

FORBES SERVICES MEMORIAL CLUB LIMITED

ABN: 49 000 980 058

**Financial Report For The Year Ended
30 June 2021**

Forbes Services Memorial Club Limited

ABN: 49 000 980 058

Financial Report For The Year Ended 30 June 2021

CONTENTS	Page
Directors' Report	1
Auditor's Independence Declaration	4
Statement of Profit or Loss and Other Comprehensive Income	5
Statement of Financial Position	6
Statement of Changes in Equity	7
Statement of Cash Flows	8
Notes to the Financial Statements	9
Directors' Declaration	19
Independent Auditor's Report	20

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2021.

Directors

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

Wayne Richards - President
Patrick Reedy resigned (30/12/2020)
Grant E Nicholson - Senior Vice President
Tim G McCann resigned (10/11/2020)
Denise Richards
Tim Maitland - Junior Vice President
Greg Whitworth
Kevin Watts
Jayne Whitworth resigned (30/11/2020)

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

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to \$315,756.

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the financial year.

Principal Activities

The principal activities of the club during the financial year were to provide social and entertainment facilities for its members. No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Period

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years other than those occurred in Note 17.

Likely Developments and Expected Results of Operations

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.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the company.

Proceedings on Behalf of the Company

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.

Directors Details

Wayne Richards - President

Elected to the Board in 2006. Former Lieutenant Commander RAN, Semi-retired.
Member of the Clubs Director Institute.
Completion of Directors Mandatory Training
Finance for Clubs Boards
Director Foundation and Management Collaboration

FORBES SERVICES MEMORIAL CLUB LIMITED

ABN: 49 000 980 058

DIRECTORS' REPORT

Patrick J Reedy

Elected to the Board in 2000. Semi-retired motor mechanic.
Member of the Clubs Director Institute.
Completion of Directors Mandatory Training
Finance for Clubs Boards
Director Foundation and Management Collaboration

Denise Richards

Elected to the Board in 2015. Retired Public Servant
Held managerial positions within the NSW Police Force for a period of 18 years encompassing HR Management, Data Control and Technological Training. Project Manager to Commander, Olympic Security Command Centre for 2 years in preparation of the Sydney Olympics.
Volunteer with the Forbes Torchbearers and undertaken training as Legatee.
Member of the Clubs Director Institute
Completion of Directors Mandatory Training
Finance for Clubs Boards
Director Foundation and Management Collaboration

Tim McCann

Elected to the Board in 2015. Sales Representative
Held Executive positions for 11 years on the committee of the Sydney Motor Cycle Club.
Member of the Clubs Director Institute
Completion of Directors Mandatory Training
Finance for Clubs Boards
Director Foundation and Management Collaboration

Grant Nicholson - Senior Vice President

Held Executive position for 2 years on the Forbes Rugby Union Club
Member of the Clubs Director Institute.
Completion of Directors Mandatory Training
Finance for Clubs Boards
Director Foundation and Management Collaboration

Tim Maitland - Junior Vice President

Elected to the Board in 2017. Buisness Owner (Electrician)
Experience:
Actively involved with Forbes Soccer Association
Senior Referee (5 years)
Actively involved with Forbes Motocross Club

Jayne Whitworth

Elected to the Board in 2019. Retail Manager & Celebrant
Experience:
Member of the Clubs Director Institute
Completion of Directors Mandatory Training
Finance for Club Boards
Director Foundation and Management Collaboration
Business Management
Marriage Celebrant
Secretary 2LVR Community Radio
Treasurer K.I Players Theatre Group
Executive Board Occupational Health & Safety

FORBES SERVICES MEMORIAL CLUB LIMITED

ABN: 49 000 980 058

DIRECTORS' REPORT

Gregory Whitworth

Elected to the Board in 2019. Retail Sales Furniture

Experience:

Member of the Clubs Director Institute

Completion of Directors Mandatory Training

Finance for Club Boards

Director Foundation and Management Collaboration

Urrbrae Agricultural College

Agricultural Certificate University of Adelaide

5UV On Air training Presenters for Radio

Founding Member of Kangaroo Island Community Broadcasters 5KIX FM

President K.I Players Theatre Group

President Kid Care Child Centre

2 LVR Board Member, Treasurer, Vice President

Kevin Watts

Elected to the Board in 2019. Paramedic Ambulance NSW

Experience:

Member of the Clubs Director Institute

Completion of Directors Mandatory Training

Finance for Club Boards

Director Foundation and Management Collaboration

Ambulance Management Qualification

Batchelor Degree in Paramedicine

Head Coach of NSW Softball Representative Team

Forward Commander at Major Incident Scenes

President of Penrith Softball Club Inc

President of Penrith City Softball Association Inc

Directors Meeting attendance record

Name	Director Meetings	
	Number Eligible to Attend	Number Attended
Wayne Richards	12	11
Patrick Reedy	6	2
Denise Richards	12	11
Tim McCann	4	1
Grant Nicholson	12	9
Tim Maitland	12	10
Jayne Whitworth	4	3
Greg Whitworth	12	11
Kevin Watts	12	10

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director

Wayne Richards - President

Dated this

day of

2021

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Sales revenue	2	3,954,574	4,294,105
Other income	2	670,200	238,306
Raw materials and consumables used		(496,021)	(731,582)
Employee benefits expense		(1,666,923)	(1,842,717)
Members Amenities		(92,977)	(235,181)
Poker Machine Tax		(348,986)	(343,814)
Electricity Costs		(115,279)	(159,131)
Depreciation and amortisation expense		(617,770)	(674,645)
Finance costs		(161,040)	(167,143)
Other expenses		(810,022)	(1,010,859)
Profit for the year		<u>315,756</u>	<u>(632,661)</u>

The accompanying notes form part of these financial statements.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	412,976	132,605
Trade and other receivables	7	7,691	1,821
Inventories	8	31,314	42,094
Other current assets	9	8,222	5,159
TOTAL CURRENT ASSETS		<u>460,203</u>	<u>181,679</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	3,280,402	3,820,460
TOTAL NON-CURRENT ASSETS		<u>3,280,402</u>	<u>3,820,460</u>
TOTAL ASSETS		<u><u>3,740,605</u></u>	<u><u>4,002,139</u></u>
LIABILITIES			
CURRENT LIABILITIES			
Lease liabilities			
Trade and other payables	11	232,309	581,709
Borrowings	12	184,119	309,020
Provisions	13	335,374	354,640
TOTAL CURRENT LIABILITIES		<u>751,802</u>	<u>1,245,369</u>
NON-CURRENT LIABILITIES			
Lease liabilities			
Borrowings	12	2,527,984	2,604,173
Provisions	13	12,145	19,679
TOTAL NON-CURRENT LIABILITIES		<u>2,540,129</u>	<u>2,623,852</u>
TOTAL LIABILITIES		<u>3,291,931</u>	<u>3,869,221</u>
NET ASSETS		<u><u>448,674</u></u>	<u><u>132,918</u></u>
EQUITY			
Reserves		968,453	968,453
Retained earnings (accumulated losses)		(519,779)	(835,535)
TOTAL EQUITY		<u>448,674</u>	<u>132,918</u>

The accompanying notes form part of these financial statements.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30

	Note	Retained Earnings (accumulated losses)
		\$
Balance at 1 July 2020		<u>(835,535)</u>
Comprehensive income		
Profit for the year		315,756
Balance at 30 June 2021		<u><u>(519,779)</u></u>

The accompanying notes form part of these financial statements.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	4,609,674	4,505,830
Payments to suppliers and employees	(3,947,039)	(4,124,650)
Interest received	99	275
Finance cost	(161,040)	(185,075)
Net cash provided by operating activities	501,694	196,380
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of investments	15,000	26,700
Purchase of property, plant and equipment	(76,723)	(329,726)
Net cash (used in)/provided by investing activities	(61,723)	(303,026)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings - other	76,650	48,984
Repayment of lease liabilities	(236,249)	(113,715)
Net cash provided by/(used in) financing activities	(159,599)	(64,731)
Net increase/(decrease) in cash held	280,372	(171,377)
Cash and cash equivalents at beginning of financial year	132,605	303,982
Cash and cash equivalents at end of financial year	412,977	132,605

The accompanying notes form part of these financial statements.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

These financial statements and notes represent Forbes Services Memorial Club Limited. Forbes Services Memorial Club Limited is a company limited by shares, incorporated and domiciled in Australia

The financial statements were authorised by the directors of the company.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for 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.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
 - is not a business combination; and
 - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the company in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to Note 1(w) for further details relating to change in the inventory valuation accounting policy.

(d) Land Held for Sale

Land held for development and sale is valued at the lower of cost and net realisable value. Cost includes the cost of acquisition, development, foreign currency movements, borrowing costs and holding costs until completion of development. Borrowing costs, foreign currency movements and holding costs incurred after development is completed are expensed. Profits are brought to account on the signing of an unconditional contract of sale if significant risks and rewards and effective control over the land are passed on to the buyer at this point.

(e) 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 impairment losses.

Property

Freehold land and buildings are carried 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 accumulated depreciation for buildings.

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

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 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 in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(i) for details of impairment).

The cost of fixed assets constructed includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired term of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.5-20%
Plant and equipment	2.5-40%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

(f) Leases (the Company as lessee)

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

Subsequently, the lease liability is measured by a reduction to the carrying amount of any payments made and an increase to reflect any interest on the lease liability.

The right-of-use assets is initially measured based on the corresponding lease liability less any incentives and initial direct costs. Subsequently, the measurement is the cost less accumulated depreciation (and impairment if applicable).

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(g) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

(h) Employee Benefits

Short-term employee benefits

Provision is made for the company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(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. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(j) 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.

(k) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

(l) Comparative Figures

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

Where the company retrospectively applies an accounting policy, makes a retrospective restatement of items in the financial statements or reclassifies items in its financial statements, a third statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

Note 2 Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

	2021	2020
	\$	\$
Continued operations		
Other sources of revenue	3,954,574	4,294,105
Other income	670,200	238,306
(a) Other sources of revenue		
Total interest received	99	275
Sales revenue	3,954,475	4,293,830
Total other sources revenue	<u>3,954,574</u>	<u>4,294,105</u>
(b) Other income		
— Gain on disposal of property, plant and equipment	15,000	26,306
— Government Covid Relief Payments	655,200	212,000
Total other income	<u>670,200</u>	<u>238,306</u>

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 3 Tax Expense

	2021	2020
	\$	\$
(a) The components of tax (expense) income comprise:		
Current tax	-	-
(b) The clubs tax liability is calculated in accordance with the mutuality principle.		

Note 4 Key Management Personnel Compensation

The Board approves annually an allowance payable to the President of the Club which is used to cover their annual costs of administrating and promoting the Club. The Directors voluntarily provide their time and knowledge to the Club and receive no remuneration or other benefits except as those available to members.

Note 5 Auditor's Remuneration

	2021	2020
	\$	\$
Remuneration of the auditor for:		
— auditing or reviewing the financial statements	22,700	22,750
— taxation services	1,700	1,600
	24,400	24,350

Note 6 Cash and Cash Equivalents

		2021	2020
	Note	\$	\$
CURRENT			
Cash at bank and on hand		412,976	132,605
Reconciliation of cash			
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:			
Cash and cash equivalents		412,976	132,605
Bank overdrafts	12	(91,881)	(133,372)
		321,095	(767)

Note 7 Trade and Other Receivables

	2021	2020
	\$	\$
CURRENT		
Trade receivables	4,424	-
Other receivables	3,267	1,821
Total current trade and other receivables	7,691	1,821

Note 8 Inventories

	2021	2020
	\$	\$
CURRENT		
At cost:		
Liquor & Food Stocks	31,314	42,094

Note 9 Other Assets

	2021	2020
	\$	\$
CURRENT		
Prepayments	3,222	159
Other assets	5,000	5,000
	8,222	5,159

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 10 Property, Plant and Equipment

	2021	2020
	\$	\$
LAND AND BUILDINGS		
Freehold land at:		
— independent valuation	570,000	570,000
Total land	570,000	570,000
Carrying amount of all freehold land had it been carried under the cost model		
Buildings at:		
— independent valuation	6,349,711	6,358,099
Accumulated depreciation	(4,212,649)	(4,010,905)
Total buildings	2,137,062	2,347,194
Total land and buildings	2,707,062	2,917,194
Carrying amount of all buildings had they been carried under the cost model		
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	4,210,916	4,514,285
Accumulated depreciation	(3,637,576)	(3,611,019)
Total plant and equipment	573,340	903,266
Total property, plant and equipment	3,280,402	3,820,460

(a) Movements in carrying amounts

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

	Freehold Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Balance at 1 July 2019	570,000	2,530,083	1,093,419	4,193,502
Additions		35,573	294,153	329,726
Disposals - written down value			(28,123)	(28,123)
Impairment losses				-
Depreciation expense		(218,464)	(456,181)	(674,645)
Capitalised borrowing cost and depreciation				-
Carrying amount at 30 June 2020	570,000	2,347,192	903,268	3,820,460
Balance at 1 July 2020	570,000	2,347,192	903,268	3,820,460
Additions		46,773	77,142	123,915
Disposals - written down value		(35,100)	(11,103)	(46,203)
Depreciation expense		(221,803)	(395,967)	(617,770)
Carrying amount at 30 June 2021	570,000	2,137,062	573,340	3,280,402

The club's land and buildings, poker machine entitlements were revalued at 18 August 2009 by independent valuers. Valuations were made on the "fair value" basis in accordance with the relevant accounting standards. The poker machine entitlements were valued at market value of \$1,005,000 and in accordance with the accounting standards this intangible assets are not brought to account.

Note 11 Trade and Other Payables

	Note	2021	2020
		\$	\$
CURRENT			
Unsecured liabilities			
Trade payables		133,976	477,187
Sundry payables and accrued expenses		98,333	104,522
		232,309	581,709

(a) Financial liabilities at amortised cost classified as trade and other payables

Trade and other payables			
— Total Current		232,309	581,709
— Total Non-Current		-	-
Financial liabilities as trade and other payables	19	232,309	581,709

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 12 Borrowings

	Note	2021 \$	2020 \$
CURRENT			
Bank loan secured		92,238	175,648
Bank overdraft secured		91,881	133,372
Total current borrowings		<u>184,119</u>	<u>309,020</u>
NON-CURRENT			
Bank loan secured		2,527,984	2,604,173
Total non-current borrowings		<u>2,527,984</u>	<u>2,604,173</u>
Total borrowings	19	<u>2,712,103</u>	<u>2,913,193</u>
(a) Total current and non-current secured liabilities:			
Bank overdraft		91,881	133,372
Bank loan		2,620,222	2,779,821
		<u>2,712,103</u>	<u>2,913,193</u>
(b) The carrying amounts of non-current assets pledged as security are:			
Freehold land and buildings	10	2,707,062	2,917,194
Floating charge			
— trade receivables	7	4,424	-
		<u>2,711,486</u>	<u>2,917,194</u>

Note 13 Provisions

	2021 \$	2020 \$
CURRENT		
Employee Benefits	335,374	354,640
NON-CURRENT		
Employee Benefits	12,145	19,679

Analysis of provisions

	Employee Benefits \$
Opening balance at 1 July 2020	374,319
Amounts used	(26,800)
Balance at 30 June 2021	<u>347,519</u>

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 14 Issued Capital

The entity is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$2 each towards meeting any outstandings and obligations of the entity. At 30 June 2021 the number of members was 5,374.

(b) Capital Management

Management controls the capital of the company in order to maintain a good debt to equity ratio, provide the shareholders with adequate returns and to ensure that the company can fund its operations and continue as a going concern.

The company's debt and capital include ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the company's capital by assessing the company's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	Note	2021 \$	2020 \$
Total borrowings and lease liabilities	12	2,712,103	2,913,193
Trade and other payables	11	232,309	581,709
Total debt		2,944,412	3,494,902
Less cash and cash equivalents	6	(412,976)	(132,605)
Net debt		2,531,436	3,362,297
Total equity		448,674	132,918
Total net debt and equity		2,980,110	3,495,215
Gearing ratio		85%	96%

Note 15 Contingent Liabilities and Contingent Assets

No contingent liabilities were noted at the time of signing the accounts.

Note 16 Cash Flow Information

	2021 \$	2020 \$
(a) Reconciliation of cash flows from operating activities with profit after income tax		
Profit after income tax	315,756	(632,661)
Non-cash flows in profit		
— depreciation	617,770	674,645
— net gain or (loss) on disposal of property, plant and equipment	(57,478)	(26,306)
Changes in assets and liabilities:		
— (increase)/decrease in trade and other receivables	(5,870)	(22,613)
— (increase)/decrease in inventories	10,779	(6,857)
— (increase)/decrease in other assets	(3,063)	(11,077)
— increase/(decrease) in trade and other payables	(349,400)	175,128
— increase/(decrease) in provisions	(26,800)	46,121
Net cash provided by operating activities	501,694	196,380

Note 17 Events After the Reporting Period

Other than the following, the directors are not aware of any significant events since the end of the reporting period. No events were noted at date of the signing of the report which would materially impact on the financial statements.

Note 18 Related Party Transactions

Transactions with related parties:

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

No related party transactions occurred during the year that required to be disclosed.

FORBES SERVICES MEMORIAL CLUB LIMITED
ABN: 49 000 980 058
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 19 Financial Risk Management

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, loans, bills, leases, preference shares, and derivatives.

The total amount for each category of financial instruments, measured in accordance with AASB 139: *Financial Instruments: Recognition and Measurement* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2021 \$	2020 \$
Financial Assets			
Financial assets at amortised cost:			
— Cash and cash equivalents	6	412,976	132,605
— Trade and other receivables	7	7,691	1,821
Total Financial Assets		420,667	134,426
Financial Liabilities			
Financial liabilities at amortised cost			
— Trade and other payables	11(a)	232,309	581,709
— Borrowings	12	2,712,103	2,913,193
Total Financial Liabilities		2,944,412	3,494,902

Financial Risk Management Policies

The directors' overall risk management strategy seeks to assist the company in meeting its financial targets, whilst minimising potential adverse effects on financial performance. Risk management policies are approved and reviewed by the Board of Directors on a regular basis. These include the credit risk policies and future cash flow requirements.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

(a) Liquidity risk

Liquidity risk arises from the possibility that the company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The company manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities;
- using derivatives that are only traded in highly liquid markets;
- monitoring undrawn credit facilities;
- obtaining funding from a variety of sources;
- maintaining a reputable credit profile;
- managing credit risk related to financial assets;
- only investing surplus cash with major financial institutions; and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. Bank overdrafts have been deducted in the analysis as management does not consider that there is any material risk that the bank will terminate such facilities. The bank does however maintain the right to terminate the facilities without notice and therefore the balances of overdrafts outstanding at year-end could become repayable within 12 months. Financial guarantee liabilities are treated as payable on demand since the company has no control over the timing of any potential settlement of the liability. The company does not hold any derivative financial liabilities directly.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

FORBES SERVICES MEMORIAL CLUB LIMITED

ABN: 49 000 980 058

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Financial liabilities due for payment	\$	\$	\$	\$	\$	\$	\$	\$
Bank overdrafts and loans	184,119	309,020	2,527,984	2,604,173			2,712,103	2,913,193
Bank bills							-	-
Trade and other payables	232,309	581,709					232,309	581,709
Total contractual outflows	416,428	890,729	2,527,984	2,604,173	-	-	2,944,412	3,494,902
less bank overdrafts	(91,881)	(133,372)					(91,881)	(133,372)
Total expected outflows	324,547	757,357	2,527,984	2,604,173	-	-	2,852,531	3,361,530

c. Market Risk

i. Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments. The financial instruments that expose the company to interest rate risk are limited to borrowings, listed shares, cash and cash equivalents.

The company also manages interest rate risk by ensuring that, whenever possible, payables are paid within any pre-agreed credit terms. The net effective variable interest rate borrowings (i.e. unhedged debt) exposes the company to interest rate risk which will impact future cash flows and interest charges and is indicated by the following floating interest rate financial liabilities:

Floating rate instruments	Note	2021 \$	2020 \$
Bank overdrafts	12	91,881	133,372
		91,881	133,372

Note 20 Company Details

The registered office of the company is:

Forbes Services Memorial Club Limited
41-43 Templar Street, Forbes NSW 2871

The principal place of business is:

Forbes Services Memorial Club Limited
41-43 Templar Street, Forbes NSW 2871

FORBES SERVICES MEMORIAL CLUB LIMITED

ABN: 49 000 980 058

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Forbes Services Memorial Club Limited, the directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 18, are in accordance with the Corporations Act 2001 and:
 - (a) comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS)
 - (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.

Director

Wayne Richards - President

Dated this

day of

2021

FORBES SERVICES MEMORIAL CLUB LIMITED ABN: 49 000 980 058
INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF
FORBES SERVICES MEMORIAL CLUB LIMITED

Opinion

We have audited the financial report of Forbes Services Memorial Club Limited (the Company), which comprises the statement of financial position as at 30 June 2021, statement of 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:

- a. 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 then ended; and
 - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and

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 (including Independence Standards)* (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 Forbes Services Memorial Club Limited, 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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.

