \$	2018 \$
4 Property Plant & Equipment		
Freehold land and buildings		
<i>At cost</i>	13,297,229	13,185,829
<i>Accumulated depreciation</i>	(2,077,479)	(1,715,215)
	11,219,750	11,470,614
Poker machines		
<i>At cost</i>	4,889,235	5,002,451
<i>Accumulated depreciation</i>	(4,331,268)	(4,141,281)
	557,967	861,170
Plant and Equipment		
<i>At cost</i>	3,744,807	3,729,380
<i>Accumulated depreciation</i>	(2,926,852)	(2,733,503)
	817,955	995,877
Total property, plant and equipment net book value	12,595,672	13,327,661

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.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

	2019 \$	2018 \$
4 Property Plant & Equipment (continued)		
Reconciliations		
Movements in Carrying Amounts		
Movements in the carrying amounts for each class of property, plant & equipment between the beginning and the end of the current financial year are set out below:		
Freehold land and buildings		
Carrying amount at beginning of year	11,470,614	11,719,190
Additions	-	9,183
Depreciation expense	(250,864)	(257,759)
Transfer from capital work in progress	-	(5,745)
	<hr/>	<hr/>
Carrying amount at end of year	11,219,750	11,470,614
	<hr/>	<hr/>
Poker Machines		
Carrying amount at beginning of year	861,170	1,163,037
Additions	442,626	177,615
Disposals	(1,135)	(2,717)
Transfer to right-of-use asset	(368,743)	-
Depreciation expense	(375,951)	(476,765)
	<hr/>	<hr/>
Carrying amount at end of year	557,967	861,170
	<hr/>	<hr/>
Plant and Equipment		
Carrying amount at beginning of year	995,877	1,188,638
Additions	15,426	79,040
Disposals	-	(26,643)
Depreciation expense	(193,348)	(245,158)
	<hr/>	<hr/>
Carrying amount at end of year	817,955	995,877
	<hr/>	<hr/>
Capital work in progress		
Carrying amount at beginning of year	-	5,745
Additions	-	-
Transfer to freehold land and buildings	-	(5,745)
	<hr/>	<hr/>
Carrying amount at end of year	-	-
	<hr/>	<hr/>

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

4 Property, Plant and Equipment (continued)

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

Recognition and Measurement

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:

Buildings	40 years
Poker machines	4 years
Plant and equipment	3-13 years

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.

Key estimate and Judgement: 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.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

	2019 \$	2018 \$
5 Intangible Assets		
Poker machine entitlements - at cost	2,085,000	2,085,000

Indefinite useful life

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

Recognition and Measurement

Poker Machine Entitlements

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.

Key estimate and Judgement: 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.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

6 Right-of-use Assets

Plant and Equipment - right-of-use

At cost

378,827

-

Less accumulated amortisation

(35,632)

-

Total right-of-use asset at end of year

343,195

-

Movements in carrying amounts of right-of-use assets:

Plant and Equipment - right-of-use

Transfer from plant and equipment

368,743

-

Amortisation expense

(25,548)

-

Carrying amount at the end of the year

343,195

-

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

Recognition and measurement

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

7 Trade and Other Payables

GST payable	19,003	32,537
Trade creditors	2,381	56
Accrued expenses	378,162	286,281
	<hr/>	<hr/>
	399,546	318,874
	<hr/>	<hr/>

Recognition and Measurement

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.

8 Employee Benefits

Current		
Annual leave	187,651	216,126
Long service leave	175,196	149,763
	<hr/>	<hr/>
Total current employee benefits	362,847	365,889
	<hr/>	<hr/>
Non-current		
Long service leave	6,576	30,761
	<hr/>	<hr/>
Aggregate liability for employee benefits including on-costs	369,423	396,650
	<hr/>	<hr/>

Notes to the Financial Statements For the Year Ended 31 December 2019

8 Employee Benefits (continued)

The present value of employee benefits not expected to be settled within 12 months of reporting date has been calculated using the following weighted averages:

Inflation rate	1.90%	1.90%
Discount rate	3.72%	3.72%

Superannuation Plans

Contributions

The Company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

Recognition and Measurement

Wages & Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefit and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

Key estimate and judgement: 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.

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.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

	2019 \$	2018 \$
9 Financial Liabilities		
Current		
Hire purchase liabilities	-	126,276
	<hr/>	<hr/>
Non-current		
Hire purchase liabilities	-	147,935
	<hr/>	<hr/>
	2019 \$	2018 \$
10 Lease Liabilities		
Current		
Hire purchase liabilities	178,320	-
	<hr/>	<hr/>
Non-current		
Hire purchase liabilities	147,935	-
	<hr/>	<hr/>

Recognition and measurement

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. Lease liabilities are secured over the rights to the hire purchase assets recognised in the statement of financial position which will revert to the lessor if the company defaults.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

	2019 \$	2018 \$
11 Other Liabilities		
Current		
Subscriptions received in advance	4,261	18,779
Poker machine duty rebate received in advance	17,180	17,180
	<hr/>	<hr/>
	21,441	35,959
	<hr/>	<hr/>
Non-Current		
Subscriptions received in advance	19,154	19,154
	<hr/>	<hr/>
12 Commitments		
a) Non-Cancellable Operating Lease Expense Commitments		
Future operating lease commitments not provided for in the financial statements and payable:		
Within one year	-	34,596
One year or later and no later than five years	-	38,437
	<hr/>	<hr/>
	-	73,033
	<hr/>	<hr/>
b) Finance Lease Commitments		
Finance lease rental commitments are payable:		
Within one year	-	141,282
One year or later and no later than five years	-	157,621
	<hr/>	<hr/>
Minimum lease payments	-	298,903
	<hr/>	<hr/>

Capital Commitments

There were no capital commitments as at 31 December 2019 (2018: \$nil).

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

12 Commitments (continued)

Recognition and Measurement

Leases under which the Company assumes substantially all the risks and benefits incidental to the ownership of the assets but not the legal ownership are classified as finance leases. Other leases are classified as operating leases.

Operating Leases

Payments made under operating leases are expensed on a straight-line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

13 Contingent liabilities

There were no contingent liabilities as at 31 December 2019 and 31 December 2018.

14 Key Management Personnel Details

(a) Directors

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

Paul McLaughlin
Kenneth Arkley (did not stand - 20 May 2019)
Elias Nassar
Richard Attard
John Toum
Matthew Shaw
Brenda Louwen (appointed - 20 May 2019)
Rick Powell (appointed - 20 May 2019)

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

14 Key Management Personnel Details (continued)

(b) Other Key Management Personnel

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

Name	Position
Peter Hunt	General Manager
Rowan Easterbrook	Gaming Manager

(c) Key Management Personnel Compensation

	2019 \$	2018 \$
Benefits and payments made to the Directors and Other Key Management Personnel	216,193	429,807

15 Related Parties

Key Management Personnel

Disclosures relating to key management personnel are set out in Note 14.

Directors' Transactions with the Company

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

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

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

	2019 \$	2018 \$
Entertainment, promotions and printing	1,567,521	1,622,658

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

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

16 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2019 there were 16,185 members.

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 registered office of the company is 5 Memorial Drive, Granville NSW 2142.

17 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 in future financial years.

18 Summary of Other Significant Accounting Policies

Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (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 the expense.

Receivables and payables in the Statement of Financial Position 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 included in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

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 pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. 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.

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.

Granville Diggers Club Limited

Notes to the Financial Statements For the Year Ended 31 December 2019

18 Summary of Significant Accounting Policies (continued)

Trade and Other Receivables

Trade debtors and other receivables represent the principal amounts due at reporting date plus accrued interest and less, where applicable, any unearned income and provisions for doubtful accounts.

Inventories

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

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.

Granville Diggers Club Limited

Supplementary Information to the Financial Statements For the Year Ended 31 December 2019

Statement of Profit or Loss and Other Comprehensive Income

	Schedule	2019 \$	2018 \$
Income			
Net profit/(loss) - Bar	1	(2,071)	17,141
Net profit - Poker Machines	2	2,769,729	2,991,199
Net (loss) -Keno/TAB		20,135	(8,026)
Subscriptions received		30,798	51,504
Vending machine commission		2,049	2,827
Sundry income		41,922	51,662
Interest received		35,056	35,234
Profit on sale of non-current assets		9,866	-
ATM commission		45,474	48,866
		<hr/>	<hr/>
		2,943,966	3,190,407
Less: Expenditure			
Accountancy fees		64,190	63,840
Advertising		1,640	3,237
Annual report		24,997	38,610
Auditor's remuneration		27,990	38,733
Bad debts and cash adjustments		106	-
Bank charges		1,135	1,038
Beverages		37	-
Cleaning		120,270	121,766
Consultancy Fees		8,600	7,680
Depreciation		434,747	490,359
Directors' expenses		-	5
Election expenses		1,295	-
Electricity		265,062	283,053
Filing Fees		341	649
Fringe benefits tax		500	67,681
General expenses		2,219	3,656
Heating		36,534	45,849
Hire of Equipment		43,533	49,858
Insurance		138,001	128,966
Interest Paid		5,991	4,867
Legal costs		1,904	5,944
Loss on sale of non-current asset		-	2,996
Licensing fees		5,407	-
Motor vehicle expenses		13,243	72,862
Payroll tax		32,401	57,053
Postage		36	14
Printing and stationery		31,729	35,325
Provision for annual leave, long service leave and redundancies		80,125	125,837

Granville Diggers Club Limited
 Supplementary Information to the Financial Statements
 For the Year Ended 31 December 2019

Statement of Profit or Loss and Other Comprehensive Income (continued)

	2019 \$	2018 \$
Rates and taxes	41,890	49,328
Repairs and maintenance	253,855	197,354
Salary sacrifice - admin super	15,354	13,168
Security costs	154,361	159,184
Social expenses	834,571	898,675
Sports, trophies and subsidies	1,675	1,495
Staff amenities and allowances	12,327	11,774
Staff training	6,807	10,171
Stocktaking expenses	6,600	6,600
Subscriptions	100,253	101,512
Superannuation	123,632	128,214
Trade waste	43,926	48,373
Telephone	11,735	12,630
Uniforms	1,014	2,580
Wages	682,475	735,110
Welfare and donations	1,024	1,940
	<hr/>	<hr/>
	3,633,532	4,027,986
	<hr/>	<hr/>
Operating loss before income tax	(675,047)	(837,579)
	<hr/> <hr/>	<hr/> <hr/>

Granville Diggers Club Limited
 Supplementary Information to the Financial Statements
 For the Year Ended 31 December 2019

Schedule 1
 Bar Trading Statement

	2019 \$	2018 \$
INCOME		
Sales	375,472	412,992
	<hr/>	<hr/>
Less: Cost of Sales		
Opening stock	25,541	23,216
Purchases	181,930	189,987
	<hr/>	<hr/>
Closing stock	207,470 (33,006)	213,203 (25,541)
	<hr/>	<hr/>
	174,465	187,662
	<hr/>	<hr/>
Gross Profit	201,007	225,330
	<hr/>	<hr/>
Less: Expenses		
Bar requisites	25,064	28,542
Depreciation	9,465	12,559
Salaries and wages	168,549	167,088
	<hr/>	<hr/>
Total Expenses	203,078	208,189
	<hr/>	<hr/>
Net (loss)/profit	(2,071)	17,141
	<hr/>	<hr/>

Granville Diggers Club Limited
 Supplementary Information to the Financial Statements
 For the Year Ended 31 December 2019

Schedule 2
 Poker Machine Trading Statement

	2019 \$	2018 \$
INCOME		
Poker machine takings before GST	6,363,408	6,882,438
Less: GST applicable	(578,492)	(625,677)
PM Duty rebate	17,180	17,180
	<hr/>	<hr/>
Net takings	5,802,096	6,273,941
	<hr/>	<hr/>
Less: Expenses		
Data monitoring	83,422	81,483
Depreciation	401,499	476,765
Donations / community levy	121,103	118,935
Poker machine duty	1,114,628	1,277,052
Promotions	816,287	808,227
Repairs and maintenance	114,308	131,343
Salaries and wages	343,517	342,777
Turbo points redemption	37,603	46,160
	<hr/>	<hr/>
Total Expenses	3,032,367	3,282,742
	<hr/>	<hr/>
Net Profit	2,769,729	2,991,199
	<hr/>	<hr/>