

Item No: 15.2

Subject: **GLENELG FOOTBALL CLUB – FINANCIAL SUPPORT REVIEW**

Date: 14 December 2021

Written By: Manager, Financial Services

General Manager: Strategy and Corporate, Ms P Jackson

SUMMARY

Since 2016, Council has resolved to grant the Glenelg Football Club several financial concessions to assist the Club in meeting its objective of long-term sustainability (C131216/622; C230517/787; C221019/1658). The concessions included reducing the annual lease up to 31 October 2022, writing off of past interest and not charging interest on existing borrowings up to 31 October 2022. These concessions continue to contribute to the sustainability of the Club.

In October 2019 Council resolved to review the arrangements at least six months prior to October 2022. The impact of the COVID-19 pandemic has delayed by 12 months the distributions from the SANFL from the sale of AAMI stadium. These distributions are being paid directly to Council and reducing the debt outstanding by the club to Council. The Council resolution in 2019 was based on a review occurring six months prior to the last distribution, which has now been extended by 12 months.

This report reviews the current ability of the Club to make lease and interest payments on borrowings by assessing its current financial performance and future budgets. The report also identifies that COVID-19 has significantly impacted the Club as well as the SANFL financial performance resulting in the deferral of the annual land divestment distribution to Council and recommends extending the financial assistance by 12 months to coincide with the last distribution from the SANFL.

RECOMMENDATION

- 1. That Council notes the report and affirms its commitment to the long-term sustainability of the Glenelg Football Club.**
- 2. That the Glenelg Football Club continue to not be charged interest on existing borrowings up to 31 October 2023.**
- 3. That the Glenelg Football Club annual lease be maintained at \$40,000 pa (including GST) up to 31 October 2023.**

4. That a review of these arrangements be undertaken at least six months prior to the 31 October 2023.

COMMUNITY PLAN

Community: Building a healthy, active and resilient community
Community: Fostering an engaged and contributing community
Economy: Supporting and growing local business
Culture: Being financially accountable

COUNCIL POLICY

Not Applicable.

STATUTORY PROVISIONS

Not Applicable.

BACKGROUND

Glenelg Football Club Loans

In order to provide a complete background into the financial arrangements with the Glenelg Football Club the following key dates and actions have been documented as below.

In 2001 Council entered into a loan agreement with the Glenelg Football Club under which the Club borrowed \$2.5 million from Council to fund its building redevelopment and upgrade program. Council funded the loan by borrowing from the Local Government Finance Authority (LGFA) and on-lending to the Club on identical terms (i.e. a 'back-to-back' loan).

The Club had met its principal and interest payments up to October 2012 at which point the Club approached Council to restructure its loans including a 2-year interest-only term, to which Council agreed. In 2016, Council re-affirmed its commitment to support the Club in its objective of long-term sustainability and agreed to an arrangement, which involved the Club, SANFL and ANZ, to reach an outcome that would result in the repayment of the debt over time (Resolution C131216/622). The Council has re-affirmed this arrangement in subsequent Council decisions in 2017 and 2019 (Resolutions C230517/787 and C221019/1658).

REPORT

Previously granted Council Financial Concessions Granted to the Club

Council has granted and agreed to a number of concessions and arrangements with the Club. These have included interest only loan repayments from December 2012 and further concessions from 2016/17 as follows:

- Reduction in annual lease from \$72,000 to \$40,000 (including GST) up to 31 October 2022 (C121316/622 and C221019/1658);
- Acceptance of SANFL dividend sharing scheme as per a SANFL timetable (C230517/787) – resulting in a principal reduction of \$1,274,666 over a 7 year period originally concluding October 2022;
- Write off of past interest owed and future interest up to 31 October 2019 on loans advanced to the Club (C230517/787);
- Not charge interest on existing borrowings from October 2019 to October 2022 (C221019/1658); and
- Review the ability of the Club to pay remainder of loan outstanding after the final SANFL dividend instalment (C230517/787 and C221019/1658).

The write-off of outstanding interest resulted in a direct saving of \$188,685 to the Club in 2016/17.

The freezing of interest repayments and other concessions have also directly contributed to the Clubs financial stability.

Financial Position of the Club

The consolidated financial results for the Glenelg Football Club for the year ended 31 October 2020 have been audited and are attached. They are also available for viewing via the Club website.

Refer Attachment 1

The COVID-19 pandemic has continued to have a major impact on the welfare of society and economic conditions. All sporting and community clubs have been impacted with postponed and rescheduled competitions and events. Club patronage has been reduced due to restrictions at venues and profitability has been impacted.

However by reducing costs to suppliers and employees combined with COVID relief measures including job-keeper the Club has remained sustainable and improved its financial position. Given these outcomes the Club has also meet the SANFL requirement of a consolidated operating result before depreciation of \$100,000 for 2019/20.

The financial statements have been assessed using common financial performance ratio analysis. The comparative results are summarised as follows:

Liquidity Ratio

Current Ratio = current assets/current liabilities. If the ratio is 1 it means the club has the exact amount of current assets to pay of its current debts.

Consolidated result	Period ended 31/10/20	Period Ended 31/10/19
Current Assets	\$1,297,231	\$306,002
Current Liabilities	\$1,787,121	\$1,278,160
Current Ratio	0.73	0.24

Solvency Ratios

Long term debt to total capital. Equates to long term debt divided by total liabilities and total members funds. Lower percentages means the majority of the club is financed by member funds.

Consolidated result	Period ended 31/10/20	Period ended 31/10/19
Long term debt	\$1,616,448	\$1,749,663
Total liabilities plus member funds	\$7,942,903	\$7,011,268
Percentage	20%	25%

Debt to Equity Ratio. Equates to total long term liabilities divided by total member's funds. Lower ratios indicate stronger debt management.

Consolidated result	Period ended 31/10/20	Period ended 31/10/19
Long term liabilities	\$1,616,448	\$1,749,663
Member funds	\$4,539,334	\$3,983,445
Ratio	0.36	0.44

Profitability Ratios

Profit margin. Measured by net income divided by total revenues.

Consolidated result	Period ended 31/10/20	Period ended 31/10/19
Net income	\$555,889	\$447,050
Total revenues	\$4,613,116	\$5,027,532
Percentage	12%	8.9%

The following comments are provided in relation to its financial performance and projections:

- The net profit marginally increased by \$108,839.
- COVID Impact – reduced income – SANFL distributions \$456,399; Kitchen and Bar sales \$580,685; net gaming revenue \$105,980.
- COVID Relief Measures – Other Income increased by \$1,291,821 due to Job Keeper \$1,073,743; State Government \$50,000 and cash flow boost \$200,000.
- Improved net assets position \$555,889.
- Improved cash position by \$905,361 to \$1,040,015.

SANFL – Land Divestment Timings

Due to the impact of COVID-19 on SANFL operations the planned \$200,000 land divestment fund distribution to Council for the Glenelg Football Club loans was not received in October 2020. This has since been received in October 2021.

As at 30 June 2021 the Glenelg Football Club owed Council \$1,663,256.

The SANFL is yet to formally advise the Club of the timing of the remaining Land Divestment payments however is expected that payments will be received as follows:

Payment Date	Amount	2/3 Council Share
October 2021	\$300,000	\$200,000
October 2022	\$350,000	\$233,334
October 2023	\$300,000	\$200,000
Total	\$950,000	\$633,334

Financial forecast and assumptions – year ended 31 October 2021.

The Club has provided a three year budget forecast summarised in the following table;

	2021/22	2022/23	2023/24
Football Club Operating Result – (deficit)	(\$318,074)	(\$343,851)	(\$368,560)
Glenelg Club – Venue-Surplus	\$426,183	\$389,074	\$351,038
Consolidated Result	\$108,109	\$45,223	(\$17,522)
Cash Position – Consolidated	\$108,109	\$35,223	(\$37,522)

It should be noted that the budget forecasts have taken into consideration the impact of Covid-19 on the sporting and hospitality sector. The estimates are therefore conservative. All SANFL grants and player payments have been estimated at the current level. The forecast has not allowed for any repayment of interest on loans and that the current lease amount remain at \$40,000 (including GST) per annum. The forecast indicates reducing profits and cash position.

The Club has a number of strategic goals and objectives as follows:

Financial:

- Achieve sustainable performance and support long-term growth

External/member:

- Differentiate the club through member engagement initiatives

Internal/process:

- Develop and maintain an environment of continuous improvement
- Progress to best of breed in terms of operational maturity

Learning and Growth:

- Develop and foster the right culture
- Develop our people to thrive in a competitive environment

Loan Amount Owed

The amount owed by the Glenelg Football Club is recorded in the financial statements of Council as a financial asset. As at 30 June 2021 the total amount recorded as owing from the Club is \$1,663,256 with an impairment provision of \$517,780. Given the expected latest tranche payment of \$200,000 in October 2021 the amount owing is forecast to be \$1,463,256 with an impairment provision of \$517,780 as at 30 June 2022.

After the final tranche is received the principal amount owing from the Club is forecast to be \$1,029,922 as at 30 June 2024.

Recommendation

For the next two years the Club is forecasting modest profits and a minor cash surplus. The current financial position of the Club and its forecasts indicate that the Club will not be able to make interest only repayments or service additional lease repayments without adversely affecting its financial position.

In offering the past financial concessions Council has expressed its commitment to support the Club in its objective of long-term sustainability. On this basis it is recommended to continue the existing concessions and not charge interest while maintaining the annual lease amount at \$40,000 (Option 2). It is recommended that this continue until the final distribution of SANFL land divestment payments is made in October 2023 at which time the financial support and lease will be reviewed.

This recommendation will have minimal impact on Council's budget and key financial targets. Councils operating result, net financial liabilities and interest cover ratio will not be adversely affected.

LIFE CYCLE COSTS

Nil.

Attachment 1



GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES

A.B.N. 94 586 591 723

ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2020

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GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
A.B.N. 94 586 591 723

STATEMENT BY THE BOARD
FOR THE YEAR ENDED 31 OCTOBER 2020

As described in the basis of preparation accounting policy included in Note 1 of the financial statements, the group is not a reporting entity and these are special purpose financial statements.

In the opinion of the directors the accompanying financial statements and notes, as set out on pages 3 to 13:

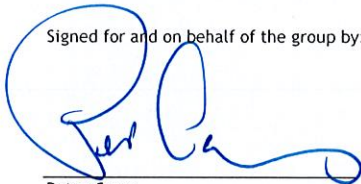
- (a) Presents fairly the financial position of the group as at 31 October 2020 and the performance for the year then ended; and
- (b) Comply with the accounting policies as set out in Note 1 of the financial statements.

In the opinion of the directors:

- (c) There are reasonable grounds to believe that the group will be able to pay its debts as and when they become due and payable.

The above statement is made in accordance with a resolution of the board of directors.

Signed for and on behalf of the group by:



Peter Carey
Chairman



David Whelan
Finance Director

Dated: at Glenelg, this 11th day of February 2021

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
A.B.N. 94 586 591 723

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 OCTOBER 2020

	Note	(Audited) 2020 \$	(Unaudited) 2019 \$
<u>INCOME</u>			
Football income	2	415,789	1,217,416
Venue income (net)	3	804,718	1,385,403
Membership income (net of expenses)		152,624	119,225
Sponsorship income (net of expenses)		324,674	367,379
Fundraising & coterie groups (net of expenses)		40,029	59,812
Merchandise sales (net of expenses)		29,504	117,434
Outdoor Sales (net of expenses)		67,462	199,017
Net Gaming Revenue	4	1,272,980	1,378,960
Grants & donations		35,212	4,583
Other income	5	1,470,124	178,303
Total income		4,613,116	5,027,532
<u>EXPENDITURE</u>			
Senior & junior football		(588,682)	(1,270,601)
Gaming Expenses		(613,147)	(702,052)
Bar Expenses		(22,726)	(24,357)
Kitchen Expenses		(53,611)	(80,602)
Sales Reductions		(87,131)	(217,302)
Office & Administration		(1,562,835)	(832,025)
Occupancy expenses		(214,507)	(300,826)
Other expenses		(312)	(3,245)
Employee Benefit Expenses		(865,692)	(1,094,672)
Function Expenses		(13,058)	(15,002)
Finance Costs		(35,526)	(39,798)
Total expenditure		(4,057,227)	(4,580,482)
Net profit/(loss) for the year		555,889	447,050
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
-		-	-
Other comprehensive income for the year		-	-
Total comprehensive income for the year		555,889	447,050

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
A.B.N. 94 586 591 723

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

	Note	(Audited) 2020 \$	(Unaudited) 2019 \$
<u>ACCUMULATED FUNDS</u>			
Accumulated funds brought forward		998,893	551,843
Net profit/(loss) for the year		555,889	447,050
Accumulated funds carried forward		1,554,782	998,893
 Stan Wickham Memorial Trust Fund		 3,539	 3,539
Asset Revaluation Reserve		2,930,000	2,930,000
Ossie Amies Trust Fund		51,013	51,013
TOTAL MEMBER FUNDS		4,539,334	3,983,445
 This is represented by:			
<u>ASSETS</u>			
CURRENT ASSETS			
Cash & cash equivalents	6	1,040,015	134,654
Trade receivables		161,190	81,333
Inventories		79,336	78,682
Other receivables and prepayments		16,690	11,333
TOTAL CURRENT ASSETS		1,297,231	306,002
 NON-CURRENT ASSETS			
Plant and equipment	7	5,295,672	5,355,266
Intangible assets	8	1,350,000	1,350,000
TOTAL NON-CURRENT ASSETS		6,645,672	6,705,266
TOTAL ASSETS		7,942,903	7,011,268
 <u>LIABILITIES</u>			
CURRENT LIABILITIES			
Trade and other payables	9	555,126	343,882
Grant funding received on behalf of Council		300,000	-
Employee benefit liabilities	10	102,797	104,924
Borrowings	11	829,198	829,354
TOTAL CURRENT LIABILITIES		1,787,121	1,278,160
 NON-CURRENT LIABILITIES			
Borrowings	11	1,616,448	1,749,663
TOTAL NON-CURRENT LIABILITIES		1,616,448	1,749,663
TOTAL LIABILITIES		3,403,569	3,027,823
 NET ASSETS		 4,539,334	 3,983,445

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
A.B.N. 94 586 591 723

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2020**

	Note	(Audited) 2020 \$	(Unaudited) 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from football & sponsorship		894,553	1,598,726
Receipts from fundraising & merchandise		115,220	425,636
Receipts from government		1,457,217	-
Receipts from customers		2,519,595	4,284,735
Proceeds from funding held on behalf of council		300,000	-
Payments to suppliers and employees		(4,130,513)	(5,770,088)
Finance costs		(35,526)	(39,798)
Net cash provided by / (used in) operating activities	14 (b)	1,120,546	499,211
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(81,814)	(138,167)
Proceeds from Australian Sports Foundation grants		-	2,808
Net cash provided by / (used in) investing activities		(81,814)	(135,359)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (repayment of) borrowings		(100,000)	(94,308)
Proceeds from asset purchase finance		56,529	-
Repayment of asset purchase finance		(89,900)	(83,088)
Net cash provided by / (used in) financing activities		(133,371)	(177,396)
Net increase / (decrease) in cash		905,361	186,456
Cash at beginning of the year		134,654	(51,802)
Cash at end of the year	14 (a)	1,040,015	134,654

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
A.B.N. 94 586 591 723

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

Note 1: Statement of Significant Accounting Policies

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the members of the Club. The committee has determined that the group is not a reporting entity. The financial report covers the Glenelg Football Club and controlled entities (the "group").

Basis of Preparation

The report has been prepared in accordance with the following applicable Australian Accounting Standards and Australian Accounting Interpretations:

- AASB 107: Statement of Cash Flows
- AASB 110: Events after the reporting period

No Australian Accounting Standards have mandatory applicability and Australian Accounting Interpretations are also not applicable.

The financial statements, except for the cash flow information, have been prepared on an accruals 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.

The following is a summary of the material accounting policies adopted by the group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Principals of consolidation

A controlled entity is any entity Glenelg Football Club Inc has the power to control the financial and operating policies so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 12 to the financial statements. All controlled entities have an October financial year end.

All inter-entity balances and transactions between entities, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of the controlled entity have been changed where necessary to ensure consistency with those policies applied. Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

First year adoption of consolidated financial statements

The year ended 31 October 2020 represents the first financial year which consolidated financial statements have been prepared. This is a result of the establishment of the Glenelg Football Club Trust where effective 1 November 2019, all assets, liabilities, employees and operations of the Glenelg Footballers Club Inc have been transferred to the Trust, with the incorporated entity to continue in the capacity as trustee company. The Trust will make an annual distribution of its net income to its primary beneficiary, Glenelg Football Club Inc.

The comparative consolidated figures (2019) presented in these financial statements are unaudited. The individual entities, Glenelg Football Club Inc and Glenelg Footballers Club Inc, which form the consolidated comparative figures were individually audited in 2019.

(a) Income Tax

The group is exempt from income tax under Division 50 of the Income Tax Assessment Act 1997.

(b) 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.

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

(b) Plant and Equipment (Cont.)

Leasehold Clubrooms, Function Centre Buildings & Redevelopments

Leasehold clubrooms, function centre buildings and redevelopments are shown at their fair value based on periodic valuations by the directors. The last independent valuation was carried out in the financial year ended 31 October 2010. Increases in the carrying amount arising on revaluation of land and buildings are accumulated in the asset revaluation reserve in accumulated funds. Revaluation decreases that offset previous increases of the same class of assets will be offset in the revaluation. All other decreases are charged to the statement of comprehensive income. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Depreciation or amortisation is not charged for these buildings as revaluations will be reviewed and revised on a sufficient regularity such that the value of the buildings will not materially differ.

Plant and equipment

Plant and equipment are measured on the cost basis less depreciation and any impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line or diminishing value method over their useful lives to the group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are based on useful lives as follows:

Plant and equipment	3 - 20 years
Motor vehicles	4 years

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the profit or loss.

(c) Impairment of Non-Financial Assets

At each reporting date, the group reviews the carrying values of its fixed assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the profit or loss.

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

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

(d) Trade and other receivables

All trade and other receivables are recognised at the fair value of the amounts receivable as they are generally due for settlement within 30 days. Collectability of trade receivables is reviewed on an on-going basis.

(e) Trade and other payables

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

(f) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates and discounts received or receivable.

(g) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Long service leave is accrued for all employees who have completed five years service with the group, and calculated on the basis of the relevant Award or State Act. Annual leave is accrued on the basis of the relevant Award or State Act.

(h) Borrowings

Loans are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period it becomes due and is recorded as part of current other payables.

(i) Revenue Recognition

Revenue from the sale of goods or provision of services is recognised upon delivery of the goods or services to the customer, at the fair value received or receivable, and when the amount can be reliably measured. Amounts disclosed as revenue are net of returns, discounts and GST.

Grant revenue is recognised when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be reliably measured.

(j) Goods and 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. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(k) Gaming Machine Entitlements

Gaming Machine Entitlements are carried at a directors valuation using a valuation model incorporating the cash flows received from gaming operations and a discount rate observed from market based evidence. These entitlements are assessed for impairment in accordance with Note 1(d).

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
A.B.N. 94 586 591 723

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

	(Audited) 2020	(Unaudited) 2019
Note	\$	\$
Note 2: Football income		
SANFL distributions	306,721	763,120
SANFL land divestment	-	275,000
Senior football	67,766	108,233
Junior football	41,302	71,063
	415,789	1,217,416
Note 3: Venue income (net)		
Bar sales	592,173	1,029,195
Cost of sales	(249,320)	(363,891)
	342,853	665,304
Kitchen sales	712,251	1,069,622
Cost of sales	(250,386)	(349,523)
	461,865	720,099
Total	804,718	1,385,403

Note 4: Net gaming revenue

The Club has 36 Poker Machines, some of which are financed by finance lease or chattel mortgage. The loans from Esanda Finance Corporation (ANZ Banking Group Ltd), are guaranteed by the Glenelg Football Club Inc and ANZ Banking Group Ltd and Esanda Finance Corporation also have security over some Poker Machines. The Club is licensed to operate a maximum of 36 Poker Machines.

Turnover on Gaming Machines	15,255,424	16,414,283
Less 'Wins' returned to Player	(13,855,146)	(14,897,427)
Net Receipts \$	1,400,278	1,516,856
Net Receipts \$ (excl. GST)	1,272,980	1,378,960
Net Receipts %	9.18%	9.24%
Number of Gaming Machines	36	36
Gaming Tax Paid	377,067	477,640
Gaming Tax % of Net Receipts	26.93%	31.49%

Net receipts are accounted for on a cash basis.

Note 5: Other income

COVID19 - Cashflow boost	200,000	-
COVID19 - JobKeeper	1,073,743	-
COVID19 - State government	51,000	-
Bingo & Keno Income	2,834	49,079
Functions Hire Income	2,939	7,126
Gain on disposal of plant and equipment	-	16,000
Business interruption insurance claim	-	2,441
Forgiveness of interest on Council loans	8,000	2,348
Rental Income	114,330	77,967
Other income	17,278	23,342
	1,470,124	178,303

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

	(Audited) 2020 \$	(Unaudited) 2019 \$
Note 6: Cash & cash equivalents		
Cash at bank	995,605	76,207
Cash on hand	44,410	58,447
	1,040,015	134,654
Note 7: Plant and Equipment		
Leasehold improvements at fair value	4,636,948	4,636,948
Plant and equipment at cost	2,486,272	2,438,460
Less: accumulated depreciation	(1,837,198)	(1,733,008)
	649,074	705,452
Motor vehicles at cost	62,880	62,880
Less: accumulated depreciation	(53,230)	(50,014)
	9,650	12,866
Total plant and equipment	5,295,672	5,355,266
Note 8: Intangible assets		
Gaming machine entitlements	1,350,000	1,350,000
Note 9: Trade and Other Payables		
CURRENT		
Trade payables	214,251	157,911
Sundry creditors and accruals	336,855	178,286
Income received in advance	4,020	7,685
	555,126	343,882
Note 10: Employee Benefit Liabilities		
CURRENT		
Annual leave	46,022	83,227
Long service leave	56,775	21,697
	102,797	104,924

GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020

Note 11: Borrowings

The Group has borrowing facilities with the ANZ Banking Group, which includes a Business Loan of \$544,333 and Overdraft Facility with a limit of \$160,000. Subsequent to reporting date, the Business Loan and Overdraft facility have been extended and now expire on 30 November 2023.

All borrowings are secured by cross guarantee between the Glenelg Football Club Trust and Glenelg Football Club Inc, over all present and after-acquired property. A summary of the both the secured and unsecured borrowing commitments has been included below.

	(Audited) 2020	(Unaudited) 2019
	\$	\$
(a) Secured Loans		
CURRENT		
ANZ Bank Bills	500,000	500,000
ANZ Business Loan	44,333	44,333
City of Holdfast Bay Council Debenture Loans	200,000	200,000
Asset Finance Liabilities	84,865	85,021
	<u>829,198</u>	<u>829,354</u>
NON-CURRENT		
City of Holdfast Bay Council Debenture Loans	1,463,256	1,463,256
Asset Finance Liabilities	53,192	86,407
	<u>1,516,448</u>	<u>1,549,663</u>
Total	<u>2,345,646</u>	<u>2,379,017</u>

The ANZ Business Loan and the principal amount payable to the City of Holdfast Bay will reduce by \$100,000 and \$200,000 respectively next financial year as part of the 2021 distribution of the SANFL Land Divestment Funds. These two parties also have an agreement with the group which will see the remaining SANFL Land Divestment Funds to October 2023 used directly to repay the debt. The City of Holdfast Bay Council have confirmed that the remaining principal balance of the debenture loans will not be called upon within the next 12 months from the date of signing these financial statements and therefore these are classified as non-current liabilities.

(b) Unsecured Loans

CURRENT		
Samlar Pty Ltd Loan	100,000	200,000

Note 12: Related Parties

(a) Board of Directors

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

P Carey (Chairman)	N Chigwidden
D Whelan	M Michaels
J Scripps (resigned 10 January 2020)	R Gillies
C Sayer	

Justin Scripps resigned as a director on 10 January 2020 and was appointed Chief Executive Office on 15 June 2020. Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 OCTOBER 2020**

Note 12: Related Parties (Cont.)

(b) Remuneration of Directors

The Directors in office during the year ended 31 October 2020 did not receive any remuneration for their services.

(c) Controlled entities

Parent entity:

Glenelg Football Club Inc.

Controlled entities:

Glenelg Footballers Club Inc.

Glenelg Football Club Trust

Note 13: Contingent Liabilities

In the opinion of the Board of Directors, the group did not have any contingent liabilities as at 31 October 2020.

Note 14: Events after the end of the reporting period

No matters or circumstances have arisen since the end of the financial year ended 31 October 2021 which significantly affected or may significantly affect the operations of the group, the results of those operations or the state of affairs of the entity in future financial years.

	(Audited) 2020 \$	(Unaudited) 2019 \$
Note 14: Cash Flow Information		
a. 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 at bank	995,605	76,207
Cash on hand	44,410	58,447
	1,040,015	134,654
b. Reconciliation of cash flows from operating activities with profit or loss from ordinary activities:		
Net operating profit/(loss)	555,889	447,050
Non-cash flows in operating result from ordinary		
Depreciation expense	141,408	138,231
Transfer to/(from) provisions	-	(19,133)
Net loss/(gain) on disposal of plant and equipment	-	(16,000)
Cash flows in operating activities reclassified:		
Australian Sport Foundation Grants	-	(2,808)
Changes in assets and liabilities:		
Decrease/(increase) in trade receivables	(79,857)	17,125
Decrease/(increase) in inventories	(654)	(8,590)
Decrease/(increase) in prepayments	(5,357)	(2,842)
Increase/(decrease) in trade and other payables	211,244	(77,243)
Increase/(decrease) in deferred revenue	300,000	(2,565)
Increase/(decrease) in funds received on behalf of council	-	-
Increase/(decrease) in employee benefit liabilities	(2,127)	25,986
Net cash flows from operating activities	1,120,546	499,211

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GLENELG FOOTBALL CLUB INC AND CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Glenelg Football Club Inc and Controlled Entities (the Entity) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 October 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the and the statement by the board.

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of the Group as at 31 October 2020 and of its financial performance and its cash flows for the year then ended in accordance with the basis of accounting described in note 1.

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

Emphasis of matter - Basis of accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared to assist Glenelg Football Club Inc and Controlled Entities to meet the requirements of members. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Other matter

The corresponding figures for the year ended 31 October 2019 are unaudited.

Responsibilities of management and those charged with governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report, and have determined that the basis of preparation described in Note 1 is appropriate to meet the requirements of members and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.



In preparing the financial report, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf

This description forms part of our auditor's report.

A handwritten signature in blue ink that reads 'BDO'.

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink that reads 'Andrew Tickle'.

Andrew Tickle
Director

Adelaide, 11 February 2021