

Horsham Sports & Community Club Ltd

ACN 056 460 505

Financial Statements

For the Year Ended 30 June 2021

Horsham Sports & Community Club Ltd

ACN 056 460 505

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30 June 2021

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Horsham Sports & Community Club Ltd

ACN 056 460 505

Directors' Report 30 June 2021

Your directors present their report on Horsham Sports & Community Club Ltd for the financial year ended 30 June 2021.

Information on Directors

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

Tim Coller

Qualifications & Experience: Advanced Certificate in Estate Agencies

Appointed: 25 May 1999

Gary Nicholas

Qualifications & Experience: Bachelor of Economics and Laws

Appointed: 13 September 1999

Gloria Muldoon

Qualifications & Experience: Company Director

Appointed: 19 August 2008

Gary Howden

Qualifications & Experience: Company Director

Appointed: 19 August 2008

Greg Schultz

Qualifications & Experience: Company Director

Appointed: 24 October 2011

Kerry Schultz

Qualifications & Experience: Certified Practising Accountant

Appointed: 20 October 2014

Resigned: 2 March 2021

Dean Winfield

Qualifications & Experience: Certified Financial Planner

Appointed: 20 October 2014

Daniel Smith

Qualifications & Experience: Bachelor of Business

Appointed: 20 March 2017

Rodney Cowie

Qualifications & Experience: Farmer

Appointed: 9 October 2017

Resigned: 12 October 2020

Simone Miller

Qualifications & Experience: Company Director

Appointed: 19 October 2020

Horsham Sports & Community Club Ltd

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Directors' Report

30 June 2021

Garrett Liston

Qualifications & Experience ME Civil Engineer

Appointed: 21 June 2021

Operating Result

The profit of the company for the financial year after providing for income tax amounted to \$450,719 (2020: \$35,805).

Principal Activities

The principal activities of Horsham Sports & Community Club Ltd during the financial year were licensed club, gaming machine operator and function centre.

No significant changes in the nature of the entity's activities occurred during the financial year.

Short term objectives

After reviewing the full impact of the Covid-19 pandemic, the Board will assess the level of support that can be provided to the community through sponsorships to local sporting clubs and community groups and contributions to major community projects.

Long term objectives

The Company's long term objectives are to:

- Provide benefit to the community including the development, promotion, advancement, assistance and encouragement of sport, health and community based bodies in the Wimmera Region or such other places as may be determined from time to time through both community service and through financial support, and
- Undertake activities as are necessary, incidental or conducive to the advancement of these objectives including providing services and facilities to members and engaging in income generating activities.

Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- To develop and refine the Human Resource Management System that positions HSCC as an employer of choice in the Wimmera Region,
- The Club's directors, staff and volunteers will strive to use best practice governance and provide clear expectations of professional accountabilities and responsibilities to all stakeholders,
- Manage external borrowings to position the Club to undertake future opportunities and development whilst maintaining acceptable returns to the community and working capital reserves,
- Maintain existing facilities to the highest standard,
- The Club will continue to monitor the future needs of its membership with regard to facilities, and
- Manage and enhance the HSCC brand. This goal is achieved through the successful management and operation of a fully licensed gaming and hospitality venue governed by an independent board of directors and management team.

Horsham Sports & Community Club Ltd

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Directors' Report

30 June 2021

Members guarantee

Horsham Sports & Community Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$10.

At 30 June 2021 the collective liability of members was \$ 59,840 (2020: \$ 54,360).

Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

Meetings of Directors

During the financial year, 13 meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Tim Coller	13	11
Gary Nicholas	13	12
Gloria Muldoon	13	8
Gary Howden	13	13
Greg Schultz	13	8
Kerry Schultz	9	6
Dean Winfield	13	12
Daniel Smith	13	12
Rodney Cowie	4	2
Simone Miller	9	9
Garrett Liston	1	1

Auditor's independence declaration

The auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2021 has been received and can be found on page 4 of the financial report.

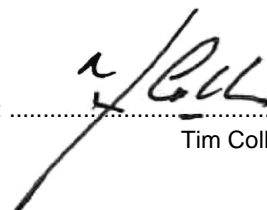
Signed in accordance with a resolution of the Board of Directors:

Director:



Gary Howden

Director:



Tim Coller

Dated 3 September 2021

Horsham Sports & Community Club Ltd

ACN 056 460 505

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Horsham Sports & Community Club Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021, there have 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.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd

A handwritten signature in blue ink, appearing to read 'J. Hargreaves', is written over a dotted line.

Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

2 September 2021

Horsham Sports & Community Club Ltd

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2021

	2021	2020
	\$	\$
Income	4 5,789,130	6,217,555
Raw materials and consumables used	(526,712)	(698,403)
Advertising and promotional expenses	(170,416)	(249,580)
Community sponsorships	(31,602)	(109,542)
Depreciation and amortisation expenses	(1,103,874)	(1,162,286)
Employee benefits expense	(1,720,244)	(1,804,700)
Finance costs	(11,901)	(15,576)
Gaming expenses	(1,172,288)	(1,488,580)
Occupancy costs	(291,851)	(378,712)
Sundry expenses	(309,523)	(274,371)
Profit before income tax	450,719	35,805
Income tax expense	-	-
Profit for the year	450,719	35,805
Other comprehensive income		
Net gain on revaluation of land and buildings	86,070	-
Other comprehensive income for the year, net of tax	86,070	-
Total comprehensive income for the year	536,789	35,805

The accompanying notes form part of these financial statements.

Horsham Sports & Community Club Ltd

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Statement of Financial Position**As At 30 June 2021**

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	2,852,731	1,967,931
Trade and other receivables	6	3,663	4,432
Inventories	7	35,671	26,598
TOTAL CURRENT ASSETS		<u>2,892,065</u>	<u>1,998,961</u>
NON-CURRENT ASSETS			
Property, plant and equipment	8	6,268,245	6,454,296
Intangible assets	9	932,549	1,638,101
Right-of-use assets	10	111,949	140,341
TOTAL NON-CURRENT ASSETS		<u>7,312,743</u>	<u>8,232,738</u>
TOTAL ASSETS		<u>10,204,808</u>	<u>10,231,699</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	1,029,448	765,263
Borrowings	12	34,858	148,466
Short-term provisions	13	232,648	276,181
Other liabilities	14	83,457	102,081
TOTAL CURRENT LIABILITIES		<u>1,380,411</u>	<u>1,291,991</u>
NON-CURRENT LIABILITIES			
Trade and other payables	11	-	625,832
Borrowings	12	10,100	36,368
TOTAL NON-CURRENT LIABILITIES		<u>10,100</u>	<u>662,200</u>
TOTAL LIABILITIES		<u>1,390,511</u>	<u>1,954,191</u>
NET ASSETS		<u>8,814,297</u>	<u>8,277,508</u>
EQUITY			
Reserves	15	826,481	740,411
Retained earnings		7,987,816	7,537,097
TOTAL EQUITY		<u>8,814,297</u>	<u>8,277,508</u>

The accompanying notes form part of these financial statements.

Horsham Sports & Community Club Ltd

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Statement of Changes in Equity

For the Year Ended 30 June 2021

2021

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2020	7,537,097	740,411	8,277,508
Profit for the year	450,719	-	450,719
Revaluation increment (decrement)	-	86,070	86,070
Balance at 30 June 2021	7,987,816	826,481	8,814,297

2020

	Retained Earnings	Asset Revaluation Reserve	Total
	\$	\$	\$
Balance at 1 July 2019	7,506,017	740,411	8,246,428
Profit for the year	35,805	-	35,805
Adjustment on adoption of AASB 16	(4,725)	-	(4,725)
Balance at 30 June 2020	7,537,097	740,411	8,277,508

The accompanying notes form part of these financial statements.

Horsham Sports & Community Club Ltd

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Statement of Cash Flows For the Year Ended 30 June 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	5,783,019	6,197,862
Payments to suppliers and employees	(4,029,713)	(5,167,180)
Interest received	6,880	23,973
Interest paid	(11,901)	(15,576)
Net cash provided by operating activities	21 <u>1,748,285</u>	<u>1,039,079</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Payment for gaming machine entitlements	(625,800)	(625,800)
Purchase of property, plant and equipment	(97,809)	(212,858)
Net cash used in investing activities	<u>(723,609)</u>	<u>(838,658)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	-	58,749
Repayment of borrowings	(139,876)	(67,657)
Net cash used in financing activities	<u>(139,876)</u>	<u>(8,908)</u>
Net increase (decrease) in cash and cash equivalents held	884,800	191,513
Cash and cash equivalents at beginning of year	<u>1,967,931</u>	<u>1,776,418</u>
Cash and cash equivalents at end of financial year	5 <u><u>2,852,731</u></u>	<u><u>1,967,931</u></u>

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2021

The financial report covers Horsham Sports & Community Club Ltd as an individual entity. Horsham Sports & Community Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The principal activities of the Company during the financial year were licensed club, gaming machine operator and function centre. No significant changes in the nature of the entity's activities occurred during the financial year.

The functional and presentation currency of Horsham Sports & Community Club Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 3 September 2021.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Simplified Disclosures and the *Corporations Act 2001*.

The Company is a not-for-profit entity for financial reporting purposes under the Australian Accounting Standards.

The Company has opted to adopt Australian Accounting Standards - Simplified Disclosures ahead of its mandatory effective date of 1 July 2021. Other than the change in disclosure requirements, the adoption of the Australian Accounting Standards - Simplified Disclosures has no significant impact on the financial statements because the Association's previous financial statements were prepared in full compliance with Australian Accounting Standards - Reduced Disclosure Requirements.

Material accounting policies adopted in the preparation of these financial statements have been consistently applied from previous years unless otherwise stated. Refer to Note 1(o) for new accounting standards adopted during the period.

The financial statements, except for the cash flow information, have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

2 Summary of Significant Accounting Policies

(a) Comparative figures

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

(b) Inventories

Inventories are measured at the lower of cost and net realisable value.

(c) Property, plant and equipment

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

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(c) Property, plant and equipment

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any additions to land and buildings since the most recent independent valuation are recorded at cost.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income.

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

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on either a diminishing value basis or a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Land is not depreciated.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and Equipment	3.75% to 66.67%
Furniture, Fixtures and Fittings	5% to 33.33%
Gaming Machines	14.5%
Motor Vehicles	22.5%

The assets' residual values, depreciation methods 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 the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(d) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Company measures its financial assets a amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(d) Financial instruments

Financial assets

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(e) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where this indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(f) Intangible Assets

Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(g) 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 which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(h) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(h) Leases

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Exceptions to lease accounting

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(i) Employee benefits

Provision is made for the Company's liability for employee entitlements arising from services rendered by employees to the end of the reporting year. Employee have been measured at their nominal amount. Long service leave has been accrued for employees who have completed seven years of service and is therefore included as a current liability.

Contributions are made by the Company to an employee superannuation fund and are charged as expenses when incurred.

(j) 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.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(j) Provisions

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Income tax

The Company self assesses on an annual basis that it is income tax exempt. Previously, the Australian Taxation Office had declared the company income tax exempt for a period of 5 years from 1 July 2002.

(m) Revenue and other income

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

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

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Company have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Notes to the Financial Statements

For the Year Ended 30 June 2021

2 Summary of Significant Accounting Policies

(m) Revenue and other income

Specific revenue streams

The revenue recognition policies for the principal revenue streams of the Company are:

Sale of food and beverages

Revenue from the sale of food and beverages is recognised at the time of sale.

Gaming machine, Keno and Bingo income

Gaming machine, Keno and Bingo income is recognised upon receipt.

Membership Fees

Membership fees are recognised at the commencement of the period to which the membership fees relate.

Room and equipment hire

Room and equipment hire is recognised on the date the room or equipment is hired.

Other income

Other income is recognised on an accruals basis when the Company is entitled to it.

(n) Goods and services tax (GST)

Revenue, 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 (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(o) Adoption of new and revised accounting standards

Other than the early adoption of AASB 1060 to comply with Australian Accounting Standards – Simplified Disclosures (See Note 1), The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Notes to the Financial Statements

For the Year Ended 30 June 2021

3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key Estimates - Provision for employee benefits

The company believed that obligations for annual leave entitlements satisfy the definition of short term employee benefits and, therefore, can be measured at the undiscounted amounts expected to be paid to employees when the obligations are settled. Long Service Leave entitlements, given the conservative calculation of the entitlements, are measured at the undiscounted amounts expected to be paid to the employees when the obligations are settled.

Key estimates - fair value of financial instruments

The Company has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - property held at fair value

An independent valuation of property (land and buildings) carried at fair value was obtained on 30 June 2021. The directors have reviewed this valuation and determined that it is suitable for the purpose of determining fair value for financial reporting purposes.

Note 19 provides information on inputs and techniques to determine valuation.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

Notes to the Financial Statements

For the Year Ended 30 June 2021

4 Revenue

	2021	2020
	\$	\$
Revenue from contracts with customers (AASB 15)		
- Bingo	2,483	14,499
- Gaming machine income	3,349,012	4,060,302
- Keno	7,393	6,458
- Membership fees	33,141	52,186
- Room and equipment hire	107	473
- Sale of beverages	462,458	623,682
- Sale of food	1,023,641	1,247,875
	4,878,235	6,005,475
Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations - AASB 1058)		
- ATO Cash Flow Boost (COVID stimulus)	50,000	50,000
- COVID Support Funding - Other	40,500	-
- Donations and bequests	147,297	-
- Entertainment	-	55
- Gain on disposal of assets	2,636	-
- Interest	6,880	23,973
- JobKeeper wage subsidies	663,550	138,000
- Vending machine	32	53
	910,895	212,081
Total Revenue	5,789,130	6,217,556

5 Cash and Cash Equivalents

Cash on hand	139,236	103,871
Cash at bank	657,123	268,190
Short-term bank deposits	2,051,327	1,594,161
Credit card receipts not banked	5,045	1,709
	2,852,731	1,967,931

6 Trade and Other Receivables

Trade receivables	1,782	2,650
Sundry debtors	1,881	1,782
	3,663	4,432

7 Inventories

Food and beverages - at cost	35,671	26,598
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Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, Plant and Equipment

	2021	2020
	\$	\$
Land		
At valuation - 2021	1,120,000	-
At valuation - 2017	-	650,000
	<u>1,120,000</u>	<u>650,000</u>
Building		
At valuation - 2021	4,480,000	-
At valuation - 2017	-	5,350,000
Improvements - at cost	-	55,140
Less: Accumulated depreciation	-	(404,703)
	<u>4,480,000</u>	<u>5,000,437</u>
Total land and buildings	<u>5,600,000</u>	<u>5,650,437</u>
Plant and equipment		
At cost	790,828	731,870
Less: Accumulated depreciation	(553,729)	(494,666)
	<u>237,099</u>	<u>237,204</u>
Furniture, fixture and fittings		
At cost	342,020	342,020
Less: Accumulated depreciation	(221,311)	(199,681)
	<u>120,709</u>	<u>142,339</u>
Motor vehicles		
At cost	140,108	140,108
Less: Accumulated depreciation	(86,599)	(68,762)
	<u>53,509</u>	<u>71,346</u>
Gaming machines		
At cost	1,581,872	1,576,132
Less: Accumulated depreciation	(1,324,944)	(1,223,162)
	<u>256,928</u>	<u>352,970</u>
Total plant and equipment	<u>668,245</u>	<u>803,859</u>
Total property, plant and equipment	<u><u>6,268,245</u></u>	<u><u>6,454,296</u></u>

The Company's land and buildings were revalued at 30 June 2021 by Gareth Kent AAPI, Certified Practising Valuer of Preston Rowe Paterson.

Horsham Sports & Community Club Ltd

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Notes to the Financial Statements

For the Year Ended 30 June 2021

8 Property, Plant and Equipment

Movements in Carrying Amounts

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

	Land	Buildings	Plant & Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Gaming Machines	Total
	\$	\$	\$	\$	\$	\$	\$
Balance at the beginning of year	650,000	5,000,437	237,204	142,339	71,346	352,970	6,454,296
Additions	-	-	58,958	-	-	38,851	97,809
Depreciation expense	-	(136,507)	(59,063)	(21,630)	(17,837)	(134,893)	(369,930)
Revaluation recognised in equity	470,000	(383,930)	-	-	-	-	86,070
Balance at 30 June 2021	1,120,000	4,480,000	237,099	120,709	53,509	256,928	6,268,245

Notes to the Financial Statements

For the Year Ended 30 June 2021

9 Intangible Assets

	2021	2020
	\$	\$
Gaming machine entitlements		
At cost	7,027,715	7,027,715
Less: Accumulated amortisation	(6,095,166)	(5,389,614)
	<u>932,549</u>	<u>1,638,101</u>

Movements in carrying amounts of intangible assets

	Gaming machine entitlements	Total
	\$	\$
Year ended 30 June 2021		
Balance at the beginning of the year	1,638,101	1,638,101
Amortisation	(705,552)	(705,552)
Closing value at 30 June 2021	<u>932,549</u>	<u>932,549</u>

10 Leases

Company as a lessee

The Company has leases over Electronic Gaming Machines (EGMs)

The Company has chosen not to apply AASB 16 to leases of intangible assets.

Information relating to the leases in place and associated balances and transactions are provided below.

Right-of-use assets

	2021	2020
	\$	\$
Right-of-use assets	195,807	195,807
Accumulated depreciation	(83,858)	(55,466)
	<u>111,949</u>	<u>140,341</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

10 Leases

Right-of-use assets

Movement in Carrying Amounts

Movement in the carrying amounts for each class of right-of-use asset between the beginning and the end of the current financial year:

	EGMs \$	Total \$
Year ended 30 June 2021		
Balance at beginning of year	140,341	140,341
Depreciation charge	(28,392)	(28,392)
Balance at end of year	111,949	111,949

Lease liabilities

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year \$	1 - 5 years \$	> 5 years \$	Total undiscounted lease liabilities \$	Lease liabilities included in this Statement Of Financial Position \$
2021					
Lease liabilities	36,687	10,100	-	46,787	44,958
2020					
Lease liabilities	51,171	37,093	-	88,264	84,835

Statement of Profit or Loss and Other Comprehensive Income

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Company is a lessee are shown below:

	2021 \$	2020 \$
Interest expense on lease liabilities	(2,352)	(1,996)
Depreciation of right-of-use assets	(28,392)	(24,074)
	(30,744)	(26,070)

Horsham Sports & Community Club Ltd

ACN 056 460 505

Notes to the Financial Statements

For the Year Ended 30 June 2021

11 Trade and Other Payables

	2021	2020
	\$	\$
CURRENT		
Trade payables	226,342	107,414
Creditor - Gaming machine entitlements	625,799	625,767
PAYG payable	22,156	18,627
Employee entitlements	9,823	6,043
Gift vouchers	7,753	7,195
GST payable	137,575	217
	<u>1,029,448</u>	<u>765,263</u>
NON-CURRENT		
Creditor - Gaming machine entitlements	-	625,832

12 Borrowings

CURRENT		
Secured liabilities:		
Bank of Melbourne - Commercial Bill	-	100,000
Leases - EGMs	34,858	48,466
	<u>34,858</u>	<u>148,466</u>
NON-CURRENT		
Secured liabilities:		
Leases - EGMs	10,100	36,368
	<u>10,100</u>	<u>36,368</u>

The Bank of Melbourne Commercial Bill facility is secured by a Registered First Mortgage over the land and buildings of Horsham Sports and Community Club Ltd.

Leased liabilities are secured by the underlying leased assets.

During the current and prior year, there were no defaults or breaches on any of the borrowing facilities.

Notes to the Financial Statements

For the Year Ended 30 June 2021

13 Provisions

	2021	2020
	\$	\$
Provision for annual leave	72,240	64,542
Provision for long service leave	106,029	94,329
Provision for time in lieu	5,631	(568)
Provision for loyalty program	22,484	26,249
Provision for major community project	26,264	21,264
Provision for sponsorship	-	70,365
	<u>232,648</u>	<u>276,181</u>

14 Other Liabilities

Other liabilities	1,440	1,590
Jackpot liability	82,017	78,461
Memberships received in advance	-	22,030
	<u>83,457</u>	<u>102,081</u>

15 Reserves

Asset revaluation reserve

The asset revaluation reserve records unrealised gains on the revaluation of land and buildings.

16 Financial Risk Management

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

		2021	2020
		\$	\$
Financial Assets			
Cash and cash equivalents - at amortised cost	5	2,852,731	1,967,931
Trade and other receivables - at amortised cost	6	3,663	2,650
Total financial assets		<u>2,856,394</u>	<u>1,970,581</u>
Financial Liabilities			
Trade and other payables - at amortised cost	11	1,029,448	1,359,013
Borrowings - at amortised cost	12	-	100,000
Total financial liabilities		<u>1,029,448</u>	<u>1,459,013</u>

17 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company was \$ 305,090 (2020: \$ 296,139).

Notes to the Financial Statements

For the Year Ended 30 June 2021

18 Auditors' Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor of the company, CountPro Audit Pty Ltd (formerly PPT Audit Pty Ltd), for:		
- auditing or reviewing the financial statements	10,865	10,540
- other services	620	1,057
	<u>11,485</u>	<u>11,597</u>

19 Fair Value Measurement

The Company measures the following assets and liabilities at fair value on a recurring basis:

Asset / liability

Land and Buildings

Basis for determining value

The fair value of the Association's land and buildings is determined by an independent, qualified valuer on a triennial basis who have experience in the valuation of properties in a similar location and of a similar nature. The Board reviews the valuation reports and discuss significant movements with the valuer.

Assumptions

Adopted rental value: \$450,000

Capitalisation rate: 8.00%

20 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

There were no transactions with related parties during the financial year.

21 Cash Flow Information

Reconciliation of net income to net cash provided by operating activities:

	2021	2020
	\$	\$
Net income for the period	450,719	35,805
Non-cash flows in profit:		
- amortisation	705,552	705,553
- depreciation	398,322	456,733
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	769	4,280
- (increase)/decrease in inventories	(9,073)	11,238
- increase/(decrease) in trade and other payables	245,529	(236,817)
- increase/(decrease) in provisions	(43,533)	62,287
Cashflow from operations	<u>1,748,285</u>	<u>1,039,079</u>

Notes to the Financial Statements

For the Year Ended 30 June 2021

22 Events after the end of the Reporting Period

The financial report was authorised for issue on 3 September 2021 by the Board of Directors.

On 11 March 2020, the World Health Organisation (WHO) confirmed the Coronavirus Disease (COVID-19) to be a pandemic. At the date of this report, the pandemic continues to affect economic and social conditions across Australia. Subsequent to the end of the financial year the Victorian State Government has enforced three lockdowns in regional Victoria and travel restrictions to neighbouring states, significantly impacting the operations of the Company.

At the date of this report, the Company is of the opinion that there is no effect on the financial position or financial performance of the Company as reported in these financial statements for the year ended 30 June 2021.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

23 Company Details

The registered office of the company is:

Horsham Sports & Community Club Ltd
177-179 Baillie Street
PO Box 197
Horsham 3400

Horsham Sports & Community Club Ltd

ACN 056 460 505

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 26, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirement; and
 - b. give a true and fair view of the financial position as at 30 June 2021 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

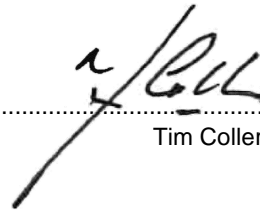
This declaration is made in accordance with a resolution of the Board of Directors.

Director



Gary Howden

Director



Tim Coller

Dated 3 September 2021

Horsham Sports & Community Club Ltd

Independent Audit Report to the members of Horsham Sports & Community Club Ltd

Opinion

We have audited the financial report of Horsham Sports & Community Club Ltd (the Company), which comprises the statement of financial position as at 30 June 2021, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 30 June 2021 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards - Simplified Disclosures and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Responsibilities of 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 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 have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

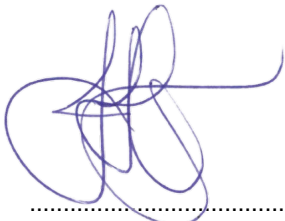
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

CountPro Audit Pty Ltd
CountPro Audit Pty Ltd

A handwritten signature in blue ink, appearing to read "Jason D. Hargreaves", is written over a horizontal dotted line.

Jason D. Hargreaves
Director

20 Lydiard Street South, Ballarat

6 September 2021