

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30TH JUNE 2023

	NOTE	2023 \$	2022 \$
Revenue			
Gaming revenue		3,064,300	2,501,132
Bar trading revenue		1,217,605	689,658
Catering & bistro trading revenue		1,553,167	1,068,372
Other revenue		240,055	245,906
Total revenue		6,075,127	4,505,068
Expenditure			
Employee costs		1,957,469	1,282,310
Property expenses		55,562	63,589
Administration		458,841	311,379
Donations & sponsorship		145,051	115,522
Depreciation & amortisation	2	461,006	432,684
Gaming expenditure		1,271,375	1,061,674
Bar & bistro expenditure		1,325,759	821,455
Promotions		99,600	44,098
Finance costs	3	29,152	9,999
Total expenditure		5,803,815	4,142,710
Surplus before income tax expense		271,312	362,358
Less: Income tax expense		-	-
Surplus after income tax expense		271,312	362,358
Other comprehensive income		-	-
Total comprehensive income		271,312	362,358

The accompanying notes form part of these financial statements

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
STATEMENT OF FINANCIAL POSITION
AS AT 30TH JUNE 2023

	NOTE	2023 \$	2022 \$
Current Assets			
Cash assets	8	1,222,351	1,173,797
Stock on hand		44,136	39,557
Loan - Stratford FNC		-	5,000
Loan - Maffra FNC		160,000	-
Receivables	11	37,772	10,120
Prepayments		4,838	4,923
		<u>1,469,097</u>	<u>1,233,397</u>
Total Current Assets			
Non-Current Assets			
Property, plant & equipment	7	4,273,929	4,201,252
Intangible assets	12	1,143,680	1,276,900
Investments - Maffra & District Community Bank		5,000	5,000
Rights of use assets	13	178,548	236,955
		<u>5,601,157</u>	<u>5,720,107</u>
Total Non-Current Assets			
		<u>7,070,250</u>	<u>6,953,504</u>
Total Assets			
Current Liabilities			
Payables	5	317,552	321,163
Provision for employee entitlements	10	143,692	102,223
Short-term borrowings - interest bearing	6	82,200	81,656
Gaming entitlements payable		170,085	127,557
		<u>713,529</u>	<u>632,600</u>
Total Current Liabilities			
Non-Current Liabilities			
Provision for employee entitlements	10	21,830	12,254
Long-term borrowings - interest bearing	6	191,723	266,699
Gaming entitlements payable		892,898	1,062,990
		<u>1,106,451</u>	<u>1,341,943</u>
Total Non-Current Liabilities			
		<u>1,819,980</u>	<u>1,974,543</u>
Total Liabilities			
Net Assets			
		<u>5,250,270</u>	<u>4,978,958</u>
Members funds			
Net profit after income tax		271,312	362,358
Land revaluation reserve		100,000	100,000
Accumulated funds - beginning of year		4,878,958	4,516,600
		<u>5,250,270</u>	<u>4,978,958</u>
Total Members Funds			

The accompanying notes form part of these financial statements

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
STATEMENT OF CASHFLOW
FOR THE YEAR ENDED 30TH JUNE 2023

	NOTE	2023 \$	2022 \$
Cashflow from Operating Activities			
Receipts from gaming		3,064,300	2,501,132
Receipts from bar trading		1,217,605	689,659
Receipts from catering		1,553,167	1,068,373
Receipts from other		170,014	236,200
Payments to suppliers & employees		(5,232,328)	(3,599,818)
Interest paid		(29,152)	(9,999)
Net cash provided by Operating Activities	9	743,606	885,547
Cashflows from Investing Activities			
Payments of intangibles		(127,564)	-
Proceeds from sale of property, plant & equipment		4,000	1,799
Payment for property, plant & equipment		(342,056)	(217,612)
Net loans advanced		(155,000)	-
Net cash used in Investing Activities		(620,620)	(215,813)
Cashflows from Financing Activities			
Payment for Right of Use leases		(58,407)	(6,906)
Repayment of borrowings		(16,026)	(303,079)
Net cash used in Financing Activities		(74,433)	(309,985)
Net Decrease in cash		48,554	359,750
Cash at beginning of year		1,173,797	814,047
Cash at end of year		1,222,351	1,173,797

The accompanying notes form part of these financial statements

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30TH JUNE 2023

	Retained earnings \$	Reserves \$	Total Equity \$
Balance at 1 July 2021	4,516,600	100,000	4,616,600
Profit for the year	362,358	-	362,358
Total comprehensive deficit for the year	362,358	-	362,358
Balance at 30 June 2022	4,878,958	100,000	4,978,958
Balance at 1 July 2022	4,878,958	100,000	4,978,958
Profit for the year	271,312	-	271,312
Total comprehensive surplus for the year	271,312	-	271,312
Balance at 30 June 2023	5,150,270	100,000	5,250,270

The accompanying notes form part of these financial statements

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

1. Statement of significant accounting policies

(a) Basis of accounting

The financial report is a special purpose financial report prepared in order to satisfy the financial reporting requirements of the Associations Incorporation Reform Act 2012. The committee has determined that the association is not a reporting entity as there are no users dependant on general purpose financial statements.

The report has been prepared in accordance with the requirements of the Association Incorporation Reforms Act 2012 and the recognition and measurement requirements of Australian Accounting Standards.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

(b) Summary of significant amended accounting policies

The following is a summary of the material accounting policies adopted. The below accounting policies are consistent with the previous year.

(c) Property, plant & equipment

Property, buildings, plant & equipment are brought to account at cost less accumulated depreciation and any impairment value.

Land is measured at fair value.

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

	2023	2022
Furniture & fittings	5% - 25%	5% - 25%
Equipment	10% - 33.33%	10% - 33.33%
Building improvements & renovations	2.5% - 10%	2.5% - 10%
Buildings	2.50%	2.50%
Gaming Machines	15%	15%
Gaming Entitlements	10%	10%

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

Revaluations

Following Initial recognition at cost, land is held at valuation on adoption of IFRS.

Fair value is determined by the committee with reference to market based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arms length transaction.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the Statement of Financial Position unless it reverses a revaluation decrease of the same asset previously recognised in the Statement of Comprehensive Income.

Any revaluation deficit is recognised in the Statement of Comprehensive Income unless it directly offsets a previous surplus of the same asset in the revaluation reserve.

(d) Income Tax

The association adopts the liability method of tax-effective accounting whereby income tax expense is based on the profit from ordinary activities adjusted for any permanent differences.

Non-member income of the association is only assessable for tax, as member income is excluded under the principle of mutuality.

(e) Inventories

Inventories consist of liquor and consumables and are measured at the lower of cost and net realisable value. Costs are assigned on a specific identification basis and include direct costs and appropriate overheads, if any.

(f) Leases

At inception of a contract, the Club assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Club assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Club has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use, and
- the Club has the right to direct use of the asset. The Club has this right when it has the decision-making rights that are most relevant to changing how and what purpose the asset is used. In rare cases where all the decisions about how and for what purpose the asset is used and predetermined, the Club has the right to direct use of asset if either:
 - the Club has the right to operate the asset; or
 - the Club designed the asset in a way that predetermines how and for what purpose it will be used.

(g) Employee Benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

(h) Cash

For the purposes of the cashflow statement, cash includes cash on hand, at banks, on deposit and held in ATM machines.

(i) Revenue

Revenue is recognised when it is probable that the economic benefit will flow to the entity and the revenue can be reasonably measured. Revenue is measured at fair value of the consideration received or receivable.

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

(j) Goods and Services Tax (GST)

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

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

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

(k) Trade and other payables

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

(l) Intangible Assets

Gaming Machine Licences

Gaming machine entitlements are recognised at cost and amortised over the entitlement period, being 10 years.

(m) Critical Accounting Estimates and Judgements

In the application of Australian Accounting Standards, management is required to make judgements, estimates and assumptions about the carrying value of assets and liabilities that are not readily apparent from other sources.

The Committee evaluate estimates and judgements incorporated in to the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data obtained both externally and within the association.

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

Fair Values

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. In this regard, fair values for listed securities are obtained from quoted market bid prices. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Impairment

At the end of each reporting period, the committee assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of 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 to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Employee Benefits Expenses

As per Note 1(g), the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at present value of the estimated future cash flows to be made in respect of all the employees at the reporting date. In determining the present value of the liability, no on-costs have been recognised in employee provisions.

(n) Classification of Current and Non-Current Assets and Liabilities

Current assets are assets expected to be converted to cash, sold or consumed within one year from balance sheet date. Current liabilities are obligations expected to be settled within one year from balance sheet date. Assets and liabilities that are not classified as current are non-current assets and liabilities, respectively.

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

	2023	2022
	\$	\$
NOTE 2: DEPRECIATION AND AMORTISATION		
Depreciation	269,379	229,244
Amortisation of gaming entitlements	133,220	196,534
Amortisation of right of use assets	58,407	6,906
Total Depreciation and Amortisation	461,006	432,684
NOTE 3: FINANCE COSTS		
Interest - Building loans	21	2,403
Interest - VGCCC	22,551	-
Interest - Capital Finance	6,580	7,596
Total Finance Costs	29,152	9,999
NOTE 4: AUDITORS FEES		
Auditing and review of financial statements	11,150	10,930
Other services	2,450	1,354
Total Auditors Fees	13,600	12,284
NOTE 5: PAYABLES		
Bendigo Bank credit card	3,354	372
Trade creditors	55,051	41,116
GST payable	93,709	98,373
Superannuation payable	14,788	32,216
VCGLR fees payable	99,999	79,508
PAYG payable	24,504	16,772
Coin clearing	-	189
Tabcorp sweep owing	10	10
Accrued expenses	-	31,912
Accrued wages	25,932	16,924
Unclaimed tickets	205	3,771
Total Payables	317,552	321,163

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

NOTE 6: BORROWINGS	2023	2022
	\$	\$
Short-term		
Building loans (1)	644	100
Loan - Capital Finance (2)	23,149	23,149
Lease liability relating to right of use assets	58,407	58,407
Total Short-term	82,200	81,656
Long-term		
Loan - Capital Finance (2)	71,582	88,151
Lease liability relating to right of use assets	120,141	178,548
Total Long-term	191,723	266,699

1) The building loan is secured over land, all present and later acquired property including liquor licence and gaming licence from which the club operates at 122 Johnson St, Maffra. It incurs interest as follows:

		Balance at 30/6/23	Balance at 30/6/22
Bendigo Bank Commercial Loan	3.04%	644	100

2) The Capital Finance loan is secured over the solar panel system. It incurs interest as follows:

		Balance at 30/6/23	Balance at 30/6/22
Loan - Capital Finance	6.34%	94,731	111,300

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

	2023	2022
	\$	\$
NOTE 7: PROPERTY, PLANT & EQUIPMENT		
Furniture & fittings - at cost	582,904	567,541
Less: Accumulated depreciation	<u>(553,437)</u>	<u>(530,358)</u>
	29,467	37,183
Equipment - at cost	795,859	697,854
Less: Accumulated depreciation	<u>(550,759)</u>	<u>(481,833)</u>
	245,100	216,021
Building and improvements - at cost	4,455,134	4,255,024
Less: Accumulated depreciation	<u>(1,114,270)</u>	<u>(1,003,547)</u>
	3,340,864	3,251,477
Land at committee valuation	250,000	250,000
Buildings - at cost	743,709	743,709
Less: Accumulated depreciation	<u>(438,055)</u>	<u>(419,670)</u>
	305,654	324,039
Gaming machines - at cost	567,886	559,886
Less: Accumulated depreciation	<u>(465,043)</u>	<u>(437,355)</u>
	102,843	122,531
Total property, plant & equipment	<u>4,273,929</u>	<u>4,201,252</u>

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

Note 7a: Property, Plant & Equipment (Continued)

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current financial year is set out below.

	Land at Valuation	Buildings at Cost	Buildings Improvements at Cost	Motor Vehicles	Furniture & Fittings	Plant & Equipment	Gaming Machines	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Balance at 1 1 July 2021	250,000	342,424	3,324,382	-	46,323	91,468	159,680	4,214,278
Additions	-	-	35,656	-	19,104	155,352	7,500	217,612
Disposals	-	-	-	-	(1,364)	-	(31)	(1,395)
Transfers	-	-	-	-	-	-	-	-
Depreciation and Amortisation	-	(18,385)	(108,562)	-	(26,880)	(30,799)	(44,618)	(229,244)
Balance at 1 July 2022	250,000	324,039	3,251,476	-	37,183	216,021	122,531	4,201,252
Additions	-	-	200,110	-	15,364	99,082	27,500	342,056
Disposals	-	-	-	-	-	-	-	-
Depreciation and Amortisation	-	(18,385)	(110,722)	-	(23,081)	(70,003)	(47,188)	(269,379)
Balance at 30 June, 2023	250,000	305,654	3,340,864	-	29,467	245,100	102,843	4,273,929

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

	2023	2022
	\$	\$
NOTE 8: RECONCILIATION OF CASH		
Statement is reconciled to the related items in the Statement of Financial Position as follows:		
Cash floats	68,201	49,791
Cash on hand	12,080	16,225
Bendigo - Cheque	70,544	61,110
Bendigo - Gaming	464,832	314,702
Bendigo - Keno	7,534	161
Bendigo - Lucky Envelopes	5,395	4,330
Bendigo - Rent	66,829	87,420
Bendigo - Savings	321,692	634,625
Bendigo - TAB Account	74	58
Motel clearing	35	375
Coin clearing	135	-
Bendigo - Term Deposit	205,000	5,000
Total cash at end of year	1,222,351	1,173,797

NOTE 9: RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO SURPLUS AFTER INCOME TAX EXPENSES

Surplus after income tax expense	271,312	362,358
Depreciation & amortisation	461,006	432,684
(Profit) on asset sales	(4,000)	(404)
Decrease/(Increase) in current inventories	(4,579)	447
Decrease/(Increase) in trade & other payables	(3,611)	98,531
Decrease/(Increase) in employee provisions	51,045	5,818
(Increase)/Decrease in prepayments	85	(4,735)
(Increase)/Decrease in receivables	(27,652)	(9,153)
Net cash provided by operating activities	743,606	885,547

MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2023

	2023	2022
	\$	\$
NOTE 10: PROVISION FOR EMPLOYEE ENTITLEMENTS		
Current		
Annual leave	93,707	63,428
Leave in Lieu	-	332
Long service leave	49,985	38,463
	143,692	102,223
Non-Current		
Long service leave	21,830	12,254
	21,830	12,254

NOTE 11: RECEIVABLES

Accounts Receivable	28,902	4,706
EFTPOS clearing	8,870	-
Payroll tax refundable	-	5,414
Total Receivables	37,772	10,120

NOTE 12: INTANGIBLE ASSETS

Gaming Licences - 35 machines		
Gaming Licence (2022 entitlements)	1,253,207	1,253,207
Less: Accumulated amortisation	(109,527)	-
Gaming Licence (2012 entitlements)	-	1,965,340
Less: Accumulated amortisation	-	(1,941,647)
	1,143,680	1,276,900

NOTE 13: RIGHT OF USE ASSETS

Right of use assets - gaming machines	243,861	243,861
Less: Accumulated amortisation	(65,313)	(6,806)
	178,548	236,955

NOTE 14: EVENTS AFTER THE BALANCE SHEET DATE

The committee is not aware of any events after balance sheet date requiring disclosure.

NOTE 15: CONTINGENT ASSETS AND LIABILITIES

There are no contingent assets or contingent liabilities at balance date (2022: \$NIL)

NOTE 16: RELATED PARTY TRANSACTIONS

Related parties to the Maffra Community Sports Club are local sporting clubs where Key Management Personnel are members. The entity has determined the Key Management Personnel to be the General Manager, and committee members of the Maffra Community Sports Club.

Contributions are made to various sporting organisations as part of Maffra Community Sports Club's normal course of business. They were approved and made on normal terms and conditions.

The Related parties are Maffra Football Netball Club, Maffra Bowls Club, Maffra Lawn Tennis Club and Maffra Cricket Club.

Kevin Langan, past Key Management Personnel, is a committee member of the Maffra Football Netball Club. Dairdre Ralph, Geoff Crawford and Mandy Pemberton are committee members of the Maffra Bowls Club. Wayne Robinson is a committee member of the Maffra Cricket Club. Terry Flynn is a committee member of Maffra Lawn Tennis Club.

Payments to these related parties in the financial year are disclosed below:

- Maffra Football Netball Club	25,746
- Maffra Bowls Club	23,696
- Maffra Cricket Club	26,320
- Maffra Lawn Tennis Club	4,080

There is a loan agreement in place with Maffra Football Netball Club.

A loan of \$160,000 was funded on 20th October 2022 and the terms of this loan are as follows:

- Interest is to be charged at 5% per annum, with interest to be paid quarterly in arrears from 20th January 2023.
- The borrowers may repay the sum of \$20,000 or a multiple thereof in reduction of the balance owed, with thirty days notice.
- Balance of the loan to be repaid on 20th October 2023 but have the right to pay the whole of the principal sum at any time upon giving 30 days notice in writing.

**DIRECTORS DECLARATION
OF MAFFRA COMMUNITY SPORTS CLUB INC
ABN: 92 446 915 648**


The Committee has determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1(a) to the financial statements.

The Committee of the Maffra Community Sports Club declares that:

1. The financial statements and notes present fairly the company's financial position as at 30 June 2023 and its performance for the year ended on that date in accordance with the accounting policies described in Note a to the financial statements;

2. In the Committee's 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 Committee, and is signed for and on behalf of the company by:


.....
President - Steve Saunders


.....
Treasurer - Glenn Crawford

Dated this 15 day of September, 2023



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INDEPENDENT AUDITOR'S REPORT

To the Members of Maffra Community Sports Club Inc

Opinion

We have audited the accompanying financial report, being a special purpose financial report, of Maffra Community Sports Club Inc ("the Entity"), which comprises the statement of financial position as at 30 June 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flow for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and directors declaration.

In our opinion, the financial report presents fairly, in all material respects, the financial position of Maffra Community Sports Club Inc as at 30 June 2023, and its financial performance and its cash flows for the year then ended in accordance with the accounting policies described in Note 1 to the financial statements.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the committee's financial reporting responsibilities under the *Associations Incorporation Reform Act 2012*. As a result, the financial report may not be suitable for another purpose.

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

Responsibilities of Management and the Committee for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the 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 Entity'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 management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

The Committee is responsible for overseeing the Entity'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 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



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economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to

modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Justin Brook
Director
Forefront Pty Ltd

Place: Sale
Date: 19 September 2023