



KNOX CLUB

An Australian Company, Limited By Guarantee

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2021

PRESIDENT'S REPORT

Another very difficult year with COVID-19 restrictions throughout. During the financial year July 2020 - June 2021 we were closed for a total of 130 days and had severe restrictions placed on us for the most part of the year, yet the club still managed to make a very good profit.

The club was kept in good condition both internal and external throughout the closure period. All of this is due to the hard work of the General Manager Ryan Clayton and his equally hard-working team.

Once all restrictions are lifted (said to be in late November 2021) the club is well placed to have a bumper trading period to the end of the financial year June 2022.

A big thanks goes out to all our members and visiting patrons who supported us during this very trying time.

Thanks goes out to all the Knox Club Committee: Vice President John Croughan, Secretary Leon Mackie, Treasurer Andrew Jensen and General Committee Members Laurie Tucker, Jane Barbanti and Craig Allardice for all their hard work throughout this very difficult period.

Big thanks also go out to all the sub clubs for their support.

The 2021 AGM has been postponed until Feb 2022 due to Pandemic restrictions.

Let's hope all the restrictions are well and truly behind us.

BRIAN ASLEY
PRESIDENT

TREASURER'S REPORT

For the second Covid 19 pandemic financial year being 2020/21, the Knox Club recorded a profit before tax of \$856,794 and \$838,758 after tax. However, these figures include sundry incomes of \$606,345 mainly represented by \$513,000 revaluation of our gaming service fee agreement plus COVID grants and other sundry items. Effectively our trading profit was \$250,449, interest expense \$732,664 and depreciation & amortisation \$817,024.

We were required to have a building and property revaluation following our renovations which resulted in a write back in the building valuation of \$3,073,964 and an increase in our land valuation of \$1,940,000 plus other assets of \$7,080.

During the 2021 financial year, the club completed major renovations at a total cost of over \$4 Million.

The Club following a vote of Members at a 2014 EGM purchased in December 2014 the shares in Natsley P/L, the company that owned the club's freehold.

The acquisition required a Bendigo Bank loan of \$8 Million plus a loan from the shareholders of the selling company of \$3.2 Million at 10.5% interest. In October 2015 following negotiations with the Bendigo Bank, they financed the payout of the Shareholders loan of \$1.69 Million. As at June 30, 2021 our bank loans were \$7.148 Million compared to \$5.238 Million in 2019 so an increase of \$1.9 Million required for the renovations.

An independent property valuation of the club in September 2021 that was required for tax purposes estimated the value at \$14.5 Million. Our borrowings at June 30, 2021 were \$7.563 Million.

The Club has committed to the Victorian government to renew our gaming machine licenses from 2022 to 2032 for \$3.78 Million of which we have already had to pay a 5% deposit of \$189,000 with the balance payable within 5 years from 2022. We have already paid for our current licenses until 2022.

Thanks to all our Management and staff for another frustrating COVID year which it would appear that we will continue to have disruptions to our trading.

ANDREW JENSEN
TREASURER

KNOX CLUB
A.B.N.70 004 833 701

DIRECTORS REPORT

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

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

During the financial year, 9 meetings of directors (including committees) were held.
Attendance's were as follows:

	DIRECTORS'/FINANCE COMMITTEE MEETINGS		
	Meetings eligible to attend	Meetings Attended	
Mr Brian Asley (President)	9	8	
Mr John Croughan (Vice President)	9	9	
Ms Teresa West	4	4	Resigned 8 Feb 2021
Mr Andrew Jensen	9	9	
Mr Leon Mackie	9	8	
Mr Laurie Tucker	9	8	
Mr John Sellers	4	4	Retired 8 Feb 2021
Mr Craig Allardice	5	3	Appointed 9 Feb 2021
Mrs Jane Barbanti	5	5	Appointed 9 Feb 2021

PRINCIPAL ACTIVITIES

The principal activities of the company during the financial year were the operation of a licensed social, recreational, and sporting club.

There were no significant changes in the nature of the company's principal activities during the financial year.

OPERATING RESULTS

The result of the company for the financial year after providing for income tax amounted to a Profit of \$838,758 (2020: \$273,858).

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 11 March 2020, the World Health Organisation (WHO) declared the Coronavirus Disease (COVID-19) a pandemic. Following the declaration, the Australian Government enforced bans on all non-essential travel and various levels of community lockdowns and forced closures throughout specific economic sectors, with the heaviest of these restrictions commencing on 25 March 2020. The financial market reactions and community lockdowns have had significant economic and social consequences which have directly affected both the current and future operations as well as current and future financial results of the Club.

As a result of four Government Enforced Shutdowns, commencing from 23 March 2020, the Club has been closed for all trade and until balance date the Club has only been allowed to reopen under a minimal operating capacity. Due to the nature of the Club, several financial assistance measures available to combat the financial impacts of the COVID-19 Pandemic have been received such as PAYGW liability relief, JobKeeper, licence refunds and VCGLR relief. As a result, these statements have been directly impacted by the pandemic.

At the date of this report, the Committee is aware of the financial impact the COVID-19 Pandemic has had on the reported financial position and performance of the Club for the year ended 30 June 2021. The Committee is wholly of the opinion that the Club will continue as a going concern.

The rapid and ongoing nature of the changing economic and social conditions due to the COVID-19 pandemic makes the measurement of their impact impossible to determine and report.

There have been no other significant changes in operations for the year ended 30 June 2021.

KNOX CLUB
A.B.N.70 004 833 701

DIRECTORS REPORT

AFTER BALANCE DATE EVENTS

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Association at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with certainty the potential impact of the pandemic after the reporting date on the Association, its operations, its future results and financial position. The state of emergency in Victoria was extended until 16th December 2021 and the state of disaster is still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

INDEMNIFYING OFFICERS OR AUDITOR

The company has not, during or since the financial year, in respect of any person who is or has been an officer or auditor of the company:

- indemnified or made any relevant agreement for indemnifying against a 'liability incurred as an officer, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an officer for the costs or expenses to defend legal proceedings.

REMUNERATION REPORT

Since the end of the previous financial year no director of the entity has received or become entitled to receive a benefit other than:

- (i) A benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the accounts; or
- (ii) a fixed salary as a full-time employee of the entity or of a related corporation, 'by reason of a contract made by the entity or a related entity corporation with the director 'or with a firm of which they are a member or with an entity in which they have a substantial financial interest.

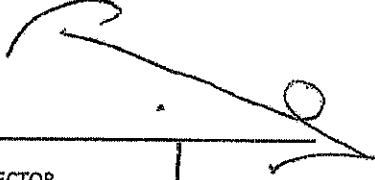
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DIRECTORS REPORT

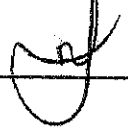
AUDITOR'S INDEPENDENCE DECLARATION

The auditor's independence declaration for the year ended 30 June 2021 has been received and can be found on the following page.

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



DIRECTOR



DIRECTOR

BRIAN ASLEY

ANDREW JENSEN

Dated this 21st day of DECEMBER 2021.

LDB Audit Services Pty Ltd

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Working as One

Knox Club

A.B.N 70 004 833 701

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Knox Club

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.

LDB Audit Services Pty Ltd

LDB Audit Services Pty Ltd
1-3 Albert Street
BLACKBURN VIC 3130

Nicole L Postan

Nicole L Postan
Director

Dated: 22 December 2021

KNOX CLUB
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
Revenue from Operating Activities	2	5,114,725	5,979,711
Revenue from Non-Operating Activities	2	606,345	101,790
Employee Expenses	3	(2,390,398)	(3,025,191)
Depreciation & Amortisation	4	(817,024)	(840,090)
Audit Fees	20	(13,200)	(13,200)
Operational Expenses	5	(910,990)	(1,221,912)
Finance Costs	6	(732,664)	(705,705)
Net Result Before Income Tax		856,794	275,403
Income Tax Expense	7	(18,036)	(1,545)
Net Result for the Period after Income Tax Expense		838,758	273,858
Revaluation Decrement - Buildings		(3,073,964)	-
Net Result for the Period after Other Items		(2,235,206)	273,858
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to Net Result			
Changes in Asset Revaluation Surplus - Land Increment		1,940,000	-
Items that may be reclassified subsequently to Net Result			
Changes to Financial Assets Available-for-Sale Reserve		7,080	-
Total Other Comprehensive Income/(Loss)		1,947,080	-
Total Comprehensive Income/(Loss) for the Attributable to the Members of the Entity		(288,126)	273,858

This statement should be read in conjunction with the accompanying notes.

KNOX CLUB
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021

	Note	2021 \$	2020 \$
CURRENT ASSETS			
Cash & Cash Equivalents	8	950,587	249,205
Trade & Other Receivables	9	1,753	489,747
Inventories		68,442	50,362
Prepayments		-	25,617
TOTAL CURRENT ASSETS		1,020,782	814,931
NON-CURRENT ASSETS			
Available for Sale Investments	10	20,720	13,640
Property, Plant & Equipment and Right of Use Assets	11	18,954,230	18,018,580
Intangible Assets	12	4,075,676	4,337,881
TOTAL NON-CURRENT ASSETS		23,050,626	22,370,101
TOTAL ASSETS		24,071,408	23,185,032
CURRENT LIABILITIES			
Payables	13	457,208	300,294
Monies in Trust		34,058	20,415
Interest Bearing Liabilities	16	1,963,571	64,147
Provisions	14	199,570	250,555
TOTAL CURRENT LIABILITIES		2,654,407	635,411
NON-CURRENT LIABILITIES			
Interest Bearing Liabilities	16	13,368,828	14,188,687
Provisions	14	56,341	80,976
TOTAL NON-CURRENT LIABILITIES		13,425,169	14,269,663
TOTAL LIABILITIES		16,079,576	14,905,074
NET ASSETS		7,991,832	8,279,958
EQUITY			
Reserves	17	1,948,570	1,490
Accumulated Surplus	17	6,043,262	8,278,468
TOTAL EQUITY		7,991,832	8,279,958
Contingent Liabilities and Contingent Assets	22		
Commitments for Expenditure	24		

This statement should be read in conjunction with the accompanying notes.

KNOX CLUB
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021

	Accumulated Surplus	Asset Revaluation Reserve (Land)	Financial Assets Available for Sale Reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2019	8,004,610	-	5,650	8,010,260
Net Result	273,858	-	-	273,858
Other Comprehensive Income	-	-	(4,160)	(4,160)
Balance at 30 June 2020	8,278,468	-	1,490	8,279,958
Net Result	838,758	-	-	838,758
Revaluation Decrement - Buildings	(3,073,964)	-	-	(3,073,964)
Other Comprehensive Income	-	1,940,000	7,080	1,947,080
Balance at 30 June 2021	6,043,262	1,940,000	8,570	7,991,832

This statement should be read in conjunction with the accompanying notes.

KNOX CLUB
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 \$	2020 \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from Customers & Other Sources		5,014,682	6,048,474
Receipts from COVID-19 Stimulus		924,300	359,000
Dividends Received		429	1,257
Interest Received		172	920
Payments for Employees		(2,482,758)	(3,073,476)
Payments to Suppliers		(1,763,707)	(2,525,898)
GST Received From/(Remitted To) ATO		26,594	(661,047)
Net Cash Inflow/(Outflow) from Operating Activities	19	<u>1,719,712</u>	<u>149,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payment for Property, Plant and Equipment		(2,111,538)	(2,323,961)
Payment for Intangible Assets		-	-
Net Cash Flow From/(Used In) Investing Activities		<u>(2,111,538)</u>	<u>(2,323,961)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net Proceeds/(Repayment) of Lease Liabilities		664,133	(412,485)
Net Proceeds/(Repayment) of Borrowings		415,432	1,909,704
Net Cash Flow From/(Used In) Financing Activities		<u>1,079,565</u>	<u>1,497,219</u>
Net Increase/(decrease) in cash held		687,739	(677,512)
Cash at the beginning of the period		228,790	906,302
Cash at the end of the period	18	<u>916,529</u>	<u>228,790</u>

This statement should be read in conjunction with the accompanying notes.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements cover Knox Club Ltd as an individual entity, incorporated and domiciled in Australia. Knox Club Ltd is a company limited by guarantee.

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the Statement of Financial Position.

For the Statement of Cash Flows presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the Statement of Financial Position.

(b) Receivables

Receivables and other debtors include amounts due from members as well as receivables from customers for goods sold in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified non-current assets.

Receivables are initially recognised at fair value and subsequently measured at amortised cost, using the effective interest rate method, less any provision for impairment.

(c) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions to the instrument. For financial assets, this is the equivalent to the date that the Company commits itself to either purchase or sell the asset (i.e. trade date accounting is adopted).

Financial instrument are initially measured at fair value plus transaction 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.

Classification and subsequent measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between the initial amount and the maturity amount calculated using the *effective interest method*.

The *effective interest* method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of income or expense in profit or loss.

Loans and receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net result for the period.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(d) Property, Plant and Equipment

Each class of property, plant and equipment are measured initially at cost, and subsequently revalued at fair value (as indicated), less, where applicable, any accumulated depreciation and impairment losses.

Land, buildings, and other site improvements are measured at fair value, less any accumulated depreciation and accumulated impairment losses (where applicable). In the event the carrying amount of Land, buildings, and other site improvements is greater than the estimated recoverable amount, the carrying amount is written down to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

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 to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present.

The cost of fixed assets constructed by the Company 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 in the profit or loss during the financial period in which they are incurred.

(e) 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. Assets valued using this method include Land, Buildings, and Other Site Improvements.

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.

To the extent possible, market information is extracted from the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, information is extracted from the most advantageous market available to the entity at the reporting date (i.e. the market maximises the receipts from the sale of the asset or minimises the payment 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 sell it to another market participant that would use the asset in its highest and best use.

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

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(f) Depreciation

The depreciable amount of all fixed assets, including capitalised lease assets, is depreciated on a straight-line, or diminishing value basis over the asset's useful life, commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful life of the improvements.

The following table indicates the expected useful lives of non-current assets on which the depreciation charges are based.

	2021	2020
Site Improvements	Up to 10 years	Up to 10 years
Plant & Equipment	Up to 20 years	Up to 20 years
Gaming Plant & Equipment	Up to 5 years	Up to 5 years
Furniture & Fittings	Up to 40 years	Up to 40 years
Motor Vehicles	Up to 6 Years	Up to 6 Years
Leased Assets	Up to 5 years	Up to 5 years

(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 consider both external and internal sources of information. 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 cost of disposal and value-in-use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is immediately recognised in profit or loss.

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

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

Where an impairment loss on a revalued asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

(h) Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as licences, patents, trademarks, goodwill, gaming machine entitlements, purchase costs, computer software, and development costs (where applicable). Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Company.

(i) Payables

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

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

(k) Goods & Services Tax

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 represented 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.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(l) 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 and salaries. 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 and salaries are recognised as a part of the current trade and other payables in the Statement of Financial Position.

Other long-term employee benefits

Provision is made for employees' annual leave entitlements not expected to be settled wholly before 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 are measured at 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 end-of-reporting-period market yields or Corporate bonds that have maturity dates approximating the terms of the obligations. Any re-measurements of other long-term employee benefit obligations due to changes in assumptions are recognised in profit or loss in the periods in which the exchanges occur.

The Company's obligations for long-term employee benefits are presented as non-current provision in the Statement of Financial Position, except where the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting date, in which case the obligations are present as current provisions.

On-Costs

Employee benefit on-costs, such as superannuation and workers compensation are recognised together with the provisions for employee benefits.

Superannuation

Contributions to contribution superannuation plans are expensed when incurred.

(m) Leases

Under AASB 16 *Leases*, at inception of a contract, the Club 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 are recognised by the Club, where the Club is a lessee. However, all contracts that are classified as short-term (lease with remaining lease term of 12 months or less) and leases of low value (where the value of the underlying asset when new is less than \$10,000) are recognised as operating expenses 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 Club used 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.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and any impairment losses.

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 reflect that the Club anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

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

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(n) Income Recognition

Revenue is recognised in accordance with AASB 15 *Revenue from Contracts with Customers*. Income is recognised as revenue to the extent it is earned. Unearned income at reporting date is reported as income in advance.

Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Gaming

Income derived from Electronic Gaming Machines is recognised when the cash is received.

Food

Income derived for the provision of meals is recognised when the cash is received.

Memberships

Membership income is recognised when the cash is received.

Interest

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial asset.

Dividend Revenue

Dividend revenue is recognised on the date the shares are quoted ex-dividend and, if not received at the end of the reporting period, is reflected in the Statement of Financial Position as a receivable at net market value.

Other Income

Other income is recognised as revenue when the cash is received.

(o) Income Tax

The company calculates its liability to tax by applying the Mutuality Principle. The charge for the current income tax expenses is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid or (recovered from) the relevant taxation authority.

In accordance with the Commissioner of Taxation Tax Determination (TD 1999/38), commissions received from gaming machines, Keno, TAB and vending machines has been included as fully assessable income. Likewise, expenditure incurred in relation to these income activities has been included as fully deductible expenditure in accordance with Australian Taxation guidelines. All other income and expenses have been included in accordance with the Principle of Mutuality and other appropriate Australian Taxation legislation.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available.

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, based on the tax rates enacted or substantially enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

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.

(p) Comparative Figures

Where necessary comparative figures have been reclassified to facilitate comparisons.

(r) Property, Plant & Equipment - Asset Revaluation Surplus

The asset revaluation surplus is used to record increments on the revaluation of non-current assets.

(s) Financial Assets - Available for Sale Reserve

The reserve is used to record increments and decrements on the valuation of Available for Sale Financial Assets.

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

	Note	2021 \$	2020 \$
NOTE 2: REVENUE			
Operating Activities:			
Bar Trading	(2a)	616,450	804,625
Bistro Trading	(2b)	692,143	937,596
Gaming Contribution	(2c)	2,563,557	3,404,403
Rebates Received		-	132,667
ATM Commission		28,827	35,879
Vending Machine Income		931	1,632
Other Income and Recoveries		2,099	6,529
Room Hire		7,318	32,526
Subscriptions		89,807	42,247
Jobkeeper Subsidy		1,076,093	519,107
ATO Cashflow Boost		37,500	62,500
		<u>5,114,725</u>	<u>5,979,711</u>
Non-Operating Activities:			
Contribution from(to) Associated Clubs		149	(2,928)
Interest Received		172	920
Profit on ROU Asset - TGS Gaming Service Fees Agreement Reassessment		512,895	-
Other Grants & Subsidies		35,250	-
Dividend Income		429	1,257
Recoveries - COVID-19		57,450	102,541
		<u>606,345</u>	<u>101,790</u>
Total Revenue from Non-Operating Activities		<u>606,345</u>	<u>101,790</u>
TOTAL REVENUE		<u><u>5,721,070</u></u>	<u><u>6,081,501</u></u>
NOTE 2a: Bar Trading			
Bar Income		991,910	1,294,144
Less:			
Cost of Sales - Bar		(351,417)	(462,191)
Bar Expense		(24,043)	(27,328)
		<u>616,450</u>	<u>804,625</u>
Total Bar Trading		<u>616,450</u>	<u>804,625</u>
NOTE 2b: Bistro Trading			
Food Income		1,176,203	1,651,572
Less:			
Cost of Sales - Food		(446,656)	(642,303)
Food Expense		(37,404)	(71,673)
		<u>692,143</u>	<u>937,596</u>
Total Bistro Trading		<u>692,143</u>	<u>937,596</u>
NOTE 2c: Gaming Income			
Net Gaming Income after State Gaming Tax		2,743,205	3,456,755
TAB Commission		41,602	59,691
TGS Rebate		(93,044)	75,350
Keno Commission		3,737	4,001
Less:			
TGS - Gaming Service Fees		(7,839)	(29,541)
Gaming Expenses		(28,078)	(12,285)
Promotion Expenses		(7,163)	(39,730)
Associated Fees and Charges		(88,863)	(109,838)
		<u>2,563,557</u>	<u>3,404,403</u>
Total Gaming Contribution		<u>2,563,557</u>	<u>3,404,403</u>

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

	2021 \$	2020 \$
NOTE 3: EMPLOYEE EXPENSES		
Salaries & Wages	2,163,016	2,612,098
Superannuation	145,224	204,512
Workcover	20,490	97,563
Payroll Tax	55,074	100,807
Staff Expenses	6,594	10,211
TOTAL EMPLOYEE EXPENSES	<u>2,390,398</u>	<u>3,025,191</u>
NOTE 4: DEPRECIATION AND AMORTISATION		
Plant & Equipment	30,792	32,269
Gaming Plant & Equipment	2,155	3,072
Furniture & Fittings	22,566	32,318
Site Improvements	3,534	3,703
Motor Vehicles	738	1,703
Leased Assets	-	-
Right of Use Assets	495,034	496,306
Intangible Assets	262,205	270,719
	<u>817,024</u>	<u>840,090</u>
NOTE 5: EXPENSES FROM OPERATIONS		
<i>Operating Expenses</i>		
Accounting Fees	29,250	28,900
Advertising and Promotions	117,928	288,371
Bands & Artists	11,959	75,279
Bank Charges	10,627	3,206
Committee Expense	8,159	15,000
Computer Services	15,458	11,953
Donations	9,600	25,400
Fees & Charges	13,932	15,139
General Expense	8,122	5,601
Hire of Plant & Equipment	4,832	1,625
Insurance	43,180	49,146
Motor Vehicle & Travelling Expenses	11,074	24,056
Pay TV	28,262	50,718
Postage, Printing & Stationery	15,445	19,372
Registrations & Permits	542	1,914
Security	86,410	121,138
Subscriptions & Licenses	15,502	16,808
Telephone	10,613	9,825
Total Operating Expenses	<u>440,895</u>	<u>763,451</u>
<i>Occupancy Expenses</i>		
Cleaning	93,256	104,079
Rates & Taxes	80,913	106,722
Electricity & Gas	131,420	154,869
Repairs & Maintenance	143,796	68,842
Waste Disposal	20,710	23,949
Total Occupancy Expenses	<u>470,095</u>	<u>458,461</u>
TOTAL EXPENSES FROM OPERATIONS	<u>910,990</u>	<u>1,221,912</u>

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

	2021	2020
	\$	\$
NOTE 6: FINANCE COSTS		
Interest on Loans/Hire Purchase	224,703	195,310
Interest on Right of Use Asset Leases	507,961	510,395
TOTAL FINANCE COSTS	732,664	705,705
NOTE 7: INCOME TAX		
(Taxable Income)/Tax Loss	(60,120)	(5,151)
Income Tax Expense	(18,036)	(1,545)
Refundable Franking Credits	129	378
Movement in Deferred Tax Asset	-	-
Income Tax Refundable/(Payable)	(17,907)	(1,167)
NOTE 8: CASH & CASH EQUIVALENTS		
Cash on Hand	165,649	40,742
Cash at Bank	784,938	208,463
TOTAL CASH & CASH EQUIVALENTS	950,587	249,205
Represented by:		
Operational Funds	884,112	196,731
Monies in Trust	34,058	20,415
Monies - Associated Clubs	82,417	32,059
	950,587	249,205
NOTE 9: TRADE & OTHER RECEIVABLES		
Trade Debtors	164	146,793
Amounts Receivable from ATO	-	132,847
Accrued Income	1,589	210,107
TOTAL TRADE & OTHER RECEIVABLES	1,753	489,747
NOTE 10: AVAILABLE FOR SALE INVESTMENTS		
<i>Non-Current</i>		
Investments - Shares	20,720	13,640
TOTAL AVAILABLE FOR SALE INVESTMENTS	20,720	13,640

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

	2021 \$	2020 \$
NOTE 11: PROPERTY, PLANT & EQUIPMENT AND RIGHT OF USE ASSETS		
Property, Plant & Equipment		
Land at Valuation - 2015	-	7,260,000
Land At Valuation - 2021	9,200,000	-
Buildings at Valuation - 2015	-	3,000,000
Other Site Improvements at Valuation - 2015	-	1,540,000
Site Improvements at Cost	-	39,418
Less: Accumulated Depreciation	-	(14,441)
	-	24,977
Buildings & Site Improvements at Valuation - 2021	5,300,000	-
Plant & Equipment	615,654	520,134
Less: Accumulated Depreciation	(454,483)	(423,691)
	161,171	96,443
Gaming Plant & Equipment at Cost	20,003	20,003
Less: Accumulated Amortisation	(18,967)	(16,812)
	1,036	3,191
Furniture & Fittings	1,027,053	752,200
Less: Accumulated Depreciation	(697,010)	(674,444)
	330,043	77,756
Motor Vehicles	66,615	66,615
Less: Accumulated Depreciation	(65,219)	(64,481)
	1,396	2,134
Capital Work In Progress - Club Redevelopment	-	2,585,925
Total Property, Plant & Equipment	14,993,646	14,590,426
Right of Use Assets		
Motor Vehicles		
Motor Vehicles	47,106	47,106
Less: Accumulated Amortisation	(22,002)	(11,637)
	25,104	35,469
TGS Contract - Gaming Machines & Services		
TGS Contract - Gaming Machines & Services	3,935,480	3,877,354
Less: Accumulated Amortisation	-	(484,669)
	3,935,480	3,392,685
Total Right of Use Assets	3,960,584	3,428,154
TOTAL PROPERTY, PLANT & EQUIPMENT AND RIGHT OF USE ASSETS	18,954,230	18,018,580

KNOX CLUB

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

NOTE 11: PROPERTY, PLANT & EQUIPMENT (continued)

Charter Keck Cramer, at 30 June 2015 valued the Club property for financial reporting purposes at "Fair Value". Land, Buildings and Other Site Improvements are measured at "Fair Value", pursuant to AASB 13 Fair Value. "Fair Value" means "...the price that will be received to sell an asset, or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date, under current market conditions (that is an exit price), regardless of whether that price is directly observed or estimated using another valuation technique".

In addition, regard has also been given to the definition of "Market Value", described as "...The estimated amount for which an asset or liability should exchange on the valuation date, between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had acted knowledgeable, prudently, and without compulsion."

The Board, at 30 June 2021, adopted a valuation by Knight Frank, Collins Street, Melbourne, for \$14,500,000 at Market Valuation of 100% Freehold Interest, using a Direct Comparison Approach, as a valuation methodology. This valuation was for first mortgage purposes.

The total value was split between Land, using the Council valuation of \$9,200,000 and the balance of \$5,300,000 to Buildings and Site Improvements.

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 prior and current financial years are as follows:

	Land \$	Buildings \$	Other Site Improvements \$	Site Improvements \$	Capital Works in Progress	Plant & Equipment \$	Gaming Plant & Equipment \$	Furniture & Fittings \$	Motor Vehicles \$	Leased Assets \$	Right of Use Assets &	Total \$
Balance at 1 July 2019	7,260,000	3,000,000	1,540,000	28,680	277,267	113,660	6,263	109,823	3,837	47,106	-	12,386,536
Additions	-	-	-	-	-	15,052	-	251	-	-	-	6,201,315
Disposals	-	-	-	-	2,308,658	-	-	-	-	-	3,877,354	-
Reclassifications	-	-	-	-	-	-	-	-	-	(47,106)	47,106	-
Depreciation and Amortisation Expense	-	-	-	(3,703)	-	(32,269)	(3,072)	(32,318)	(1,703)	-	(496,306)	(569,371)
Balance at 30 June 2020	7,260,000	3,000,000	1,540,000	24,977	2,585,925	96,443	3,191	77,756	2,134	-	3,428,154	18,018,580
Additions	-	-	-	-	1,502,313	13,521	-	81,135	-	-	3,935,480	5,532,449
Disposals	-	-	-	-	-	-	-	-	-	-	(2,908,016)	(2,908,016)
Reclassifications	-	5,373,964	(1,540,000)	(21,443)	(4,088,238)	81,999	-	193,718	-	-	-	-
Revaluation Increments (Decrements)	1,940,000	(3,073,964)	-	-	-	-	-	-	-	-	-	(1,133,964)
Depreciation and Amortisation Expense	-	-	-	(3,534)	-	(30,792)	(2,155)	(22,566)	(738)	-	(495,034)	(554,819)
Balance at 30 June 2021	9,200,000	5,300,000	-	-	-	161,171	1,036	330,043	1,396	-	3,960,584	18,954,230

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

	2021	2020
	\$	\$
NOTE 12: INTANGIBLE ASSETS		
Software	64,309	64,309
Less: Accumulated Amortisation	(63,550)	(62,873)
	<u>759</u>	<u>1,436</u>
Capitalised Purchase Costs	44,015	44,015
Less: Accumulated Amortisation	(44,015)	(43,733)
	<u>-</u>	<u>282</u>
Gaming Machine Entitlements (2012-2022)	2,612,464	2,612,464
Gaming Machine Entitlements (2022-2032)	3,781,360	3,781,360
Less: Accumulated Amortisation	(2,318,907)	(2,057,661)
	<u>4,074,917</u>	<u>4,336,163</u>
TOTAL INTANGIBLE ASSETS	<u>4,075,676</u>	<u>4,337,881</u>

Reconciliations of the carrying amounts of Intangible Assets at the beginning and end of the current year is set out below.

	<i>Intangible Assets</i>	<i>TOTAL</i>
	\$	\$
2020		
Balance at 1 July 2019	4,608,600	4,608,600
Plus Additions	-	-
Less Disposals	-	-
Less Amortisation	(270,719)	(270,719)
Balance at 30 June 2020	<u>4,337,881</u>	<u>4,337,881</u>
2021		
Plus Additions	-	-
Less Disposals	-	-
Less Amortisation	(262,205)	(262,205)
Balance at 30 June 2021	<u>4,075,676</u>	<u>4,075,676</u>

In 2011, the Club purchased Gaming Machine Entitlements for 100 machines, for 10 years, commencing August 2012. Since February 2018, the Club has paid a 5% deposit to the Victorian State Government, for 10 year entitlements, commencing August 2022. Payment of the balance of 95% (\$3,592,292) will commence in August 2022, repayable in equal instalments, on a quarterly basis over 7 years. Refer Note 16 for Loan details.

	2021	2020
	\$	\$
NOTE 13: TRADE AND OTHER PAYABLES		
Trade Creditors	137,737	147,454
Amounts Payable to ATO	149,475	-
Accrued Expenses	75,371	53,989
Other Creditors	94,625	98,851
TOTAL TRADE AND OTHER PAYABLES	<u>457,208</u>	<u>300,294</u>

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

	Note	2021 \$	2020 \$
NOTE 14: PROVISIONS			
CURRENT			
Income Tax Provision	(7)	17,907	1,167
Employee Benefits	(15)	181,663	249,388
		<u>199,570</u>	<u>250,555</u>
NON CURRENT			
Employee Benefits	(15)	56,341	80,976
		<u>56,341</u>	<u>80,976</u>
TOTAL PROVISIONS		<u><u>255,911</u></u>	<u><u>331,531</u></u>
NOTE 15: EMPLOYEE BENEFITS			
CURRENT			
Annual Leave		98,556	120,704
Long Service Leave		83,107	128,684
		<u>181,663</u>	<u>249,388</u>
NON CURRENT			
Long Service Leave		56,341	80,976
		<u>56,341</u>	<u>80,976</u>
TOTAL EMPLOYEE BENEFITS		<u><u>238,004</u></u>	<u><u>330,364</u></u>
NOTE 16: INTEREST BEARING LIABILITIES			
CURRENT			
Lease Liabilities - Motor Vehicles		27,056	10,308
Lease Liabilities - TGS Contract		361,863	53,839
BBL Equipment Finance		61,880	-
Bank Loan		1,512,772	-
		<u>1,963,571</u>	<u>64,147</u>
NON CURRENT			
Lease Liabilities - Motor Vehicles		-	27,056
Lease Liabilities - TGS Contract		3,573,617	3,420,910
Victorian State Government - Electronic Gaming Machine Entitlements		3,592,292	3,592,292
BBL Equipment Finance		151,830	-
Bank Loans		6,051,089	7,148,429
		<u>13,368,828</u>	<u>14,188,687</u>
TOTAL INTEREST BEARING LIABILITIES		<u><u>15,332,399</u></u>	<u><u>14,252,834</u></u>

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

NOTE 16: INTEREST BEARING LIABILITIES (Continued)

The Company previously had two Business Flexi Loans with the Bendigo and Adelaide Bank Limited - Facility 1 and Facility 2. Facility 1 - Bendigo Business Flexi Loan is for 12 months, interest only and Facility 2 - Commercial Flexi Loan of \$4,000,000 interest only were replaced with a new Bendigo Business Flexi Loan of \$ 6,924,000. The loan is Principal and interest over 5 years. The Loan is secured by 1st Registered All Monies Mortgage over the property at 480 Boronia Road, Wantirna South, as well as General Security Deed over all present and acquired property (including Victorian Liquor Licence) of the Company.

The Company holds a lease with the Bendigo and Adelaide Bank Limited for a Bus. The terms are monthly repayments for 36 months, from 15 December 2018. The lease is secured by a charge over the asset.

The Company has recognised a Right of Use Asset and corresponding Lease Liability for the TGS Gaming Machines & Services Contract upon initial application of AASB 16: Leases. This contract has an expiry date of 30 June 2027 and was previously recognised as an Operating Commitment in Note 24.

The Company has purchased Gaming Entitlements (refer note 12), operative from August 2022, from the Victorian State Government. The amount represents the balance due (95%) of the Entitlement purchase amount.

	Note	2021 \$	2020 \$
NOTE 17: MOVEMENTS IN EQUITY			
(a) Reserves			
<i>Financial Assets Available for Sale Revaluation Reserve</i>			
Balance at the beginning of the reporting period		1,490	5,650
Valuation gain/(loss) recognised		7,080	(4,160)
Cumulative (gain)/loss transferred to Income Statement on impairment of financial assets		-	-
		<u>8,570</u>	<u>1,490</u>
<i>Asset Revaluation Reserve - Land</i>			
Balance at the beginning of the reporting period		-	-
Valuation gain/(loss) recognised		1,940,000	-
		<u>1,940,000</u>	<u>-</u>
Total Reserves		<u>1,948,570</u>	<u>1,490</u>
(b) Retained Earnings			
Balance at 1 July		8,278,468	8,004,610
Net Result for the Period		(2,235,206)	273,858
Balance at 30 June		<u>6,043,262</u>	<u>8,278,468</u>
Total Equity		<u>7,991,832</u>	<u>8,279,958</u>

NOTE 18: RECONCILIATION OF CASH

For Statement of Cash Flows purposes, Cash and Cash Equivalents comprise the following at 30 June:

	2021 \$	2020 \$
Operational Funds (Refer Note 8)	884,112	196,731
Monies - Associated Clubs (Refer Note 8)	32,417	32,059
TOTAL CASH	<u>916,529</u>	<u>228,790</u>

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

	2021	2020
	\$	\$
NOTE 19: RECONCILIATION OF CASH FLOWS FROM OPERATIONS WITH NET RESULT		
Net Result	838,758	273,858
Depreciation & Amortisation	817,024	840,090
Profit on ROU Asset - TGS Service Fees Reassessment	(512,895)	-
Decrease/(Increase) in Trade & Other Receivables	355,147	(355,070)
Decrease/(Increase) in Prepayments	25,617	43,152
Decrease/(Increase) in Inventories	(18,080)	1,151
Increase/(decrease) in Trade & Other Payables	289,761	(554,665)
Increase/(decrease) in Provisions	(75,620)	(99,286)
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,719,712</u>	<u>149,230</u>

NOTE 20. AUDITORS' REMUNERATION

Amounts received or due and receivable by auditors for:

- auditing the accounts

Total Auditor's Remuneration

13,200	13,200
<u>13,200</u>	<u>13,200</u>

NOTE 21. SEGMENT INFORMATION

The principal activities of the company during the financial year were the operation of a licensed social, recreational, and sporting club in Victoria only.

NOTE 22: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Board of Management was not aware of any contingent assets or liabilities as at 30 June 2021.

NOTE 23: EVENTS AFTER THE BALANCE SHEET DATE

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Association at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with certainty the potential impact of the pandemic after the reporting date on the Association, its operations, its future results and financial position. The state of emergency in Victoria was extended until 16th December 2021 and the state of disaster is still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in subsequent financial years.

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

	2021	2020
	\$	\$
NOTE 24: COMMITMENTS		
<i>Lease Commitments</i>		
Payable		
- Not longer than 1 year	450,799	64,147
- Later than 1 year but not later than 5 years	2,918,030	2,620,764
- Later than 5 years	807,417	827,202
	<u>4,176,246</u>	<u>3,512,113</u>

Capital Commitments

As at 30 June 2021, the Club holds a Building Retention of \$83,203.73 on behalf of DBG Projects P/L, in relation to the recently completed building renovations and extensions to the existing premises.

Guarantees

The company is limited by guarantee. If the company is wound up the Memorandum of Association states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the company.

NOTE 25: KEY MANAGEMENT PERSONNEL COMPENSATION	2021	2020
	\$	\$
COMMITTEE HONORARIUM		
represented by amounts provided for this year:		
Mr Brian Asley (President)	3,000	3,000
Mr John Croughan (Vice President)	2,000	2,000
Teresa West	3,000	3,000
Andrew Jensen	3,000	3,000
Leon Mackie	2,000	2,000
Laurie Tucker	2,000	2,000
John Sellers	2,000	-
Craig Allardice	2,000	-
Jane Barbanti	2,000	-
	<u>21,000</u>	<u>15,000</u>

Related party transactions

Related Parties.

During the year, an associate of Teresa West was paid by the Knox Club for provision of Karaoke services. Due to Covid restrictions, there was no Karaoke in 2020/21.

-	23,200
<u>-</u>	<u>23,200</u>

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

NOTE 26: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

Knox Club's principal financial instruments comprise of deposits with banks, short term investments, accounts receivable and payable, other financial assets, other financial liabilities and interest bearing liabilities. Statutory receivables and payables are excluded from these values.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows.

	Note	Carrying Amount 2021 \$	Carrying Amount 2020 \$
Financial Assets			
Cash & Cash Equivalents	(8)	950,587	249,205
Trade and Other Receivables	(9)	164	146,793
Available For Sale Investments:			
Equity Investments	(10)	20,720	13,640
Total Financial Assets		971,471	409,638
Financial Liabilities			
At amortised cost			
Trade Creditors	(13)	137,737	147,454
Interest Bearing Liabilities	(16)	13,332,399	14,252,834
Total Financial Liabilities		13,470,136	14,400,288

Financial Risk Management Policies

The Company's Committee is responsible for, among other issues, monitoring and managing financial risk exposures of the Company.

Specific Financial Risk Exposures and Management

The main risk the Company is exposed to through its financial instruments is market risk relating to interest rate risk. There have been no substantive changes in the types of risks the Company is exposed to and how these risks arise.

(a) Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Company.

The Company does not have any material credit risk exposures.

Credit risk exposures

The maximum exposure to credit risk, by class of recognised financial assets at the end of the reporting period is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the Statement of Financial Position.

Trade and other receivables that are neither past due or impaired are considered to be of high credit quality.

The Company has no significant concentration of credit risk exposure to any single counterparty or group of counterparties.

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

NOTE 26: FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity Risk

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

- preparing forward-looking cash flow analysis in relation to its operational, investing and financing activities; and
- only investing surplus cash with major financial institutions.

The table below discloses the contractual maturity analysis for Knox Club's financial liabilities.

Financial liability and financial assets maturity analysis

Financial Liabilities due for payment	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$
Trade Creditors	137,737	147,454	-	-	-	-	137,737	147,454
Interest Bearing Liabilities	1,963,571	64,147	6,051,089	10,596,395	7,317,739	3,592,292	15,332,399	14,252,834
Total contractual outflows	2,101,308	211,601	6,051,089	10,596,395	7,317,739	3,592,292	15,470,136	14,400,288
Total expected outflows	2,101,308	211,601	6,051,089	10,596,395	7,317,739	3,592,292	15,470,136	14,400,288
Financial assets - Cash flow realisable								
Cash & Cash Equivalents	950,587	249,205	-	-	-	-	950,587	249,205
Trade & Other Receivables	164	146,793	-	-	-	-	164	146,793
Available For Sale Investments	20,720	13,640	-	-	-	-	20,720	13,640
Total anticipated inflows	971,471	409,638	-	-	-	-	971,471	409,638
Net (outflow)/inflow on financial instruments	(1,129,837)	188,037	(6,051,089)	(10,596,395)	(7,317,739)	(3,592,292)	(14,498,665)	(13,990,650)

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

NOTE 26: FINANCIAL INSTRUMENTS (Continued)

(c) Market Risk

(i) Interest rate risk

The financial assets of Knox Club are not exposed to any significant interest rate risk since cash balances are maintained at various fixed interest rates.

Interest rate risk refers to the risk that the value of a financial instrument or cash flows associated with the instrument will fluctuate due to changes in market interest rates. Interest rate risk arises from interest bearing financial assets and liabilities that are used.

The interest rate exposure on the debt portfolio is managed by appropriate budgeting strategies and by managing in accordance with target maturity profiles.

(ii) Price risk

Price risk relates to the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Knox Club is exposed to insignificant foreign currency risk and other price risks.

Sensitivity analysis

The following table illustrates sensitivities to the Company's exposure to changes in interest rates. The table indicates the impact on how profit at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

- A parallel shift of + 1% and -2% in market interest rates (AUD).

	Interest rate risk						Interest rate risk				
	-2 %			+1%			-2 %			+1%	
	-200 basis points			+100 basis points			-200 basis points		+100 basis points		
2021	Profit	Equity		Profit	Equity	2020	Profit	Equity		Profit	Equity
\$	\$	\$		\$	\$	\$	\$	\$		\$	\$
Financial Assets:											
Cash at Bank	950,587	(19,013)	(19,013)	9,506	9,506	249,205	(4,984)	(4,984)		2,492	2,492
Trade and Other Receivables	164	-	-	-	-	146,793	-	-		-	-
Available for Sale Investments	20,720	-	-	-	-	13,640	-	-		-	-
Financial Liabilities:											
Trade Creditors	137,737	-	-	-	-	147,454	-	-		-	-
Interest Bearing Liabilities	15,332,399	306,648	306,648	(153,324)	(153,324)	14,252,834	285,056	285,056		(142,528)	(142,528)

No sensitivity analysis has been performed on foreign exchange risk as the Company is not exposed to foreign currency fluctuations.

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

NOTE 26: FINANCIAL INSTRUMENTS (Continued)

Net Fair Values

Fair value estimation

The fair values of financial assets and liabilities are presented in the following table and can be compared to their carrying values as presented in the Statement of Financial Position. Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Company. Most of these instruments which are carried at amortised cost (i.e. trade receivables, loan liabilities) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the Company.

Net Fair Value

	Carrying Amount 2021 \$	Carrying Amount 2020 \$	Net Fair Value 2021 \$	Net Fair Value 2020 \$
Financial Assets				
Cash at Bank	950,587	249,205	950,587	249,205
Trade and other receivables	164	146,793	164	146,793
Available for Sale Investments	20,720	13,640	20,720	13,640
Total Financial Assets	971,471	409,638	971,471	409,638
Financial Liabilities				
Trade Creditors	137,737	147,454	137,737	147,454
Interest Bearing Liabilities	15,332,399	14,252,834	15,332,399	14,252,834
Total Financial Liabilities	15,470,136	14,400,288	15,470,136	14,400,288

NOTE 27: FAIR VALUE MEASUREMENT

The Company measures and recognises the following assets and liabilities at fair value on a recurring basis after initial recognition

- available-for-sale financial assets; and
- land, buildings and other site improvements

The Company does not subsequently measure any liabilities at fair value on a recurring basis, or any asset or liabilities at fair value on a non-recurring basis.

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

- Quoted prices in active markets for identical assets and liabilities (Level 1)
- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

The following tables provide the fair values of the Company's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

2021	Level 1	Level 2	Level 3	Total
Financial Assets				
Available for Sale Investments	20,720	-	-	20,720
Total financial assets recognised at fair value	20,720	-	-	20,720
Non-financial Assets				
Land, Buildings and Other Site Improvements	-	-	14,500,000	14,500,000
Total financial assets recognised at fair value	-	-	14,500,000	14,500,000
2020	Level 1	Level 2	Level 3	Total
Financial Assets				
Available for Sale Investments	13,640	-	-	13,640
Total financial assets recognised at fair value	13,640	-	-	13,640
Non-financial Assets				
Land, Buildings and Other Site Improvements	-	-	11,800,000	11,800,000
Total financial assets recognised at fair value	-	-	11,800,000	11,800,000

KNOX CLUB
A.B.N. 70 004 833 701

DIRECTORS' DECLARATION

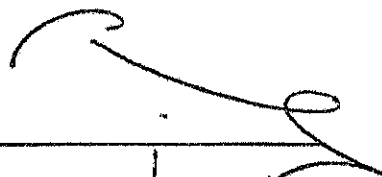
In accordance with a resolution of the directors of the Knox Club Ltd, the directors declare that:

1. The financial statements and notes are in accordance with the *Corporations Act 2001* and:

- a) comply with Accounting Standards and the Corporations Regulations 2001; and
- b) give a true and fair view of the company's financial position as at 30 June 2021 and of the performance for the year ended on that date;

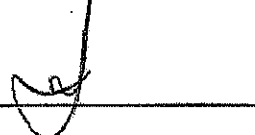
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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



DIRECTOR

BRIAN ASLEY



DIRECTOR

ANDREW JENSEN

Dated this 21st day of DECEMBER 2021.

LDB Audit Services Pty Ltd

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Working as One

Knox Club

A.B.N 70 004 833 701

Independent Audit Report to the members of Knox Club**Report on the Audit of the Financial Report****Opinion**

We have audited the financial report of Knox Club, which comprises the statement of financial position as at 30 June 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and 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 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.

Emphasis of Matter – COVID-19

We draw attention to Note 23 of the financial statements, which describes the uncertainties and possible effects on the entity arising from its management of the on-going issues related to Covid-19. Our opinion is not modified in respect of this matter.

LDB Audit Services Pty Ltd

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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 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.

LDB Audit Services Pty Ltd

LDB Audit Services Pty Ltd
1 3 Albert Street
BLACKBURN VIC 3130

Nicole L Postan

Nicole L Postan
Director

Dated this 22nd day of December 2021