

LITTLE SHIP CLUB QUEENSLAND SQUADRON
(ABN 31 009 823 590)

2020 FINANCIAL REPORT



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LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
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LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2020.

Directors

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

Daryl Graham Home	(resigned 17/03/2020)
Rodney Owen Johnston	(resigned 23/03/2020)
John James Wilson	(resigned 19/12/2019)
John Eric Cross	(resigned 07/08/2020)
Michael Sullivan	
Lee Shannon-Delaney	
Michelle Jean Louise Maschmedt	(resigned 09/08/2019)
Lance Magnussen	
Mark Anthony Neilson	
Bruce Phillips	
Maria Louise Anderson	
John Ashley Groom	(resigned 10/02/2020)
Jennifer Anne Milward	(resigned 26/09/2020)
Sonia Bryant	(appointed 26/08/2020)

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

Principal Activities

- To foster and maintain the good fellowship that exists between all those who go to sea in little ships.
- To prepare a body of competent yacht operators ready and willing, in the even of war, to act as an auxiliary service in conjunction with the Royal Australian Navy, whenever so required by the Commonwealth of Australia.
- To keep Members in close and friendly association with each other, by frequent social gatherings on land and sea.
- To monitor and improve the yachting and boating facilities of Moreton Bay and surrounding waters, by ensuring Little Ship club representation at Small Craft Council meetings, and at other State and Commonwealth Body gatherings, as may be aligned to the interests of boating and yachting generally.
- To improve and protect the fishing in Moreton Bay and other waters, and in any practical manner suggested by Members.
- To hold meetings, discussions, conferences, and issue papers for the dissemination of news and information affecting the navigation and use of small ships and yachts, such as deeper channels and rarely used waterways, good fishing spots, bad weather anchorages, and any other matters of interest to the Club.
- To promote and foster boating and yachting sports, particularly to young people, encouraging and teaching boating and yachting skills, and safe boating practices.
- To develop and foster good relationships with kindred bodies or authorities.

Information on Directors

Daryl Graham Home	- Director
Experience	- Board member since 05/11/2017.
Special Responsibilities	- Vice Commodore to 17/03/2020.
Rodney Owen Johnston	- Director
Experience	- Board member since 15/11/2017.
Special Responsibilities	- Commodore to 23/03/2020.
John James Wilson	- Director
Experience	- Board member since 29/08/2018.
Special Responsibilities	- Secretary 29/08/2018 - 19/12/2019

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DIRECTORS' REPORT

John Eric Cross	- Director
Experience	- Board member since 18/11/2018.
Special Responsibilities	- Rear Commodore to 19/12/2019.
	- Commodore 23/03/2020 - 07/08/2020.
Michael Sullivan	- Director
Experience	- Board member since 18/11/2018.
Special Responsibilities	-
Lee Shannon-Delaney	- Director
Experience	- Board member since 18/11/2018.
Special Responsibilities	-
Michelle Jean Louise Maschmedt	- Director
Experience	- Board member since 08/05/2019.
Special Responsibilities	- Secretary 13/12/2018 - 09/08/2019
Lance Magnussen	- Director
Experience	- Board member since 03/07/2019.
Special Responsibilities	-
Mark Anthony Neilson	- Director
Experience	- Board member since 19/12/2019.
Special Responsibilities	- Vice Commodore 09/06/2020 - 09/08/2020.
	- Commodore from 09/08/2020.
Bruce Phillips	- Director
Experience	- Board member since 19/12/2019.
Special Responsibilities	- Rear Commodore 09/06/2020 - 09/08/2020.
	- Vice Commodore from 09/08/2020.
Maria Louise Anderson	- Director
Experience	- Board member since 19/12/2019.
Special Responsibilities	- Secretary 01/04/2020 - 07/04/2020
	- Vice Commodore 12/05/2020 - 09/06/2020.
	- Treasurer from 12/05/2020.
	- Rear Commodore from 09/08/2020.
John Ashely Groom	- Director
Experience	- Board member since 19/12/2019.
Special Responsibilities	-
Jennifer Anne Milward	- Director
Experience	- Board member since 18/07/2020.
Special Responsibilities	- Secretary 18/07/2020 - 26/09/2020.
Sonia Bryant	- Director
Experience	- Board member since 26/08/2020.
Special Responsibilities	-

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
DIRECTORS' REPORT

Meetings of Directors

During the financial year, 11 meetings of directors were held. Attendances by each director were as follows:


	Directors' Meetings	
	Number eligible to attend	Number attended
Daryl Graham Home	8	7
Rodney Owen Johnston	8	8
John James Wilson	5	0
John Eric Cross	11	10
Michael Sullivan	11	8
Lee Shannon-Delaney	10	8
Michelle Jean Louise Maschmedt	1	1
Lance Magnussen	11	8
Mark Anthony Neilson	6	6
Bruce Phillips	6	5
Maria Louise Anderson	6	6
John Ashley Groom	6	3
Jennifer Anne Milward	0	0


The Entity is registered with ASIC and is an Entity limited by guarantee. If the Entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found as part of the financial report.

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


Director


Director

Dated this 10 day of November 2020

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590

**AUDITOR'S INDEPENDENCE DECLARATION UNDER S 307C OF THE CORPORATIONS ACT
2001 TO THE DIRECTORS OF LITTLE SHIP CLUB QUEENSLAND SQUADRON**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been no contraventions of:

- i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. any applicable code of professional conduct in relation to the audit.

A handwritten signature in black ink, appearing to be "Glen Klein".

Glen Klein
Registered Company Auditor 385321
Director
Audit Right Pty Ltd

4 November 2020



LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
Revenue	2a	917,007.65	946,719.00
Administration expenses	2b	(88,105.93)	(304,595.00)
Operating expenses	2c	(524,610.21)	(433,109.00)
Service provision expenses	2d	<u>(318,455.35)</u>	<u>(371,848.00)</u>
Current year surplus before income tax		(14,163.84)	(162,833.00)
Income tax expense		<u>0.00</u>	<u>0.00</u>
Net current year surplus		(14,163.84)	(162,833.00)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss		0.00	0.00
Items that will be reclassified subsequently to profit or loss when specific conditions are met		<u>0.00</u>	<u>0.00</u>
Total other comprehensive income for the year		<u>0.00</u>	<u>0.00</u>
Total comprehensive income for the year		<u>(14,163.84)</u>	<u>(162,833.00)</u>
Total comprehensive income attributable to members of the entity		<u>(14,163.84)</u>	<u>(162,833.00)</u>

The accompanying notes form part of these financial statements.

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash on hand	3	94,015.96	90,152.62
Accounts receivable and other debtors	4	17,329.49	15,091.00
Stock on hand	5	<u>14,007.92</u>	<u>41,209.00</u>
TOTAL CURRENT ASSETS		<u>125,353.37</u>	<u>146,452.62</u>
NON-CURRENT ASSETS			
Property, plant and equipment	6	<u>2,052,576.84</u>	<u>2,101,460.32</u>
TOTAL NON-CURRENT ASSETS		<u>2,052,576.84</u>	<u>2,101,460.32</u>
TOTAL ASSETS		<u>2,177,930.21</u>	<u>2,247,912.94</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and other payables	7	111,911.65	205,481.49
Employee provisions	8	<u>5,409.01</u>	<u>0.00</u>
TOTAL CURRENT LIABILITIES		<u>117,320.66</u>	<u>205,481.49</u>
NON-CURRENT LIABILITIES			
Long term amounts payable		<u>32,341.94</u>	<u>0.00</u>
TOTAL NON CURRENT LIABILITIES		<u>32,341.94</u>	<u>0.00</u>
TOTAL LIABILITIES		<u>149,662.60</u>	<u>205,481.49</u>
NET ASSETS		<u>2,028,267.61</u>	<u>2,042,431.45</u>
EQUITY			
Asset Revaluation Reserve		1,420,461.00	1,420,461.00
Retained surplus		<u>607,806.61</u>	<u>621,970.45</u>
TOTAL EQUITY		<u>2,028,267.61</u>	<u>2,042,431.45</u>

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Retained Surplus / (Deficit)
	\$
Balance at 1 July 2018	784,803.45
Comprehensive income	
Surplus / (deficit) for the year attributable to members of the entity	(162,833.00)
Other comprehensive income for the year	<u>0.00</u>
Total comprehensive income attributable to members of the entity	(162,833.00)
Balance at 30 June 2019	621,970.45
Comprehensive income	
Surplus / (deficit) for the year attributable to members of the entity	(14,163.84)
Other comprehensive income for the year	<u>0.00</u>
Total comprehensive income attributable to members of the entity	<u>(14,163.84)</u>
Balance at 30 June 2020	<u><u>607,806.61</u></u>

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from donations and operations		941,913.29	942,374.00
Payments to suppliers and employees		(963,060.97)	(959,495.00)
Interest received		56.95	720.00
Interest expense		<u>(4,636.77)</u>	<u>0.00</u>
Net cash (used in)/generated from operating activities	9	<u>(25,727.50)</u>	<u>(16,401.00)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(2,751.10)	(104,923.00)
Proceeds of borrowings		<u>0.00</u>	<u>(9,198.00)</u>
Net cash used in investing activities		<u>(2,751.10)</u>	<u>(114,121.00)</u>
Net increase in cash held		(28,478.60)	(130,522.00)
Cash on hand at the beginning of the financial year		<u>90,152.62</u>	<u>220,674.62</u>
Cash on hand at the end of the financial year	3	<u>61,674.02</u>	<u>90,152.62</u>

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The financial statements cover LITTLE SHIP CLUB QUEENSLAND SQUADRON as an individual entity, incorporated and domiciled in Australia. LITTLE SHIP CLUB QUEENSLAND SQUADRON is a company limited by guarantee.

The financial statements were authorised for issue on 4 November 2020 by the directors of the company.

Note 1: Summary of Significant Accounting Policies

Basis of Preparation

The directors have prepared the financial statements on the basis that the Company is a non-reporting entity because there are no users who are dependent on its general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The Entity is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The financial statements have been prepared in accordance with the recognition and measurement requirements specified by all Australian Accounting Standards and Interpretations, and the disclosure requirements that are mandatory under the Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Accounting Policies

a. Income Tax

No provision for income tax has been raised as the entity is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

b. Fair Value of Assets

The Company measures some of its assets at fair value. Fair value is the price the Company would receive to sell an asset 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. The fair values of assets 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 either the principal market for the asset (i.e. the market with the greatest volume and level of activity for the asset) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset, after taking into account transaction costs and transport costs).

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

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

c. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate proportion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on a first-in, first-out basis.

d. Property, Plant and Equipment

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

Property

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

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

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event that the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. An assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the Company commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings	1.25%
Furniture and equipment	10.00%
Plant and equipment	5.50%
Gaming machine equipment	3.00%
Motor vehicles	2.00%

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

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

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

e. Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) 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 immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in paragraph 63 of AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit and loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3 : Business Combinations applies ;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense to profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if it is:

- incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationship).

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship.

The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and is not subsequently reclassified to profit or loss. Instead, it is transferred to retained earnings upon derecognition of the financial liability.

If taking the change in credit risk to other comprehensive income enlarges or creates an accounting mismatch, these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial measurement of financial instruments at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading or is not a contingent consideration recognised by an acquirer in a business combination to which AASB 3 applies, the Entity makes an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investments will still be recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Entity's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Entity no longer controls the asset (ie it has no practical ability to make unilateral decisions to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity that the Entity elected to classify as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

Impairment

The Entity recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amount due from customers under contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Entity uses the following approaches to impairment, as applicable under AASB 9 : *Financial Instruments* :

- the general approach;
- the simplified approach;
- the purchased or originated credit-impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the Entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there has been no significant increase in credit risk since initial recognition, the Entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables is used, taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial assets that are considered to be credit-impaired (not on acquisition or originations), the Entity measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- where a lender has granted to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- the likelihood that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Entity assumes that the credit risk has not increased significantly since initial recognition and, accordingly, it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Entity applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term; and
- adverse changes in economic and business conditions in the longer term, may, but not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a lower risk of default than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Entity recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value with changes in fair value recognised in other comprehensive income. The amount in relation to change in credit risk is transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

f. Impairment of Assets

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

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

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

Impairment testing is performed annually for intangible assets with indefinite lives.

g. Employee Provisions

Short-term employee benefits

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

The Entity obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of accounts payable and other payables in the statement of financial position.

Other long-term employee benefits

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

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

h. Provisions

Provisions are recognised when the entity 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.

i. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

j. 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 Entity during the reporting period which remain unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

k. Goods and Services Tax (GST)

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

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 1: Summary of Significant Accounting Policies (cont'd)

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

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

l. Comparative Figures

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

m. Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements 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 Entity.

Key estimates

(i) Impairment - general

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

o. New and Amended Accounting Policies Adopted by the Company

Initial application of AASB 16

The Entity has adopted AASB 16 : *Leases* with a date of initial application of 1 July 2019. As a result, the Entity has changed its accounting policy leases recognition as detailed in this note.

The directors assessed that there is no material difference in the result of the Entity between applying AASB 117 and AASB 16 as the Entity only has rental expense related to low value and short term leases.

Initial application of AASB 15 and AASB 1058

The Entity has applied AASB 15 : *Revenue from Contracts with Customers* and AASB 1058 : *Income of Not-for-Profit Entities* using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118 : *Revenue* and AASB 1004 : *Contributions* .

The Entity has elected to apply AASB 1058 retrospectively only to contracts that are not completed contracts at the date of initial application.

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2: Net Current Year Surplus / (Deficit)

	2020	2019
	\$	\$
a. Revenue		
Bar Sales	430,212.63	0.00
Bistro Sales	218,549.86	0.00
Contributions	83,710.00	0.00
Fundraising	20,734.96	0.00
Gaming machines profit	37,267.53	54,580.00
Government Cashflow stimulus and Job Keeper	25,104.00	0.00
Interest received	56.95	720.00
Laundry machine income	118.18	0.00
Little Ship Game Fishing Club income	9,858.40	0.00
Membership	53,442.31	50,036.00
Merchandise Sales	699.98	0.00
Mooring and pontoon fees	3,203.14	0.00
Rebates and refunds	2,658.64	(308.00)
Sales	0.00	823,620.00
Sundry income	31,391.07	18,071.00
	<u>917,007.65</u>	<u>946,719.00</u>
b. Administration expenses		
Accounting and bookkeeping	39,932.72	0.00
Administration expenses	0.00	289,751.00
Audit fees	5,454.55	0.00
Bad debts	1,787.55	0.00
Bank fees	5,321.30	0.00
Communications	4,256.78	0.00
Fees and permits	3,601.37	0.00
Funding costs	0.00	2,132.00
Gaming administration	15,911.70	0.00
Interest expense	4,636.77	0.00
Legal fees	393.75	0.00
Memberships and subscriptions	2,186.18	0.00
Postage, printing and stationery	4,163.05	0.00
Prior year adjustment	0.00	12,712.00
Sundry expenses	460.21	0.00
	<u>88,105.93</u>	<u>304,595.00</u>

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2: Net Current Year Surplus / (Deficit) (con't)

	2020	2019
	\$	\$
c. Operating expenses		
Advertising	1,670.03	8,391.00
Cleaning and amenities	3,001.06	0.00
Computer expenses	10,672.82	6,276.00
Cost of Sales	0.00	418,442.00
Cost of Sales - Bar	180,667.90	0.00
Cost of Sales - Bistro	108,925.67	0.00
Cost of Sales - Merchandise	2,626.00	0.00
Depreciation	51,634.58	0.00
Donations and sponsorship	4,535.25	0.00
Electricity and gas	36,642.00	0.00
Equipment purchases	5,402.26	0.00
Freight and travel	3,989.53	0.00
Function expenses	13,774.50	0.00
Insurance	21,496.97	0.00
Little Ship Game Fishing Club expenses	14,845.81	0.00
Members and mooring costs	5,299.71	0.00
Motor vehicle expenses	6,642.07	0.00
Rates and water	22,676.03	0.00
Rent - land	130.00	0.00
Repairs and maintenance	20,001.21	0.00
Waste removal	9,976.81	0.00
	<u>524,610.21</u>	<u>433,109.00</u>
d. Service provision expenses		
Administration assistant - contract	18,025.96	0.00
Employment expenses	0.00	371,848.00
Long service leave provision	5,409.01	0.00
Other Payroll	426.84	0.00
Staff training	423.08	0.00
Subcontractor	6,656.95	0.00
Superannuation	20,827.12	0.00
Uniforms	189.41	0.00
Wages - Bar	147,925.90	0.00
Wages - Bistro and Kitchen	94,319.09	0.00
Wages - Cleaner	19,543.34	0.00
WorkCover	4,708.65	0.00
	<u>318,455.35</u>	<u>371,848.00</u>

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 3: Cash on Hand

	2020	2019
	\$	\$
Cash at bank - Bank of Queensland ATM Imprest Account #22848158	6,978.53	4,766.60
Cash at bank - Bank of Queensland Gaming Account #22848154	17,736.04	11,649.58
Cash at bank - Bank of Queensland Interest Bearing Account #22848161	23,521.66	0.00
Cash at bank - Bank of Queensland LSGFC Cheque Account #10391009	350.19	981.92
Cash at bank - Bank of Queensland LSGFC Fishing Cheque Account #20287931	924.17	923.18
Cash at bank - Bank of Queensland LSGFC WebSavings Account #20394792	20,244.83	24,300.01
Cash at bank - Bank of Queensland Main Account #22848152	20,174.76	22,521.31
Cash at bank - Bank of Queensland Manager's Account #22848159	1,001.88	999.60
Cash at bank - Cruising Section #9253	0.00	500.00
Cash at bank - Suncorp ATM Imprest Account #44932722	0.00	10,233.35
Cash at bank - Suncorp Main Account #044932641	0.00	8,513.02
Cash at bank - Membership Saver Account #9550	0.00	0.59
Cash on hand - ATM Float	980.00	0.00
Cash on hand - Change for Tills	694.00	0.00
Cash on hand - Gaming Machine Floats	0.00	11,251.95
Cash on hand - Member's Draw Float	1,100.00	0.00
Cash on hand - Petty Cash	9.90	300.00
Cash on hand - Till Floats	300.00	0.00
Point of Sale Clearing Account	0.00	(6,788.49)
	<u>94,015.96</u>	<u>90,152.62</u>

Note 4: Accounts Receivable and Other Debtors

	2020	2019
	\$	\$
GST receivable	1,264.72	0.00
Prepayments	<u>16,064.77</u>	<u>15,091.00</u>
	<u>17,329.49</u>	<u>15,091.00</u>

Note 5: Stock on Hand

	2020	2019
	\$	\$
Bar inventory	11,649.69	33,603.47
Kitchen inventory	<u>2,358.23</u>	<u>7,605.53</u>
	<u>14,007.92</u>	<u>41,209.00</u>

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 6: Property, Plant and Equipment

	2020	2019
	\$	\$
Freehold land at cost	1,050,000.00	1,050,000.00
Buildings at cost	1,383,317.38	1,383,317.38
Less accumulated depreciation	<u>(449,611.68)</u>	<u>(432,319.68)</u>
	<u>933,705.70</u>	<u>950,997.70</u>
Furniture and equipment at cost	248,426.90	248,426.90
Less accumulated depreciation	<u>(248,426.90)</u>	<u>(246,271.08)</u>
	<u>0.00</u>	<u>2,155.82</u>
Gaming machine equipment at cost	389,349.00	389,349.00
Less accumulated depreciation	<u>(380,859.96)</u>	<u>(369,179.96)</u>
	<u>8,489.04</u>	<u>20,169.04</u>
Motor vehicles at cost	30,112.00	30,112.00
Less accumulated depreciation	<u>(30,112.00)</u>	<u>(29,612.96)</u>
	<u>0.00</u>	<u>499.04</u>
Plant and equipment at cost	387,359.10	384,610.00
Less accumulated depreciation	<u>(326,977.00)</u>	<u>(306,971.28)</u>
	<u>60,382.10</u>	<u>77,638.72</u>
	<u>2,052,576.84</u>	<u>2,101,460.32</u>

Note 7: Accounts Payable and Other Payables

	2020	2019
	\$	\$
a. Current		
ATO integrated account - payment plan	25,000.00	0.00
Gift vouchers unclaimed	100.00	0.00
GST Payable	0.00	31,475.39
Insurance funding	15,916.54	0.00
Loan payable - VC Daryl Home	0.00	11,239.00
Membership draw accrued	1,100.00	0.00
PAYG payable	1,167.00	19,520.00
Prepaid membership fees	44,280.00	13,173.73
Security key deposits	0.00	14,175.00
Superannuation payable	0	13,719.00
Superannuation payable - prior years unpaid super	11,270.11	0.00
Trade Creditors	<u>13,078.00</u>	<u>102,179.37</u>
	<u>111,911.65</u>	<u>205,481.49</u>
b. Non-current		
ATO integrated account - payment plan	<u>32,341.94</u>	<u>0.00</u>
	<u>32,341.94</u>	<u>0.00</u>

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8: Employee Provisions

	2020	2019
	\$	\$
Provision for long service leave	5,409.01	0.00
	<u>5,409.01</u>	<u>0.00</u>

Note 9: Cash Flow Information

	2020	2019
	\$	\$
Reconciliation of cash flows from operations with net current year surplus / (deficit)		
Net current year surplus / (deficit)	(14,163.84)	(162,833.00)
Non-cash flows in profit:		
- depreciation and amortisation	51,634.58	39,787.00
Changes in assets and liabilities:		
- (increase)/decrease in accounts receivable and other debtors	(2,238.49)	5,623.00
- (increase)/decrease in stock on hand	27,201.08	(9,248.00)
- (decrease)/increase in accounts payable and other payables	(93,569.84)	97,278.00
- (decrease)/increase in employee provisions	5,409.01	12,992.00
	<u>(25,727.50)</u>	<u>(16,401.00)</u>

Note 10: Entity Details

The registered office of the company is:

5 Wagan Place
WELLINGTON POINT QLD 4160

The principal place of business is:

1 Yabby Street
DUNWICH QLD 4183

Note 11: Members' Guarantee

The Entity is registered with ASIC and is an Entity limited by guarantee. If the Entity is wound up, the constitution states that each member is required to contribute a maximum of \$100 each towards meeting any outstanding obligations of the entity.

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
DIRECTORS' DECLARATION

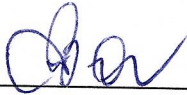
In accordance with a resolution of the directors of LITTLE SHIP CLUB QUEENSLAND SQUADRON, the directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the Company declare that:

- 1 The financial statements and notes, as set out in the financial report, are in accordance with the *Corporations Act 2001* and:
 - a. comply with the Australian Accounting Standards applicable; and
 - b. give a true and fair view of the company's financial position as at 30 June 2020 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
- 2 In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director



Director

Dated this 10 day of November 2020

LITTLE SHIP CLUB QUEENSLAND SQUADRON ABN 31 009 823 590
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LITTLE SHIP CLUB QUEENSLAND SQUADRON

Qualified Opinion

We have audited the financial report of Little Ship Club Queensland Squadron (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including summary of significant accounting policies, and the directors' declaration.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial report of Little Ship Club Queensland Squadron 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 2020 and of its performance for the year then ended; and
- (ii) complying with Australian Accounting Standards to the extent described in Note 1, and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

We were not the appointed auditor for the prior year. Accordingly, we are not able to verify opening balances or comparative information. However, nothing has come to our attention during the audit which would suggest any errors in opening balances.

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 Little Ship Club Queensland Squadron, 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 – 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 for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.



Our opinion on the financial report does not cover other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the *Corporations Act 2001* and is appropriate to meet the needs of the members. The directors' responsibility also includes 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 relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimate and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors 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 conditions may cause the company 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for the audit opinion.

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



Glen Klein CPA
Registered Company Auditor 385321
Director
Audit Right Pty Ltd

10 November 2020