

**SOUTH SYDNEY GRAPHIC ARTS  
CLUB LIMITED**

**ANNUAL FINANCIAL REPORT**

**31 DECEMBER 2019**

**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 2019**

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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 2019.

**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 13 years
Ross Marshall	Vice President Retired - Printer Board member for 18 years
Graeme Robinson	Director Retired - Printer Board member for 18 years
Justin Wenban	Director Self Employed Board member for 7 years
Michael Comminos	Director Director of Infrastructure Strategy and Programs Board member for 6 years
Victoria Talbot	Director Semi-Retired Teacher Board member for 4 years
Michael King	Director Painter / Decorator Board member for 3 years
Mark Blizzard	Director Group Executive / Project Management Board member for 2 years

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**  
**A.B.N. 87 000 298 699**

**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:

<b>Director</b>	<b>Number of meetings Held *</b>	<b>Number of meetings attended</b>
Deborah Atkins	12	12
Ross Marshall	12	11
Graeme Robinson	12	11
Justin Wenban	12	10
Michael Comminos	12	10
Victoria Talbot	12	9
Michael King	12	9
Mark Blizard	12	9

\* 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 profit after tax for the year amounted to \$142,390 compared with a profit of \$142,840 for the prior year. This result was achieved after recognising \$448,588 (2018: \$388,056) 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.

**SIGNIFICANT EVENTS AFTER THE 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 2019 was 6,461 (2018: 5,764).

**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 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 its auditors during or since the financial year.

**INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS**

During the financial year the company has paid insurance premiums of \$6,495 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.

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Ms Deborah Atkins – President  
4 March 2020 at Mascot

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Mr Ross Marshall – Vice President  
4 March 2020 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 auditor of the South Sydney Graphic Arts Club Limited for the financial year ended 31 December 2019, 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.

This declaration is in respect of South Sydney Graphic Arts Club Limited for the financial year ended 31 December 2019.

**D.A STRATI & ASSOCIATES**  
**Certified Practising Accountants**

Domenic Strati  
Level 5, 376 Bay Street  
Brighton Le Sands

4 March 2020

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

**STATEMENT OF PROFIT OR LOSS**  
**AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 \$	2018 \$
<b>Revenue from ordinary activities</b>			
Revenue from sale of goods		2,706,907	2,744,895
Revenue from rendering services		2,079,126	2,095,994
Members subscriptions		12,573	9,779
Other revenue		87,119	74,890
Total Revenue	2	<u>4,885,725</u>	<u>4,925,558</u>
<b>Expenses from ordinary activities</b>			
Cost of sales		(917,252)	(1,019,023)
Poker machine licences and taxes		(281,794)	(277,108)
Personnel expenses		(1,884,366)	(1,773,989)
Members benefits		(211,102)	(276,601)
Finance costs		(29,562)	(42,363)
Other expenses		<u>(1,030,292)</u>	<u>(964,909)</u>
Total Expenses		<u>(4,354,368)</u>	<u>(4,353,993)</u>
<b>Profit before depreciation and impairment</b>		<b>531,357</b>	<b>571,565</b>
Depreciation and amortisation	3	(448,588)	(388,056)
<b>Profit before income tax</b>		<u><b>82,769</b></u>	<u><b>183,509</b></u>
Income tax benefit (expense)	4	59,621	(40,669)
<b>Net Profit for the year</b>		<u><u><b>142,390</b></u></u>	<u><u><b>142,840</b></u></u>
<b>Total comprehensive income attributable to members of the entity</b>		<u><u><b>142,390</b></u></u>	<u><u><b>142,840</b></u></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 2019**

	Note	2019 \$	2018 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	60,796	167,341
Trade and other receivables	6	52,425	25,069
Inventories	7	29,832	24,385
Other current assets	8	21,124	14,080
Total Current Assets		<u>164,177</u>	<u>230,875</u>
<b>NON-CURRENT ASSETS</b>			
Intangible assets	9	1,187,910	1,188,481
Property, plant and equipment	10	22,627,872	22,601,670
Deferred tax assets	11	477,444	417,823
Other non current assets	8	17,672	20,597
Total Non-Current Assets		<u>24,310,898</u>	<u>24,228,571</u>
<b>TOTAL ASSETS</b>		<u><b>24,475,075</b></u>	<u><b>24,459,446</b></u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	404,830	441,461
Short term provisions	13	327,750	325,342
Total Current Liabilities		<u>732,580</u>	<u>766,803</u>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	12	139,390	236,159
Long term provisions	13	52,898	48,667
Interest-bearing loans and borrowings	14	650,000	650,000
Total Non-Current Liabilities		<u>842,288</u>	<u>934,826</u>
<b>TOTAL LIABILITIES</b>		<u><b>1,574,868</b></u>	<u><b>1,701,629</b></u>
<b>NET ASSETS</b>		<u><b>22,900,207</b></u>	<u><b>22,757,817</b></u>
<b>MEMBERS' EQUITY</b>			
Reserves	15	20,073,045	20,073,045
Retained earnings		2,827,162	2,684,772
<b>TOTAL MEMBERS' EQUITY</b>		<u><b>22,900,207</b></u>	<u><b>22,757,817</b></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 2019**

	<b>Retained Earnings</b>	<b>Asset Revaluation Reserve</b>	<b>Capital Profits Reserve</b>	<b>Total</b>
	\$	\$	\$	\$
<b>Balance at 1 January 2018</b>	2,541,932	19,224,196	473,849	22,239,977
Net Profit for the year	142,840	-	-	142,840
Revaluation of Poker Machine Licences	-	375,000	-	375,000
<b>Balance at 31 December 2018</b>	<u>2,684,772</u>	<u>19,599,196</u>	<u>473,849</u>	<u>22,757,817</u>
Net Profit for the year	142,390	-	-	142,390
<b>Balance at 31 December 2019</b>	<u><u>2,827,162</u></u>	<u><u>19,599,196</u></u>	<u><u>473,849</u></u>	<u><u>22,900,207</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 2019**

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts from customers		5,344,206	5,410,972
Cash paid to suppliers and employees		(4,976,532)	(4,641,024)
Net cash from operating activities	16(a)	<u>367,674</u>	<u>769,948</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant & equipment		(272,834)	(431,943)
Proceeds from disposal of property, plant and equipment		<u>-</u>	<u>8,943</u>
Net cash from (used) investing activities		<u>(272,834)</u>	<u>(423,000)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of Equipment Funding		(201,385)	(249,000)
Net cash used by financing activities		<u>(201,385)</u>	<u>(249,000)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS DURING THE YEAR</b>		(106,545)	97,948
Cash and cash equivalents at the beginning of year		167,341	69,393
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	16(b)	<u><u>60,796</u></u>	<u><u>167,341</u></u>

The accompanying notes form part of these financial statements

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

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 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 2019**

**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 2019**

**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 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 2019**

**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 2019**

**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 2019**

**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**  
**A.B.N. 87 000 298 699**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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) Accounting Standards and Interpretations Issued but not yet effective**

Certain new Accounting Standards and Interpretations have been published that are not mandatory for the 31 December 2019 reporting period. The Directors have not early adopted any of these new or amended standards or interpretations. The Company will be required to review and revise presentation, recognition or measurement where required for these accounting standards in future years.

**q) 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 arriving at this position, the directors have had regard to the fact that the company has, or in the directors opinion will have, access to sufficient cash to meet its debts 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.

**r) 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 2019**

**NOTE 2: REVENUE**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Operating activities:		
Revenue from bar trading	1,377,069	1,444,789
Revenue from restaurant and bistro	1,329,838	1,300,106
Revenue from poker machines	1,996,571	1,987,232
Revenue from Keno and TAB	82,555	108,762
Revenue from boardroom	71,893	61,460
Revenue from members subscriptions	12,573	9,779
Commissions received	15,226	13,430
Total revenue	<u>4,885,725</u>	<u>4,925,558</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	754,033	861,526
- Restaurant and Bistro	1,017,359	933,465
- Poker Machine trading	616,425	593,613
Total Direct Cost of Trading	<u>2,387,817</u>	<u>2,388,604</u>

**Depreciation and Amortisation**

- Buildings and property improvements	76,266	77,500
- Plant, equipment and furniture	103,327	100,965
- Poker machines & related equipment	238,480	203,545
	<u>418,073</u>	<u>382,010</u>
Amortisation of website/app costs	571	1,057
Net loss on disposal of Non-Current Assets	29,944	4,989
Total Depreciation	<u>448,588</u>	<u>388,057</u>

Interest expense on financial liabilities	<u>29,562</u>	<u>42,363</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 2019**

**NOTE 3: PROFIT FOR THE YEAR (continued)**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Remuneration of the auditor for:		
- Audit of the financial report	20,000	20,000
- Other services	7,610	8,270
	<u>27,610</u>	<u>28,270</u>
Provision for employee entitlements:		
Annual leave & Sick leave	6,764	47,368
Long service leave	4,231	6,625
	<u>10,995</u>	<u>53,993</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	334,276	239,679
Less: Portion of expenses attributable to non members	<u>(295,856)</u>	<u>(204,817)</u>
	38,420	34,862
Add: Other assessable income	97,781	122,192
Less: Other deductible expenses	(328,297)	(304,652)
Transfer to tax losses	<u>192,096</u>	<u>147,598</u>
Net income subject to tax	<u>0</u>	<u>0</u>
Increase (decrease) in deferred tax asset	59,621	(40,669)
Income tax benefit (expense)	<u>59,621</u>	<u>(40,669)</u>

**SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 5: CASH AND CASH EQUIVALENTS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Cash on hand	41,500	40,000
Cash at bank (SSGAC Account)	85	140
Cash at bank (ANZ Trading Account)	18,455	27,060
Cash at bank (ANZ TAB Account)	756	100,141
	<u>60,796</u>	<u>167,341</u>

**NOTE 6: TRADE AND OTHER RECEIVABLES**

**CURRENT**

Trade receivables	19,600	1,558
Other receivables	32,825	23,511
	<u>52,425</u>	<u>25,069</u>

**NOTE 7: INVENTORIES**

**CURRENT**

**At cost**

Bar & Liquor at cost	25,486	18,760
Food at cost	4,346	5,625
	<u>29,832</u>	<u>24,385</u>

**NOTE 8: OTHER ASSETS**

**CURRENT**

Prepayments	<u>21,124</u>	<u>14,080</u>
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**NON-CURRENT**

Security Deposit - TAB	5,000	5,000
Other receivables	12,672	15,597
	<u>17,672</u>	<u>20,597</u>

**SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 9: INTANGIBLE ASSETS**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Website App Development	910	1,481
License agreement - Fingal Bay unit	62,000	62,000
Poker machine licences - at directors valuation	1,125,000	1,125,000
	<u>1,187,910</u>	<u>1,188,481</u>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

Land		
Club freehold land - at independent valuation 2017	18,400,000	18,400,000
Buildings - at independent valuation 2017	3,187,912	3,100,000
Less accumulated depreciation	<u>(153,766)</u>	<u>(77,500)</u>
	<u>21,434,146</u>	<u>21,422,500</u>
Plant, Equipment and Furniture - at cost	1,327,546	1,379,158
Less accumulated depreciation	<u>(764,570)</u>	<u>(872,974)</u>
	<u>562,976</u>	<u>506,184</u>
Poker Machines and Related Equipment - at cost	1,560,048	1,577,562
Less accumulated depreciation	<u>(929,298)</u>	<u>(904,576)</u>
	<u>630,750</u>	<u>672,986</u>
Total property, plant and equipment	<u>22,627,872</u>	<u>22,601,670</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 2019.

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

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT (continued)**

<b>Movement in Carrying Amounts</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<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	21,422,500	21,500,000
Additions	87,912	-
Depreciation Expense	<u>(76,266)</u>	<u>(77,500)</u>
Carrying amount at end of year	<u>21,434,146</u>	<u>21,422,500</u>
<u>Plant, Equipment and Furniture</u>		
Carrying amount at the beginning of year	506,184	521,094
Additions	160,119	94,287
Disposals	-	(8,232)
Depreciation Expense	<u>(103,327)</u>	<u>(100,965)</u>
Carrying amount at end of year	<u>562,976</u>	<u>506,184</u>
<u>Poker Machines and Equipment</u>		
Carrying amount at the beginning of year	672,986	544,723
Additions	226,188	337,656
Disposals	(29,944)	(5,848)
Depreciation Expense	<u>(238,480)</u>	<u>(203,545)</u>
Carrying amount at end of year	<u>630,750</u>	<u>672,986</u>
<u>Total</u>		
Balance at the beginning of the year	22,601,670	22,565,817
Additions	474,219	431,943
Disposals	(29,944)	(14,080)
Depreciation	(418,073)	(382,010)
Revaluations	-	-
Carrying amount at the end of the year	<u>22,627,872</u>	<u>22,601,670</u>

**SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

<b>NOTE 11: DEFERRED TAX ASSETS</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Opening Balance	417,823	458,492
Income tax benefit (expense)	59,621	(40,669)
Closing Balance	<u>477,444</u>	<u>417,823</u>
Recognised in comprehensive income		
- Employee entitlements	7,597	5,610
- Tax Losses	469,847	412,213
	<u>477,444</u>	<u>417,823</u>

**NOTE 12: TRADE AND OTHER PAYABLES**

Unsecured liabilities:		
Trade payables	33,239	22,967
Accrued expenses	67,917	77,518
Equipment payable	229,873	260,162
Goods and services tax	20,328	32,152
Income received in advance	11,453	11,646
Members subscriptions in advance	6,470	5,763
PAYG withholding	35,550	31,253
	<u>404,830</u>	<u>441,462</u>
<b>NON-CURRENT</b>		
Equipment payable	<u>139,390</u>	<u>236,159</u>

**NOTE 13: PROVISIONS**

<b>CURRENT</b>		
Short-term Provisions		
Provision for Poker Machine Linked Jackpot	14,532	18,888
Employee entitlements:		
Provision for annual leave	102,482	112,470
Provision for sick leave	210,736	193,984
	<u>327,750</u>	<u>325,342</u>
<b>NON-CURRENT</b>		
Long-term		
Employee entitlements:		
Provision for long service leave	<u>52,898</u>	<u>48,667</u>

**SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**NOTE 14: LONG TERM BORROWINGS**

	2019	2018
	\$	\$
<b>NON-CURRENT</b>		
Mortgage loan	<u>650,000</u>	<u>650,000</u>

**NOTE 15: RESERVES**

Asset Revaluation Reserve	19,599,196	19,599,196
Capital Profits Reserve	<u>473,849</u>	<u>473,849</u>
	<u>20,073,045</u>	<u>20,073,045</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	142,390	142,840
Non-cash flows in Net Profit		
Depreciation & Amortisation	418,644	383,067
Disposal of plant and equipment	29,944	4,989
Changes in assets and liabilities:		
Decrease (increase) in receivables	(27,356)	(6,493)
Decrease (increase) in inventories	(5,447)	3,019
Decrease (increase) in other assets	(4,119)	(14,026)
Decrease (increase) in deferred tax assets	(59,621)	40,669
Increase (decrease) in payables	(133,400)	143,002
Increase (decrease) in short term provisions	2,408	66,256
Increase (decrease) in long term provisions	4,231	6,625
Net cash provided by (used in) operating activities	<u>367,674</u>	<u>769,948</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>60,796</u>	<u>167,341</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 2019**

**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.

<b>Directors' Remuneration</b>	<b>2019</b>	<b>2018</b>
All directors positions are honorary. The directors received no remuneration or retirement benefits from the Club, with the exception that an honorarium was paid to the directors.	\$	\$
	<u>39,560</u>	<u>34,400</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  
 Graeme Robinson  
 Justin Wenban  
 Michael Comninos  
 Victoria Talbot  
 Michael King  
 Mark Blizard

**Executive Management**

Ian McMillan - Chief Executive Officer  
 James McKenzie - Operations Manager

<b>Transactions with Key Management Personnel</b>	<b>2019</b>	<b>2018</b>
	\$	\$
The key management personnel compensation included in "personnel expenses" is as follows:		
Short term employee benefits		
Executive Management Salaries & Allowances	<u>393,794</u>	<u>370,408</u>
Post employment benefits		
Executive Management Superannuation	<u>62,696</u>	<u>64,020</u>

**SOUTH SYDNEY GRAPHIC ARTS CLUB LIMITED**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**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: 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 2019.

**NOTE 20: 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 2019 the number of financial members totalled 6,461 (2018: 5,764).

**NOTE 21: 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 2019 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.

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Ms Deborah Atkins – President

4 March 2020 at Mascot

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Mrs Ross Marshall – Vice President

4 March 2020 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**

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 2019, 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.

***Directors' responsibility 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.

***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risk of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Independence***

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001. We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of South Sydney Graphic Arts Club Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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

**INDEPENDENT AUDITOR'S REPORT (continued)**

***Auditor's Opinion***

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 2019 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.

**D.A STRATI & ASSOCIATES**  
Certified Practising Accountants

Domenic Strati  
Brighton Le Sands  
4 March 2020