



Executive Group Summary

<u>Consolidated Trading Result</u>	<u>2020</u>	<u>2019</u>
Income	\$ 8,743,924	\$ 9,981,347
Expenses	<u>\$ 8,087,594</u>	<u>\$10,079,339</u>
Operating Net Profit / Loss	<u>\$ 656,330</u>	<u>(\$ 97,992)</u>
Impairments	<u>(\$ 3,667,767)</u>	<u>Nil</u>
Net Surplus / Loss	<u>(\$ 3,011,437)</u>	<u>(\$ 97,992)</u>
<u>EBITDA</u>	<u>2020</u>	<u>2019</u>
Net Profit/(Loss)	\$656,330	(\$97,992)
Dep'n/Amort'n	\$786,703	\$577,867
Interest	<u>\$266,640</u>	<u>\$117,884</u>
EBITDA	<u>\$1,709,673</u>	<u>\$597,759</u>
<u>Debt Levels</u>	<u>2020</u>	<u>2019</u>
Core Debt	\$1.49 million	\$1.60 million
Core Debt Reduction	\$113,067	\$123,681

NORTH ADELAIDE FOOTBALL CLUB INC AND CONTROLLED ENTITY

(includes operations of NAFC, Northern Tavern and the Grand North)

Financial Statements

For the Year Ended 31 October 2020

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

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For the Year Ended 31 October 2020

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Board's Report

31 October 2020

Your Board members present their report on the North Adelaide Football Club Inc. and controlled entity for the financial year ended 31 October 2020.

For the purpose of these statements, North Adelaide Football Club Inc. (NAFC) is the Controlling entity and includes the Northern Tavern as a function legally operated by NAFC. The Controlled entity is the Roosters Club Inc., which operates the Grand North. The Consolidated Group refers to the operations of the NAFC and the Roosters Club Inc.

1. General information

Board members

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

Lee Virgin (passed away June 2020)	Wayne Jeffries
Pat Hodby (Finance Director)	Malcolm Ellis (League Director)
Amy Challans (appointed 24 February 2020)	Chris McSparran
Andrew Souter (Chairman / President)	Ray Ebel (appointed 12 February 2020)
Conny Wilson	

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

Principal activities

The principal activity of the economic entity during the financial year was to provide a football team to compete in the South Australian National Football League.

The principal activity of the controlled entity is to provide social facilities to the members of the association and to generate revenue to support the operations of the club.

Significant changes

No significant change in the nature of these activities occurred during the year.

Benefits as a result of contracts

During the financial year, there were no benefits received or entitled to be received as a result of a contract between an officer, firm or body corporate and the Association.

Payments and other benefits

No payments or benefits of a pecuniary value were received by any officers of the Association during the financial year.

2. Operating results and review of operations for the year

Operating result

The loss of the Association for the financial year after providing for income tax amounted to \$ (3,011,437)(2019: \$ (91,204)).

Board's Report

31 October 2020

3. Other items

Significant changes in state of affairs

No significant changes in the nature of entity's activities occurred during the year.

Events after the reporting date

No material events have occurred since balance date.

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



.....
Andrew Souter (Chairman / President)



.....
Pat Hodby (Finance Director)

Dated 15 December 2020

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Profit or Loss
For the Year Ended 31 October 2020

	Note	Consolidated Group		NAFC Inc.	
		2020	2019	2020	2019
		\$	\$	\$	\$
Revenue	5	8,743,924	9,988,135	5,694,537	6,874,812
Cost of sales		(2,346,553)	(3,402,336)	(1,459,492)	(2,067,154)
Gross Profit		6,397,371	6,585,799	4,235,045	4,807,658
Employment Expenses		(3,023,770)	(3,199,427)	(2,194,270)	(2,243,925)
Occupancy costs		(411,937)	(1,118,190)	(219,314)	(853,115)
Depreciation		(452,846)	(577,867)	(349,536)	(444,670)
Amortisation of right of use assets		(333,857)	-	(333,857)	-
Advertising and promotion		(56,441)	(151,315)	(45,009)	(79,317)
Administrative expenses		(149,261)	(212,614)	(135,550)	(210,967)
Professional and consulting		(80,331)	(52,417)	(66,309)	(38,292)
Insurance		(70,983)	(71,591)	(48,423)	(46,178)
Gaming Expenses		(131,251)	(173,917)	(65,711)	(96,922)
Fundraising Expenses		(34,698)	(77,856)	(34,698)	(77,856)
Team maintenance		(323,372)	(343,412)	(323,372)	(343,412)
Youth development		(70,517)	(138,312)	(70,517)	(138,312)
Finance costs		(266,640)	(117,884)	(264,634)	(115,442)
Prospect pavilion		-	(24,289)	-	(24,289)
Hotel operations		(101,166)	(110,553)	(51,453)	(50,307)
Gaming operations		(78,655)	(107,172)	(40,019)	(53,312)
Hotel security		(102,301)	(142,620)	(77,008)	(110,617)
Motor vehicles		(21,960)	(30,163)	(21,960)	(30,163)
Repairs, Replacements and Equipment Hire		(12,014)	(17,432)	(6,324)	(10,225)
Other expenses		(19,041)	(9,972)	(19,041)	(9,972)
Impairment	4	(3,667,767)	-	(1,192,230)	-
Net current year surplus		(3,011,437)	(91,204)	(1,324,190)	(169,635)
Net current year surplus attributable to members		(3,011,437)	(91,204)	(1,324,190)	(169,635)

The accompanying notes form part of these financial statements.

North Adelaide Football Club Incorporated

Statement of Other Comprehensive Income

For the Year Ended 31 October 2020

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
Note	\$	\$	\$	\$
Net current year surplus	(3,011,437)	(91,204)	(1,324,191)	(169,635)
Other comprehensive income				
13				
Fair value revaluation on intangible assets	(130,170)	(227,520)	(65,085)	-
Total comprehensive income for the year	(3,141,607)	(318,724)	(1,389,276)	(169,635)

The accompanying notes form part of these financial statements.

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Financial Position

31 October 2020

	Note	Consolidated Group		NAFC Inc.	
		2020	2019	2020	2019
		\$	\$	\$	\$
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	7	2,646,028	1,587,309	1,632,778	1,234,060
Trade and other receivables	8	114,315	57,461	96,670	88,620
Inventories	9	193,443	201,485	175,670	180,032
Other assets	10	65,820	54,161	65,820	967,002
TOTAL CURRENT ASSETS		3,019,606	1,900,416	1,970,938	2,469,714
NON-CURRENT ASSETS					
Property, plant and equipment	12	1,099,536	2,658,318	725,459	2,307,975
Right of use asset	12(b)	2,974,888	1,163,810	2,974,888	1,163,810
Intangible assets	13	779,830	460,000	389,915	5,000
TOTAL NON-CURRENT ASSETS		4,854,254	4,282,128	4,090,262	3,476,785
TOTAL ASSETS		7,873,860	6,182,544	6,061,200	5,946,499
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	14	970,804	436,554	609,669	338,873
Borrowings	15	671,237	232,682	648,534	203,940
Employee benefits	16	314,286	364,038	209,252	228,392
TOTAL CURRENT LIABILITIES		1,956,327	1,033,274	1,467,455	771,205
NON-CURRENT LIABILITIES					
Borrowings	15	4,836,727	1,371,836	4,831,088	4,466,719
Employee benefits	16	9,339	19,361	7,718	19,361
TOTAL NON-CURRENT LIABILITIES		4,846,066	1,391,197	4,838,806	4,486,080
TOTAL LIABILITIES		6,802,393	2,424,471	6,306,261	5,257,285
NET ASSETS		1,071,467	3,758,073	(245,061)	689,214
EQUITY					
Reserves		3,482,373	3,157,542	478,598	88,683
Retained earnings		(2,410,906)	600,531	(723,659)	600,531
TOTAL EQUITY		1,071,467	3,758,073	(245,061)	689,214

The accompanying notes form part of these financial statements.

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Changes in Equity

For the Year Ended 31 October 2020
2020

	NAFC Inc.				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve		
	\$	\$	\$	\$	
Balance at 1 November 2019	600,531	88,683	-	-	689,214
Additions to reserve	-	-	455,000	-	455,000
Profit attributable to members of the entity	(1,324,190)	-	-	-	(1,324,190)
Movement in reserves	-	-	(65,085)	-	(65,085)
Balance at 31 October 2020	(723,659)	88,683	389,915	-	(245,061)

	NAFC Inc.				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve		
	\$	\$	\$	\$	
Balance at 1 November 2018	770,170	88,683	-	-	858,853
Profit attributable to members of the entity	(169,639)	-	-	-	(169,639)
Balance at 31 October 2019	600,531	88,683	-	-	689,214

Note	Consolidated Group				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve	Gift Reserves	
	\$	\$	\$	\$	
	600,531	150,508	682,520	2,552,034	3,985,593
	-	-	455,000	-	455,000
	(3,011,437)	-	-	-	(3,011,437)
13	-	-	(130,170)	-	(130,170)
Balance at 31 October 2020	(2,410,906)	150,508	1,007,350	2,552,034	1,298,986

Note	Consolidated Group				Total
	Retained Earnings	Capital Profits Reserve	Revaluation Reserve	Gift Reserves	
	\$	\$	\$	\$	
	698,523	150,508	682,520	2,552,034	4,083,585
	(97,992)	-	-	-	(97,992)
13	-	-	(227,520)	-	(227,520)
Balance at 31 October 2019	600,531	150,508	455,000	2,552,034	3,758,073

The accompanying notes form part of these financial statements.

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Statement of Cash Flows

For the Year Ended 31 October 2020

	Note	Consolidated Group		NAFC Inc.	
		2020	2019	2020	2019
		\$	\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:					
Receipts from customers		9,092,341	10,037,411	5,680,291	6,985,549
Payments to suppliers and employees		(7,204,040)	(9,677,708)	(4,401,458)	(6,639,417)
Interest received		6,197	7,045	6,197	7,045
Finance costs		(55,179)	(117,884)	(53,173)	(115,442)
Net cash provided by (used in) operating activities	20	1,839,319	248,864	1,231,857	237,735
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale of plant and equipment		36,931	58,944	36,931	58,944
Purchase of property, plant and equipment		(320,737)	(253,532)	(193,693)	(182,328)
Loans to related parties - payments made		-	-	(205,000)	-
Net cash used by investing activities		(283,806)	(194,588)	(361,762)	(123,384)
CASH FLOWS FROM FINANCING ACTIVITIES:					
Proceeds from borrowings		81,073	92,137	32,244	69,147
Repayment of borrowings		(80,482)	(151,875)	(80,482)	(151,875)
Payment of lease liabilities		(497,385)	(63,942)	(423,139)	(45,345)
Net cash used by financing activities		(496,794)	(123,680)	(471,377)	(128,073)
Net increase (decrease) in cash and cash equivalents held		1,058,719	(69,404)	398,718	(13,722)
Cash and cash equivalents at beginning of year	7	1,587,309	1,656,713	1,234,060	1,247,782
Cash and cash equivalents at end of financial year	7	2,646,028	1,587,309	1,632,778	1,234,060

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 31 October 2020

The financial statements cover North Adelaide Football Club Incorporated and its controlled entities ('the Consolidated Group'). North Adelaide Football Club Incorporated is a not-for-profit Association incorporated and domiciled in South Australia under the *Associations Incorporation Act (SA) 1985* ('the Act').

The principal activities of the Association for the year ended 31 October 2020 were to provide a football team to compete in the South Australian National Football League.

Each of the entities within the Consolidated Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the Act.

2 Change in Accounting Policy

Revenue from Contracts with Customers - Adoption of AASB 15

The Consolidated Group has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 November 2019.

The Consolidated Group has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations.

The changes to the Consolidated Group's accounting policies have not impacted the financial statements for the financial year ended 30 June 2020.

Leases - Adoption of AASB 16

The Consolidated Group has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 November 2019 and therefore the comparative information for the year ended 31 October 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

The Consolidated Group as a lessee

Under AASB 117, the Consolidated Group assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the Consolidated Group or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all leases which meet the definition of a lease are recognised on the statement of financial position (except for short-term leases and leases of low value assets).

Notes to the Financial Statements

For the Year Ended 31 October 2020

2 Change In Accounting Policy

Leases - Adoption of AASB 16

Impact of adoption of AASB 16

The Consolidated Group has elected to use the exception to lease accounting for short-term leases and leases of low value assets, and the lease expense relating to these leases are recognised in the statement of profit or loss on a straight line basis.

Practical expedients used on transition

AASB 16 includes a number of practical expedients which can be used on transition, the Consolidated Group has used the following expedients:

- lease liabilities have been discounted using the Consolidated Group's incremental borrowing rate at 1 November 2019;
- right-of-use assets at 1 November 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 31 October 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Financial statement impact of adoption of AASB 16

The Consolidated Group has recognised right-of-use assets of \$4,400,340 and lease liabilities of \$4,400,340 at 1 November 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 November 2019 was 5.00%.

	Consolidated Group
	\$
Operating lease commitments at 31 October 2019 financial statements	5,456,462
Discounted using the incremental borrowing rate at 1 November 2019	<u>4,400,340</u>
Add:	
Finance lease liabilities	<u>126,181</u>
Lease liabilities recognised at 1 November 2019	<u><u>4,526,521</u></u>

Notes to the Financial Statements

For the Year Ended 31 October 2020

2 Change in Accounting Policy

Financial statement impact of adoption of AASB 16

	NAFC Inc.
	\$
Operating lease commitments at 31 October 2019 financial statements	5,456,462
Discounted using the incremental borrowing rate at 1 November 2019	<u>4,400,340</u>
Add:	
Finance lease liabilities	<u>97,835</u>
Lease liabilities recognised at 1 November 2019	<u>4,498,175</u>

3 Summary of Significant Accounting Policies

(a) Principles of Consolidation

A controlled entity is any entity North Adelaide 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 9 to the financial statements. All controlled entities have an October financial year end.

All inter-entity balances and transactions between entities in the economic entity, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of controlled entity have been changed where necessary to ensure consistencies with those policies applied by the controlling entity.

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.

The board has decided to present the financial information of the North Adelaide Football Club Inc. and its controlled entities in a consolidated format as the entities are operated jointly by common management.

(b) Income Tax

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

(c) Revenue and other income

Revenue from the sale of goods is recognised upon delivery of goods to customers.

Membership revenue is recognised on a straight-line basis over the financial year.

Revenue from rendering of services is recognised upon delivery of the service to the customers.

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

Transfer fees from AFL clubs are recognised once it is probable that they will be received.

Notes to the Financial Statements

For the Year Ended 31 October 2020

3 Summary of Significant Accounting Policies

(c) Revenue and other income

All revenue is stated net of the amount of goods and services tax (GST).

(d) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(e) 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.

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.

(f) 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 also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(g) Leases

Comparative year

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over the shorter of their estimated useful lives or the lease term.

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Notes to the Financial Statements

For the Year Ended 31 October 2020

3 Summary of Significant Accounting Policies

(g) Leases

Lease assessment at contract inception

For current year

At inception of a contract, the Consolidated Group assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Consolidated Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Consolidated Group has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

Right-of-use asset

At the lease commencement, the Consolidated Group recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Consolidated Group believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

Lease liability

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Consolidated Group's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Consolidated Group's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Notes to the Financial Statements

For the Year Ended 31 October 2020

3 Summary of Significant Accounting Policies

(g) Leases

Adoption of short term leases or low value asset exception

The Consolidated Group has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Consolidated Group recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(h) Inventories

Inventories are measured at the lower of cost and net realisable value.

Inventories acquired at no cost, or for nominal consideration are valued at the current replacement cost as at date of acquisition

(i) Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially on the date that the Consolidated Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at amortised cost.

Classification

On initial recognition, the Consolidated Group classifies its financial assets as amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Consolidated Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Consolidated Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Notes to the Financial Statements

For the Year Ended 31 October 2020

3 Summary of Significant Accounting Policies

(i) Financial instruments

Financial assets

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Fair value through other comprehensive income

Equity instruments

The Consolidated Group has gaming entitlements which the Committee have designated as FVTOCI. As a result, all fair value adjustments made to the gaming entitlements are adjusted against the reserve account in equity and not in the Statement of Profit or Loss.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Consolidated Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Consolidated Group's historical experience and informed credit assessment and including forward looking information.

The Consolidated Group uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Consolidated Group uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Consolidated Group in full, without recourse to the Consolidated Group to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Consolidated Group in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Trade receivables

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Consolidated Group has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

Notes to the Financial Statements

For the Year Ended 31 October 2020

3 Summary of Significant Accounting Policies

(i) Financial instruments

Financial assets

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Consolidated Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Financial liabilities

The Consolidated Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Consolidated Group comprise trade payables, leases and loans.

(j) 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

Leasehold land and buildings are measured using the cost model. 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 is measured on the cost basis less depreciation and impairment losses.

Depreciation

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

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Plant and Equipment	15% - 20%
Leasehold improvements	4% - 15%
Gaming Machines	33%

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.

Notes to the Financial Statements

For the Year Ended 31 October 2020

3 Summary of Significant Accounting Policies

(j) Property, Plant and Equipment

Gains and losses on disposals are determined by comparing net proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation relating to that asset are transferred to retained earnings.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Consolidated Group, commencing when the asset is ready for use.

Leased assets and leasehold improvements are amortised over the shorter of either the unexpired period of the lease or their estimated useful life.

(k) Gaming machine entitlements

The Club measures and recognises Gaming Entitlements at fair value on a recurring basis after initial recognition. The market approach is used to value the gaming entitlements using market prices and other relevant information generated by market transactions involving identical or similar assets.

(l) Impairment of non-financial assets

At each reporting date, the entity reviews the carrying values of its tangible and intangible 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. For tangible assets, any excess of the asset's carrying value over its recoverable amount is expensed to the income statement. For intangible assets, any fair value adjustments are made to OCI against the revaluation reserve.

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

(m) Employee benefits

Provision is made for the Association's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits.

(n) Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The estimates and judgements that have a risk of causing material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

- Estimation of the economic life of property, plant and equipment;
- Testing for impairment; and
- Measurement of provisions, including employee benefits, contract closure, doubtful debts;

Notes to the Financial Statements

For the Year Ended 31 October 2020

3 Summary of Significant Accounting Policies

(o) Adoption of new and revised accounting standards

The Consolidated Group has adopted all standards which became effective for the first time at 31 October 2020, refer to Note 2 for details of the changes due to standards adopted.

4 Trading Result for the Year

Loss from ordinary activities has been determined after the following non-trading adjustments:

	Consolidated Group	NAFC Inc.
	2020	2020
	\$	\$
Impairment of Tavern Leasehold	1,387,404	1,387,404
Impairment of Northern Tavern right of use asset	2,255,405	2,255,405
Impairment of inter-entity loans	-	(2,412,159)
Impairment of old inter-entity debtors and creditors	47,218	(16,161)
Impairment of inter-entity suspense accounts	(22,260)	(22,260)
Total non-trading adjustments	3,667,767	1,192,229

A description of each of the impairments listed above is detailed below.

Impairment of Tavern Leasehold -

The sublease previously held for the Northern Tavern with the Fricca Group has ended. As the head lease has been recognised in accordance with AASB 16 and the sublease has ended, the Tavern Leasehold asset no longer has any economic benefits. The carrying amount of the Leasehold asset was fully impaired to the Statement of Profit or Loss.

Impairment of Northern Tavern right of use asset -

AASB 16 has become effective as of 1 November 2019. The Northern Tavern has recognised a lease liability in accordance with the repayment requirements of the head lease, and a corresponding lease liability to the same value was recognised. On the 15th of May 2020, the Club received a valuation report over the commercial rent for the Northern Tavern lease. As a result of the valuation, the right of use asset for the Northern Tavern was written down to its market value based on the valuation report and the impairment was recognised in the Statement of Profit or Loss.

Impairment of inter-entity loans -

The inter-entity loans have been in place for a number of years and there is currently no ability to settle the amounts owed. These have been fully impaired.

Impairment of old inter-entity debtors and creditors -

The long outstanding inter-entity debtors and creditors have been outstanding for a number of years and there is no ability to settle the balances, therefore these have been fully impaired.

Impairment of inter-entity suspense accounts -

The impairment of the suspense accounts relates to accounts that are no longer used by the entity.

The above transactions were accounting entries only and had no cash impact on the Club. Before these adjustments, the Club operated at a profit/(loss) as follows:

Net trading profit/(loss)	656,330	(131,960)
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Notes to the Financial Statements
For the Year Ended 31 October 2020

5 Revenue and Other Income

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
	\$	\$	\$	\$
- Gaming income	3,852,126	5,287,987	2,156,427	2,971,519
- Venue income	1,856,769	2,595,962	915,610	1,165,796
- Membership	133,020	129,058	133,020	129,058
- Sponsorship	396,202	449,001	396,202	449,001
- SANFL distribution	336,878	966,803	336,878	966,803
- Fundraising	119,060	49,785	119,060	49,785
- Football development	-	77,500	-	77,500
- Match day income	217,751	300,732	217,751	300,732
- Other income	1,832,118	131,307	1,419,589	131,307
- Trust distributions	-	-	-	633,311
Total Revenue	8,743,924	9,988,135	5,694,537	6,874,812

6 Remuneration of Auditors

Remuneration of the auditor for:

- auditing the financial report	13,250	13,250	9,090	9,090
- preparation of the financial report	8,560	8,560	8,560	8,560
	21,810	21,810	17,650	17,650

7 Cash and cash equivalents

Cash on hand	153,708	148,004	93,264	88,059
Cash at bank	2,492,320	1,439,305	1,539,514	1,146,001
	2,646,028	1,587,309	1,632,778	1,234,060

8 Trade and other receivables

CURRENT

Trade receivables	114,315	57,461	96,670	88,620
Total current trade and other receivables	114,315	57,461	96,670	88,620

9 Inventories

CURRENT

Stock on hand	193,443	201,485	175,670	180,032
	193,443	201,485	175,670	180,032

Notes to the Financial Statements

For the Year Ended 31 October 2020

10 Other assets

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Prepayments	65,820	54,161	65,820	54,161
Related party loan	-	-	-	912,841
	<u>65,820</u>	<u>54,161</u>	<u>65,820</u>	<u>967,002</u>

11 Controlled Entities

(a) Controlling Entity

		Country of incorporation
Controlling entity:	North Adelaide Football Club Inc.	Australia
Controlled entity:	The Roosters Club Inc.	Australia

North Adelaide Football Club Inc. (NAFC) is recognised as the controlling entity as both entities are managed by the same board. The Roosters Club Inc. exists to provide the North Adelaide Football Club Inc. financial support through donations and sponsorship.

For the purpose of these accounts, the operations of the football club and the Northern Tavern are reported as NAFC, as both functions are legally operated by NAFC.

(b) Performance of controlled entities/operations

<u>North Adelaide Football Club Inc.</u>	2020	2019
	\$	\$
Revenue	2,276,786	2,045,896
Expenditure	<u>(3,591,518)</u>	<u>(2,844,054)</u>
Performance of the NAFC	<u>(1,314,732)</u>	<u>(798,158)</u>

<u>Northern Tavern</u>		
Revenue	3,417,753	4,192,117
Expenditure	<u>(3,427,208)</u>	<u>(4,196,908)</u>
Performance of the Northern Tavern	<u>(9,455)</u>	<u>(4,791)</u>

The North Adelaide Football Club Inc. operates the Northern Tavern as a function of the football club.

<u>The Roosters Club Inc. (Grand North)</u>		
Revenue	3,049,386	3,746,634
Expenditure	<u>(4,736,636)</u>	<u>(3,034,893)</u>
Performance of the Roosters Club Inc.	<u>(1,687,250)</u>	<u>711,741</u>

Notes to the Financial Statements

For the Year Ended 31 October 2020

12 Property, plant and equipment

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
	\$	\$	\$	\$
LAND AND BUILDINGS				
Leasehold improvements at cost	2,624,473	6,412,563	875,996	4,664,087
Accumulated amortisation	(2,213,055)	(4,387,249)	(594,305)	(2,802,889)
	<u>411,418</u>	<u>2,025,314</u>	<u>281,691</u>	<u>1,861,198</u>
Oval redevelopment at cost	257,720	257,720	257,720	257,720
Accumulated depreciation	(241,626)	(235,165)	(241,626)	(235,165)
	<u>16,094</u>	<u>22,555</u>	<u>16,094</u>	<u>22,555</u>
PLANT AND EQUIPMENT				
Plant and equipment at cost	1,400,559	1,250,726	1,191,018	1,107,392
Accumulated depreciation	(1,122,910)	(1,071,131)	(983,662)	(937,080)
	<u>277,649</u>	<u>179,595</u>	<u>207,356</u>	<u>170,312</u>
Furniture, fixtures and fittings at cost	453,774	451,420	334,091	334,091
Accumulated depreciation	(433,099)	(416,779)	(317,224)	(303,605)
	<u>20,675</u>	<u>34,641</u>	<u>16,867</u>	<u>30,486</u>
Office equipment at cost	81,986	81,986	81,986	81,986
Accumulated depreciation	(80,247)	(71,258)	(80,247)	(71,258)
	<u>1,739</u>	<u>10,728</u>	<u>1,739</u>	<u>10,728</u>
Club loyalty system	159,951	159,951	48,152	48,152
Accumulated depreciation	(159,951)	(159,951)	(48,152)	(48,152)
Total club loyalty system	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Gaming equipment at cost	1,475,486	1,486,521	750,679	735,866
Accumulated depreciation	(1,103,525)	(1,101,036)	(548,967)	(523,170)
	<u>371,961</u>	<u>385,485</u>	<u>201,712</u>	<u>212,696</u>
Total property, plant and equipment	<u>1,099,536</u>	<u>2,658,318</u>	<u>725,459</u>	<u>2,307,975</u>

Notes to the Financial Statements

For the Year Ended 31 October 2020

12 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Leasehold improvements	Club loyalty system	Gaming equipment	Oval redevelopment	Total
NAFC Inc.	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 31 October 2020								
Balance at the beginning of year	170,312	30,486	10,728	1,861,198	-	212,696	22,555	2,307,975
Additions	120,443	-	-	-	-	73,250	-	193,693
Disposals	(36,817)	-	-	(7,453)	-	-	-	(44,270)
Depreciation expense	(46,582)	(13,619)	(8,989)	(189,651)	-	(84,234)	(6,461)	(349,536)
Impairment loss in income	-	-	-	(1,382,403)	-	-	-	(1,382,403)
Balance at the end of the year	207,356	16,867	1,739	281,691	-	201,712	16,094	725,459
Year ended 31 October 2019								
Balance at the beginning of year	153,603	41,612	19,139	2,041,877	-	249,274	30,743	2,536,248
Additions	105,235	2,931	1,897	8,776	-	63,490	-	182,329
Disposals	(55,455)	-	-	-	-	-	-	(55,455)
Depreciation expense	(33,071)	(14,057)	(10,308)	(189,455)	-	(100,068)	(8,188)	(355,147)
Balance at the end of the year	170,312	30,486	10,728	1,861,198	-	212,696	22,555	2,307,975

NORTH ADELADE FOOTBALL CLUB INC AND CONTROLLED ENTITY
ABN 80 035 407 665

Notes to the Financial Statements
For the Year Ended 31 October 2020

12 Property, plant and equipment

(a) Movements in carrying amounts of property, plant and equipment

Consolidated Group

	Plant and Equipment	Furniture, Fixtures and Fittings	Office Equipment	Leasehold improvements	Club loyalty system	Gaming equipment	Oval redevelopment	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Group								
Year ended 31 October 2020								
Balance at the beginning of year	179,595	34,641	10,728	2,025,314	-	385,485	22,555	2,658,318
Additions	186,650	2,354	-	-	-	131,733	-	320,737
Disposals	(36,817)	-	-	(7,453)	-	-	-	(44,270)
Depreciation expense	(51,779)	(16,320)	(8,989)	(224,040)	-	(145,257)	(6,461)	(452,846)
Impairment loss in income	-	-	-	(1,382,403)	-	-	-	(1,382,403)
Balance at the end of the year	277,649	20,675	1,739	411,418	-	371,961	16,094	1,099,536
Year ended 31 October 2019								
Balance at the beginning of year	162,454	48,002	19,139	2,240,384	-	447,863	30,743	2,948,585
Additions	109,315	2,930	1,898	8,774	-	130,615	-	253,532
Disposals	(55,455)	-	-	-	-	-	-	(55,455)
Depreciation expense	(36,719)	(16,291)	(10,309)	(223,844)	-	(192,993)	(8,188)	(488,344)
Balance at the end of the year	179,595	34,641	10,728	2,025,314	-	385,485	22,555	2,658,318

Notes to the Financial Statements
For the Year Ended 31 October 2020

12 Property, plant and equipment

(b) Right of Use Asset

	Consolidated Group	NAFC Inc.
	2020	2020
	\$	\$
Prospect oval development	1,880,000	1,880,000
Less: accumulated amortisation	<u>(805,714)</u>	<u>(805,714)</u>
	1,074,286	1,074,286
Northern Tavern Lease	1,770,683	1,770,683
Less: accumulated amortisation	<u>(212,482)</u>	<u>(212,482)</u>
	1,558,201	1,558,201
Prospect Oval	374,252	374,252
Less: accumulated amortisation	<u>(31,851)</u>	<u>(31,851)</u>
	<u>342,401</u>	<u>342,401</u>
	<u><u>2,974,888</u></u>	<u><u>2,974,888</u></u>

The Consolidated Group has applied AASB 16 using the modified retrospective (cumulative catch-up) method and therefore the comparative information has not been restated and continues to be reported under AASB 117 and related Interpretations.

The Consolidated Group as a lessee

The Consolidated Group has leases over a range of assets including land and buildings, vehicles, machinery and IT equipment.

Information relating to the leases in place and associated balances and transactions are provided below.

Terms and conditions of leases

Prospect Oval Development

In 2011 (finalised in 2012) the Club entered into an agreement with the City of Prospect to pay \$1.88m for the development that occurred at Prospect Oval. As the upgrades to the building are legally the ownership and right of the Council, the asset recorded in the books of the club is a Right of Use asset. This right of use is granted to the club for 21 years. On that basis, the \$1.88m will be amortised equally over the life of the contract.

Northern Tavern Lease

In March 2018 the Club ended the sublease for the Northern Tavern with the Fricca Group and entered into the headlease with the property manager of the shopping centre. The lease term is for 10 years with 4 rights of renewal for a term of 5 years each. The Northern Tavern lease contains an annual pricing mechanism based on the greater of 2% or CPI movements at the anniversary of the lease inception.

Notes to the Financial Statements
For the Year Ended 31 October 2020

12 Property, plant and equipment

(b) Right of Use Asset

Prospect Oval Lease

The Club entered into a lease in July 2010 for the use of Prospect Oval with the City of Prospect. The lease is for a term of 30 years with no renewal options. The lease contains an annual pricing mechanism based on CPI movements at the anniversary of the lease inception.

Greenacres Oval

In June 2013 the Club entered into a license agreement with the Greenacres Football Club for the use of the Greenacres oval for \$78,309. The Greenacres Football Club lease the Greenacres Oval from the City of Port Adelaide Enfield for \$1 per annum, which Greenacres pays in addition to the \$78,309 received from the Club. The lease is currently in hold over while a new arrangement where the Club leases directly from the City of Port Adelaide Enfield is formalised. As the lease is in hold over, it is a short term lease and the repayments have continued to be recorded as expenses in the Statement of Profit or Loss.

	Prospect Oval Development	Northern Tavern	Prospect Oval	Total
	\$	\$	\$	\$
NAFC Inc.				
Year ended 31 October 2020				
Opening balance	1,163,810	-	-	1,163,810
Additions	-	4,026,087	374,252	4,400,339
Impairment	-	(2,255,405)	-	(2,255,405)
Depreciation	(89,524)	(212,482)	(31,851)	(333,857)
Balance at end of year	1,074,286	1,558,200	342,401	2,974,887
Consolidated Group				
Year ended 31 October 2020				
Opening balance	1,163,810	-	-	1,163,810
Additions	-	4,026,087	374,252	4,400,339
Impairment	-	(2,255,405)	-	(2,255,405)
Depreciation	(89,524)	(212,482)	(31,851)	(333,857)
Balance at end of year	1,074,286	1,558,200	342,401	2,974,887

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	Consolidated Group				Lease liabilities included in this Statement Of Financial Position
	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	
	\$	\$	\$	\$	\$
2020					
Lease liabilities	499,019	2,058,189	1,587,544	4,144,752	4,142,694

Notes to the Financial Statements
 For the Year Ended 31 October 2020

12 Property, plant and equipment

(b) Right of Use Asset

	NAFC Inc.				Lease liabilities included in this Statement Of Financial Position
	< 1 year	1 - 5 years	> 5 years	Total undiscounted lease liabilities	
	\$	\$	\$	\$	
2020					
Lease liabilities	476,316	2,053,276	1,587,544	4,117,136	4,114,348

Statement of Profit or Loss

The amounts recognised in the statement of profit or loss relating to leases where the Consolidated Group is a lessee are shown below:

	Consolidated Group	NAFC Inc.
	2020	2020
	\$	\$
Interest expense on lease liabilities	(211,461)	(211,461)
Depreciation of right-of-use assets	(333,857)	(333,857)
	<u>(545,318)</u>	<u>(545,318)</u>

Statement of Cash Flows

Total cash outflow for leases	448,802	408,802
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13 Intangible Assets

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
	\$	\$	\$	\$
Gaming machine entitlements	779,830	455,000	389,915	-
Gaming machine licenses	-	5,000	-	5,000
Total Intangibles	<u>779,830</u>	<u>460,000</u>	<u>389,915</u>	<u>5,000</u>

Following the introduction of the Gaming Machines (Miscellaneous) Amendment Bill 2004 into parliament in 2004, the board members decided to value the club's gaming machines at \$1,520,000 being \$38,000 per machine. The club is licensed to operate 80 gaming machines. In the 2020 gaming machine license trading round, the vendor price of a gaming machine licence was \$9,748.

Notes to the Financial Statements
 For the Year Ended 31 October 2020

14 Trade and other payables

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
	\$	\$	\$	\$
CURRENT				
Unsecured liabilities				
Trade payables	255,800	281,601	179,046	241,208
Sundry creditors and accruals	715,004	154,953	430,623	97,665
	970,804	436,554	609,669	338,873

15 Borrowings

CURRENT				
Secured liabilities:				
Debenture - Prospect Council	172,119	155,242	172,119	155,242
Leases - Gaming machines	84,344	77,440	61,641	48,698
Lease - Northern Tavern	389,504	-	389,504	-
Lease - Prospect Oval	25,270	-	25,270	-
Total current borrowings	671,237	232,682	648,534	203,940
NON-CURRENT				
Unsecured liabilities:				
Related party loan	-	-	-	3,120,000
	-	-	-	3,120,000
Secured liabilities:				
Prospect Council	1,191,953	1,289,312	1,191,953	1,289,312
Leases - Gaming machines	43,035	82,524	37,396	57,407
Lease - Northern Tavern	3,276,802	-	3,276,802	-
Lease - Prospect Oval	324,937	-	324,937	-
Total non-current borrowings	4,836,727	1,371,836	4,831,088	4,466,719

The loan from the Prospect Council for the oval redevelopment is a 15 year loan with the first 5 years being interest only. From the 6th year (2016) both principal and interest payments have been made. Security is a fixed and floating charge over all present and future rights, property and undertakings of the Club.

Notes to the Financial Statements

For the Year Ended 31 October 2020

16 Provisions

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
	\$	\$	\$	\$
Current liabilities				
Annual leave	85,065	128,694	60,926	86,915
Long service leave	229,221	235,344	148,326	141,477
	314,286	364,038	209,252	228,392
Non-current assets				
Long service leave	9,339	19,361	7,718	19,361
	9,339	19,361	7,718	19,361

17 Reserves

(a) Revaluation reserve

The revaluation reserve records fair value movements on non-current assets.

(b) Gift reserve

As of 1 July 2018, the Roosters Club was transformed into a trust structure and the net assets of the entity as at that date were transferred to the Gift Reserve.

18 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2020	2019
	\$	\$
Short-term employee benefits	314,517	314,517
Long-term benefits	29,879	29,879
	344,396	344,396

19 Related Parties

Human Resources &
Accounting Services - Pat
Hodby

Total related party transactions

	18,998	13,730	14,075	9,153
	18,998	13,730	14,075	9,153

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

Notes to the Financial Statements
For the Year Ended 31 October 2020

20 Reconciliation of operating cashflows

	Consolidated Group		NAFC Inc.	
	2020	2019	2020	2019
	\$	\$	\$	\$
Profit for the year	(3,011,437)	(91,204)	(1,324,190)	(169,635)
Cash flows excluded from profit attributable to operating activities				
Non-cash flows in profit:				
- Depreciation and amortisation	786,703	577,867	683,393	444,670
- impairment of property, plant and equipment	1,382,403	-	1,382,403	-
- impairment of receivables	-	-	707,841	-
- Impairment of right of use asset	2,260,404	-	2,260,404	-
- General ledger cleanup	24,860	(6,788)	(38,419)	(4)
- net gain on disposal of property, plant and equipment	7,339	(3,489)	7,339	(3,489)
Changes in assets and liabilities:				
- (increase)/decrease in trade and other receivables	354,613	42,230	(8,050)	751,091
- (Increase)/decrease in other assets	(11,659)	(25,277)	398,341	(659,000)
- (increase)/decrease in inventories	8,043	(8,347)	4,363	(8,875)
- increase/(decrease) in trade and other payables	97,824	(258,446)	(2,810,786)	(125,046)
- increase/(decrease) in employee benefits	(59,774)	22,318	(30,782)	8,023
Cashflow from operations	<u>1,839,319</u>	<u>248,864</u>	<u>1,231,857</u>	<u>237,735</u>

21 Financial Instruments

Financial Risk Management

NAFC's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The main risks NAFC is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

Liquidity risk

NAFC manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Notes to the Financial Statements
For the Year Ended 31 October 2020

21 Financial Instruments
Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

NAFC has implemented controls to reduce the credit risk exposure to the association, these controls include but are not limited to continual review of amounts outstanding.

The credit risk for the gaming venues is minimal as their main income is derived from cash transactions.

(a) Interest Rate Risk

The Consolidated Group's exposure to interest rate risk, which is the risk that a financial instruments value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Weighted Average Effective Interest Rate		Interest Bearing		Non-interest Bearing		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	%	%	\$	\$	\$	\$	\$	\$
Financial Assets:								
Cash and cash equivalents	0.50	0.50	294,250	294,250	-	-	294,250	294,250
Trade & other receivables	-	-	-	-	114,315	57,461	114,315	57,461
Total Financial Assets			294,250	294,250	114,315	57,461	408,565	351,711
Financial Liabilities:								
Trade and sundry creditors	-	-	-	-	255,800	281,601	255,800	281,601
Lease liabilities	5.00	5.00	4,142,694	159,961	-	-	4,142,694	159,961
Prospect Council	7.00	7.00	1,364,072	1,444,554	-	-	1,364,072	1,444,554
Total Financial Liabilities			5,506,766	1,604,515	255,800	281,601	5,762,566	1,886,116

Notes to the Financial Statements

For the Year Ended 31 October 2020

21 Financial Instruments

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. There are no financial instruments held subsequently as fair value, therefore this risk is mitigated.

22 Capital Management

The Board controls the capital of the club in order to maintain a good debt-to-equity ratio and to ensure that the club can fund its operations to continue as a going concern.

The club's debt and capital includes financial liabilities supported by assets.

There are no externally imposed capital requirements.

There have been no changes in the strategy adopted by management to control the capital of the club since the prior year. This strategy is to ensure that there is sufficient cash to meet trade and sundry payables and borrowings.

23 Contingencies

In the opinion of the Committee of Management, the Association did not have any contingencies at 31 October 2020 (31 October 2019:None).

24 Events Occurring After the Reporting Date

The financial report was authorised for issue on 4 December 2020 by the Board of Directors.

In late November 2020 there was an outbreak of Coronavirus Disease 2019 ("COVID-19" or "the coronavirus"). In response to this outbreak, the South Australian Government have ordered a lockdown for an initial period of 6 days. Management is actively monitoring the development of the coronavirus and the measures taken to control it, and will continue to evaluate its impact on the financial position and operating results.

Except for the above, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Consolidated Group, the results of those operations or the state of affairs of the Consolidated Group in future financial years.

25 Statutory Information

The registered office and principal place of business of the association is:

North Adelaide Football Club Incorporated
Prospect Oval, Menzies Crescent,
Prospect SA 5082

North Adelaide Football Club Incorporated

Statement by Members of the Board

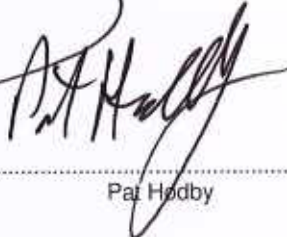
In the opinion of the board the financial report as set out on pages 3 to 30:

- 1. Present fairly the results of the operations of North Adelaide Football Club INc. and controlled entities as at 31 October 2020 and its state of affairs for the year ended on that date in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) of the Australian Accounting Standards Board.
- 2. At the date of this statement, there are reasonable grounds to believe that North Adelaide Football Club Inc. and controlled entities will be able to pay its debts as and when they fall due.

This statement is made in accordance with a resolution of the committee and is signed for and on behalf of the committee by:

President

Andrew Souter (Chairman / President)

Treasurer.....

Pat Hobby

Dated this *15th* day of December 2020

Bentleys SA Audit Partnership

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
NORTH ADELAIDE FOOTBALL CLUB INC AND CONTROLLED ENTITY**

Report on the Financial Report

Opinion

We have audited the accompanying financial report of North Adelaide Football Club Inc and Controlled Entity, which comprises the statement of financial position as at 31 October 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 a summary of significant accounting policies and the statement by the Board of the association.

In our opinion, the financial report gives a true and fair view of the financial position of North Adelaide Football Club Inc and Controlled Entity as of 31 October 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1985 (SA)*.

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 Those Charged with Governance for the Financial Report

Management is responsible for the preparation of the financial report, which gives a true and fair view in accordance with Australian Accounting Standards and the *Associations Incorporation Act 1985 (SA)*, and for such internal control as the committee and management determines is necessary to enable the preparation of a 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, management is responsible for assessing the entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are 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 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 at <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

BENTLEYS SA AUDIT PARTNERSHIP



DAVID PAPA
PARTNER

Dated at Adelaide this 16th day of December 2020.