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Form 388
Corporations Act 2001
294, 295, 298-300, 307, 308, 319, 321, 322
Corporations Regulations
1.0.08

Copy of financial statements and reports

Company details

Company name

GCFC LIMITED

ACN

144 555 822

Reason for lodgement of statement and reports

A public company or a disclosing entity which is not a registered scheme or prescribed interest undertaking

Dates on which financial year ends

Financial year end date
31-10-2020

Auditor's report

Were the financial statements audited?

Yes

Is the opinion/conclusion in the report modified? (The opinion/conclusion in the report is qualified, adverse or disclaimed)

No

Does the report contain an Emphasis of Matter and/or Other Matter paragraph?

Yes

Details of current auditor or auditors

Current auditor

Date of appointment **19-01-2013**

Name of auditor

KPMG

Address

'LEVEL 11 CNR BUNDALL RD & SLATYER

AVENUE'
KPMG - GOLD COAST CORPORATE
CENTRE ONE
BUNDALL QLD 4217

Certification

I certify that the attached documents are a true copy of the original reports required to be lodged under section 319 of the Corporations Act 2001.
Yes

Signature

Select the capacity in which you are lodging the form
Secretary

I certify that the information in this form is true and complete and that I am lodging these reports as, or on behalf of, the company.
Yes

Authentication

This form has been submitted by

Name	Michael Richard MALLINSON
Date	12-02-2021

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GCFC Limited
ABN 47 144 555 822

Annual Financial Report

31 October 2020

Contents

Directors' report

The Directors present their report together with the financial report of GCFC Limited ('the Club') for the year ended 31 October 2020 and the auditor's report thereon.

Directors

The Directors of the Club at any time during or since the end of the year and to the date of the report are:
Mr Anthony John Cochrane (Chairman)
Mr Kerry Robert East
Mr Paul Darren Scurrah
Mr Simon Gordon Bennett
Mr Martin Conway Rowland
Ms Samantha Linette Pearl Riley
Ms Leschen Leah Smaller
Ms Annaliese Battista (resigned 5 August 2020)
Mr Michael Emmett

Information on Directors

Mr Anthony John Cochrane

Experience	Chairman
	Director appointed 29 March 2014
Qualifications	Founding Director of IEC
	Director Cochrane Entertainment
	Director Cochrane and Partners PL
	Director T&T Events Pty Ltd
	Director of Backstage Australia
	Advisory panel member of Gold Coast Global Tourism Hub
	Non-Executive Chairman of AUS-X Holdings
	Founding Executive Chairman of V8 Supercars Australia – retired
	Founding Director of Sports & Entertainment Limited - retired
Special Responsibilities	Chairman of Board of Directors
	Member of Integrity & AFL Compliance Committee

Mr Kerry Robert East

Experience	Deputy Chairman
	Director appointed 10 June 2010
Qualifications	Chair of Tourism Australia
	Chair of Australia Venue Co
	Chair of Experience Co
	Chair of Cettire Limited
	Non-executive director of Sydney Metro
	Holds a Master of Business Administration
Special Responsibilities	Deputy Chairman
	Member Commercial & Sustainability Committee

Directors' report

Mr Paul Darren Scurrah	
Experience	Director appointed 6 July 2010
Qualifications	Former CEO & Managing Director of Virgin Australia Group
	(25 March 2019-15 October 2020)
	Former CEO & Managing Director of DP World Australia Limited
	Over 25 years experience in transport, tourism and customer service
	Non-Executive Director - RPMGlobal
Special Responsibilities	Member of Football Sub Committee
Mr Simon Gordon Bennett	
Experience	Director appointed 26 April 2016
Qualifications	LLB (Hons), Dip Leg Prac, Accredited Specialist Property law (Qld)
	Chair of TSS Audit & Risk Committee
	Board member Gold Coast Community Fund
Special Responsibilities	Member of Football Sub Committee
	Member of Finance & Audit Committee
Mr Martin Conway Rowland	
Experience	Director appointed 26 April 2016
Qualifications	Director East Coast HDD Pty Ltd
	Director Bounce Civil Pty Ltd
Special Responsibilities	Chair Commercial & Sustainability Committee
Ms Samantha Riley	
Experience	Director appointed 18 August 2016
Qualifications	Olympic Silver and Bronze Medallist
	Medal of the Order of Australia
	Ambassador Royal Life Saving Association Keep Watch Program
	Co-founder of Sam Riley Swim Schools
	Co-owner of 7 SNAP Fitness Gyms
Special Responsibilities	Chair Community, Membership & Women Committee
Ms Leschen Smaller	
Experience	Director appointed 24 November 2016
Qualifications	BCom, BArts, CA, FCPA,
	Director Element Business & Accounting Solutions Pty Ltd
	Director Element SMSF & Advisory Pty Ltd
	Director Gold Coast Mayoress Charity Foundation Ltd
Special Responsibilities	Chair Finance & Audit Committee

Directors' report

Ms Annaliese Battista	
Experience	Director appointed 21 March 2019 (resigned 8 August 2020)
Qualifications	Former CEO of Destination Gold Coast BCom Communication & Media Studies Nearly 20 years experience in strategic destination marketing, communications, economic development and executive leadership across a range of government and corporate organisations Director on the GC Waterways Authority Board Association of Australian Convention Bureaux (AACB) Tourism and Transport Forum Australia (TTF)
Special Responsibilities	-

Mr Michael Emmett	
Experience	Director appointed 14 August 2019 Diverse experience working across insurance, consulting and IT industries in Australia, the UK and South Africa B.Comm, H Dip.Acc, CA (SA) Director of AUB Group Limited (ASX:AUB), 1ST Group Limited (ASX: 1ST), M.G.A. Management Services Pty Limited, SRG Group Limited, Altius Group Holdings Limited, BizCover Pty Limited
Special Responsibilities	-

Directors' meetings

The number of Directors' meetings and number of meetings attended by each of the Directors of the Club during the year are:

	Board Meetings	
	A	**B**
Mr Anthony Cochrane	13	13
Mr Kerry Robert East	13	12
Mr Paul Darren Scurrah	13	8
Mr Simon Bennett	13	13
Mr Martin Rowland	13	11
Ms Samantha Riley	13	13
Ms Leschen Smaller	13	13
Ms Annaliese Battista	11	5
Mr Michael Emmett	13	11

A Number of meetings held during the time the Director held office during the year

B Number of meetings attended

Directors' report

Environmental regulations
As a result of information provided by management the Director's believe that the Club has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the Club.

Principal activities and objectives
The principal activity of the Club is the promotion, administration and development of Australian Rules Football and management of the Gold Coast Football Club.

The Club's short term objectives are to:

- Maintain a high performance male and female football program to deliver on-field success
- Conducting male and female Academy programs to grow and develop talent both in South East Queensland, North Queensland and the Northern Territory
- Grow the membership base and increase the supporter base of the Club
- Enhance and grow the level of commercial returns
- Continue to engage, invest and deliver quality outcomes within the community
- Develop and maintain a high performing workforce
- Maintain a commitment to policies and practices that ensure a high standard of corporate governance
- Maintain a commitment to the safety of our people and patrons of Metricon Stadium
- Attract more events to Metricon Stadium

The Club's longer term objectives are to:

- Maintain a high performance male and female football programs to deliver sustained on-field success
- Conducting male and female Academy programs to grow and develop talent both in South East Queensland, North Queensland and the Northern Territory
- Grow membership, supporter base and match day attendances
- Develop a platform for ongoing financial stability through maximising existing revenues and identifying new and alternate revenue streams
- Maximise returns from Metricon Stadium through AFL and non-AFL events
- Continue to engage, invest and deliver quality outcomes within the community with a focus on key Gold Coast social issues, diversity and growing the game of AFL
- Develop non-football diversified revenue streams

The Club continually monitors the performance of its objectives and strategies within its business plan.

Operating and financial review
The net loss of the Club for the year ended 31 October 2020 was ($953,442) (2019 profit of: $248,795).

The Club derived its revenue mainly from grants received from the Australian Football League, corporate sponsorships, corporate hospitality, membership and ticket sales.

During 2020 the Covid 19 pandemic impacted the Club with the AFL season being paused and then resumed with a reduced number of rounds. The Club implemented revenue retention and cost reduction strategies and also received support via the Job Keeper subsidy program and support from the AFL.

The Club's strategy is to build a high performance team that achieves on-field success in the Australian Football League. The Club also aims to assist in increasing participation and support for Australian Rules Football within the Queensland region.

Directors' report

State of affairs
In the opinion of the Directors there were no significant changes in the state of affairs of the Club that occurred during the year under review not otherwise disclosed in this report or the financial statements.

The Club will continue to be financially dependent upon the support of the AFL (Australian Football League) in the future.

Events subsequent to balance date
There are no matters or circumstances have arisen in the interval between the end of the year and the date of this report which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

Likely developments

The Club will continue to focus its efforts on achieving its short and long term objectives.

Directors' benefits & interests
During the year, the Club used Virgin Australia, of which Paul Scurrah was CEO & Managing Director.

Amounts were billed based on normal market rates for these types of services and were due and payable under normal payment terms.

During this financial year, no other Director of the Club has received or become entitled to receive any benefit by reason of a contract made by the Club, or a related body corporate with a Director or with a firm of which a Director is a member, or with an entity in which a Director has a substantial interest.

Members' Guarantee
The Club is a company limited by guarantee to the extent of $2.00 for each member. As at 31 October 2020, there was 1 voting member.

Dividends
The constitution of the Club prohibits it from payment of dividends and accordingly no dividends were paid during the year.

Lead Auditor's Independence Declaration under Section 307C of The Corporations Act 2001

The Lead Auditor's Independence Declaration is set out on Page 7 and forms part of the Directors' report for the year ended 31 October 2020.

Directors' report

Indemnification and insurance of officers and auditors

Indemnification

The Club has not, during or since the end of the year, in respect of any person who is or has been an auditor of the Club or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred, including costs and expenses in successfully defending legal proceedings.

The Club has, in respect of any person who is or has been an officer or director of the Club, indemnified against a liability incurred as an officer or director, including costs and expenses in successfully defending legal proceedings, to the extent permitted by law and the prohibitions in section 199A of the *Corporations Act* 2001.

Insurance premiums

The insurance premiums in respect of Directors' and Officers' liability and legal expenses' insurance contracts, for current and former Directors and Officers including executive officers of the Club and Directors have been paid by the Club.

Signed at Carrara this 28th day of January 2021.

Signed in accordance with a resolution of the Directors.

....

Mr Anthony Cochrane
Chairman

....

Ms Leschen Smaller
Director

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of GCFC Limited

I declare that, to the best of my knowledge and belief, in relation to the audit of GCFC Limited for the financial year ended 31 October 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Adam Twemlow
Partner

Gold Coast
28 January 2021

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 OCTOBER 2020

	Note	2020 $	2019 $
Revenue	2	32,585,565	43,426,056
Non-operating revenue		500,000	
Expenses			
Administration expenses		3,036,932	3,070,258
Cost of goods sold		65,647	141,819
Depreciation & amortisation expenses		1,895,816	706,467
Employee expenses	3	23,158,890	27,730,161
Football operations expenses		2,427,125	3,198,400
Advertising & promotion expenditure		305,295	862,727
Sponsor & match day activation		1,636,228	4,449,052
Travel expenses		299,828	903,510
Lease expense		-	1,267,770
Maintenance expenses		668,427	867,918
Net profit / (loss) before net finance income		(408,623)	227,974
Finance income	4	43,523	76,860
Finance expenses	4	(588,342)	(56,039)
Net finance income		(544,819)	20,821
Other comprehensive income for the year		-	-
Total comprehensive income / (loss) for the year		(953,442)	248,795

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 29.

STATEMENT OF FINANCIAL POSITION
AS AT 31 OCTOBER 2020

	Note	2020	2019
		$	$
Current Assets			
Cash and cash equivalents	5	153,560	966,254
Trade and other receivables	6	2,828,967	3,292,921
Inventory – Merchandise	7	68,070	37,043
Prepayments	10	508,517	631,927
Total current assets		3,559,114	4,928,145
Non - current Assets			
Property, plant and equipment	8	1,172,669	1,293,618
Leasehold assets	9	12,662,171	-
Prepayments	10	225,564	525,596
Other assets	11	3,304,063	3,508,036
Total non-current assets		17,364,467	5,327,250
Total assets		20,923,581	10,255,395
Current Liabilities			
Trade and other payables	12	2,059,800	3,489,389
Borrowings	13	-	1,590,000
Deferred income	14	435,949	1,117,045
Provisions	15	2,132,014	470,290
Total current liabilities		4,627,763	6,666,724
Non- current Liabilities			
Borrowings	13	1,990,000	-
Provisions	15	15,531,768	3,761,179
Total non-current liabilities		17,521,768	3,761,179
Total liabilities		22,149,531	10,427,903
Net assets / (liabilities)		(1,225,950)	(172,508)
Equity			
Retained earnings / (accumulated losses)		(1,225,950)	(172,508)
Total equity / (deficiency)		(1,225,950)	(172,508)

The Statement of Financial Position is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 29.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 OCTOBER 2020

	2020 $	2019 $
Total equity at the beginning of the financial year	(172,508)	(421,303)
Adjustment to Opening retained earnings on adoption of AASB 1058 and AASB 15 [refer Note 1 b) Changes in Accounting Policy]	(100,000)	-
Total comprehensive income for the year	(953,442)	248,795
Total equity at the end of the financial year	(1,225,950)	(172,508)

The Statement of Changes in Equity is to be read in conjunction with the notes to the financial statements set out on pages 12 to 29.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 OCTOBER 2020

	2020	2019
	$	$
Cash flows from operating activities		
Cash receipts in the course of operations	35,234,583	45,950,638
Cash payments in the course of operations	(35,899,300)	(45,415,367)
Net cash provided by/(used in) operating activities	(664,717)	535,271
Cash flows from investing activities		
Payments for property plant and equipment	(591,500)	(152,732)
Interest received	43,523	76,860
Net cash provided by/(used in) investing activities	(547,977)	(75,872)
Cash flows from financing activities		
Proceeds from borrowings	400,000	-
Net cash provided by financing activities	400,000	-
Net increase/(decrease) in cash and cash equivalents held	(812,694)	459,399
Cash and cash equivalents at the beginning of the financial period	966,254	506,855
Cash and cash equivalents at end of the financial period	153,560	966,254

The Statement of Cash Flows is to be read in conjunction with the notes to and forming part of the financial statements set out on pages 12 to 29.

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

The financial report for GCFC Ltd ("the Club"), a not-for-profit entity, is for the year ended 31 October 2020 and the financial report was authorised for issue by the Board of Directors on 28 January 2021.

1 Statement of significant accounting policies

(a) Statement of compliance

The financial statements of the Club are Tier 2 general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements ('AASB-RDRs') (including Australian Interpretations) adopted by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001*.

(b) Basis of preparation

The financial report is presented in Australian dollars and on the historical cost basis.

The preparation of a financial report in conformity with Australian Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by the Club.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial report and estimates with a significant risk of material adjustment in the next year are disclosed in the following note:

- Note 1(b) – Going concern;
- Note 6 – Trade and other receivables (impairment losses);
- Note 15 – Provisions

Going Concern

The Club reported a loss of ($953,442) for the year ended 31 October 2020 (2019 profit: $248,795). As at 31 October 2020 the Club has a net current asset deficiency of $1,068,649 (2019: deficiency of $1,738,579) and accumulated losses of $1,225,950 (2019: accumulated losses of $172,508).

During 2020 the Covid 19 pandemic impacted the Club with the AFL season being paused and then resumed with a reduced number of rounds. The Club implemented revenue retention and cost reduction strategies and received support via the Job Keeper subsidy program and support from the AFL.

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

1 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

Going Concern (continued)

The ability of the Club to continue as a going concern, including the ability to pay its debts as and when they fall due is dependent on the Club being able to successfully generate sufficient funds through membership, sponsorship, fundraising, gate receipts and other sources, including the continued financial support of the Australian Football League's ('AFL').

Notwithstanding the deficiency in net assets, the financial statements have been prepared on a going concern basis which assumes the Club will continue its operations and be able to meet its obligations as and when they become due and payable.

The Directors note the following factors supporting the adoption of the going concern basis:

- The Club entered into a letter of financial support (which is not a guarantee) with the AFL which makes available funding that can be used to assist the Club to meet its obligations, if required, for the year ending 31 October 2021. Under the terms of the letter with the AFL, the Club is required to comply with various financial undertakings and the AFL will not require repayment of AFL funding, except at such time as the Board of the Club determines that the Club is able to make that repayment and continue to pay its other debts as and when they fall due for payment;
- The Club's current trade and other payables include an amount of $333,716 owing to the AFL. Whilst these amounts are due and payable on demand by the AFL, the Club expects that the AFL will continue to support the Club in accordance with its letter of financial support and will not demand repayment if the Club does not have sufficient available funds to pay;
- Management has prepared cash flow projections that, after taking into account the above continued financial assistance, support the preparation of the financial statements on a going concern basis; and
- As discussed in Note 19, the Club is economically dependent on the continual support of the AFL.

If the Club is unable to successfully generate sufficient funding from these sources to continue its ongoing operations, or continue to comply with the undertakings as set out in the letter of financial support which is limited to the cashflow performance of the Club for the financial year ending 31 October 2021, there is a material uncertainty whether the Club will be able to continue as a going concern and be able to realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Changes in significant accounting policies

(i) Leases

AASB 16 replaces existing leases guidance, including AASB 17 *Leases*. AASB 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases

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

1 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in significant accounting policies (continued)

The Club initially applied AASB 16 *Leases* from 1 November 2019. The Club applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 November 2019. Accordingly, the comparative information presented for the year ended 31 October 2019 is not restated – i.e. it is presented, as previously reported, under AASB 117 *Leases* and related interpretations. The details of the changes in accounting polices are disclosed below. Additionally, the disclosure requirements in AASB 16 have not generally been applied to comparative information.

Lessee accounting

As a lessee, the Club previously classified its leases held as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risk and rewards incidental to ownership of the underlying asset to the Club. Under AASB16, the Club recognises right of use assets and lease liabilities for most of these leases – i.e. these leases are on balance sheet. On transition, lease liabilities for leases previously classified as operating leases were measured at the present value of the remaining lease payments, discounted at the Club incremental borrowing rate. The Club applied a practical expedient such that it did not recognise right of use asset and liabilities for leases of low value assets and short-term leases of lease term less than 12 months. The right of use-assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments.

In relation to its lease of the Metricon Stadium, the Club is required to provide through a sinking fund for annual commitments not paid during the period as outlined in the Venue Management Agreement.
On transition to AASB 16, a leasehold asset and lease related provision (reflected under AASB 137 *Provisions, Contingent Assets and Liabilities*) were recognised in relation to these commitments.

Impact of transition

On transition, the Club recognised additional leasehold assets of $18,253,063 and lease related provision of $14,442,297 at 1 November 2019 in relation to the lease of the Metricon Stadium.

A reconciliation of the impact of transition to AASB 16 is shown below

Minimum stadium commitments at 1 November 2019	$16,717,879
Application of CPI to the minimum commitment	$1,535,184
Discounted to present value	($3,810,766)
Lease-related provision at 1 November 2019	$14,442,297

As a result of the Club applying the exemption for low value item and short-term leases, there were no other adjustments recognised in relation to transition to the lease standard.

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

1 Statement of significant accounting policies (continued)

(b) Basis of preparation (continued)

Changes in significant accounting policies (continued)

(ii) Income of Not-For-Profit Entities and Revenue from Contracts with Customers

AASB 1058 *Income of Not for-Profit Entities* establishes a new framework for determining how Not-For-Profit Entities recognise revenue and the concept of reciprocal and non-reciprocal transactions has been removed. It replaces the majority of income recognition requirements relating to Not-For-Profit Entities previously reflected in AASB 1004 *Contributions*.

AASB 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including AASB 118 Revenue, AASB 111 Construction Contracts and AASB Interpretation 13 Customer Loyalty Programmes. The Club has adopted AASB 15 and AASB 1058 for the first time in the current year with a date of initial application of 1 November 2019.

The Club has applied AASB 15 and AASB 1058 using the modified retrospective (cumulative catch-up) method which means the comparative information has not been restated and continues to be reported under AASB 111 Construction Contracts, AASB 118 Revenue, AASB 1004 Contributions and related interpretations. All adjustments on adoption of AASB 15 and AASB 1058 have been taken to retained earnings at 1 November 2019. A total adjustment of $100,000 was recognised at 1 November 2019 on transition, increasing unearned revenue and opening retained earnings as a result of the change in timing of revenue recognition in satisfying the Club's performance obligation for a specific contract under AASB 15. If the new standards had not been applied, contract receivables and revenue for the year ended 31 October 2020 would have been $50,658 lower and $150,658 respectively.

(c) Revenue recognition

Revenue recognition from 1 November 2019

Revenue recognition policy for revenue from contracts with customers (AASB 15)

AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. The customer for these contracts is the fund provider.

Revenue is recognised by applying a five-step model as follows:
1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price
5. Recognise revenue

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

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

1 Statement of significant accounting policies (continued)

(c) Revenue recognition (continued)

Trading Operations
Sales revenue comprises revenue earned (net of returns, discounts and allowances) for the provision of products or services to entities outside the Club. Sales revenue in relation to products is recognised as control is transferred to customers. Sales revenue in relation to services is recognised over the period in which services are provided

AFL Grants
AFL grants are recognised as revenue in the income statement in accordance with the period to which the Club delivers the services specified under the AFL funding agreement. Where terms and conditions of grants are not considered to be sufficiently specific, they are recognised as other operating grants or capital grants (refer below for treatment under AASB 1058).

Revenue recognition policy for revenue streams which are either not enforceable or do not have sufficiently specific performance obligations (AASB 1058)

Other operating grants
Assets arising from grants in the scope of AASB 1058 are recognised at their fair value when the asset is received. These assets are generally cash but maybe property which has been donated or sold to the Club at significantly below its fair value. Once the asset has been recognised, the Club recognises any related liability amounts (e.g. provisions, financial liabilities). Once the assets and liabilities have been recognised then income is recognised for any difference between the recorded asset and liability.

Capital grants
Capital grants received under an enforceable agreement to enable the Club to acquire or construct an item of property, plant and equipment to identified specifications which will be controlled by the Club (once complete) are recognised as revenue as and when the obligation to construct or purchase is completed. For construction projects, this is generally as the construction progresses in accordance with costs incurred since this is deemed to be the most appropriate measure of the completeness of the construction project as there is no profit margin. For acquisitions of assets, the revenue is recognised when the asset is acquired and controlled by the Club

Revenue recognition before 1 November 2019

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues. Exchanges of goods or services that are not of the same nature are recognised as revenue at the notional fair value of the goods or services.

Trading Operations
Sales revenue comprises revenue earned (net of returns, discounts and allowances) for the provision of products or services to entities outside the Club. Sales revenue is recognised within the period to which it contractually relates or when the fee in respect of services provided is receivable.

Interest Revenue
Interest income is recognised as it accrues, considering the effective yield of the financial asset.

AFL Grants
AFL grants are recognised as revenue in the income statement in accordance with the period to which the AFL funding agreement relates.

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

1 Statement of significant accounting policies (continued)

(c) Revenue recognition (continued)

Revenue recognition before 1 November 2019 (continued)

Sponsorship & Supply Rights Revenue
Sponsorship revenue is recognised within the period to which it contractually relates or when the fee in respect of services provided is receivable.

Deferred Income
Deferred income is initially recognised at fair value. Deferred income is recognised in the profit or loss as income on a systematic basis in the same period in which the expenses are recognised or the accounting period to which the income relates to.

Membership Income
Membership income is recognised in the period to which the membership relates.

(d) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The amount of GST recoverable from and payable to, the Australian Taxation Office ("ATO") is included as a current asset and liability in the Statement of Financial Position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

(e) Taxation

The Club is exempt from income tax under Section 50-45 of the Income Tax Assessment Act 1997 as amended, as the activities are solely the promotion, administration and development of Australian Rules Football.

(f) Receivables

Trade and other receivables are stated at their amortised cost less any impairment loss.

(g) Property, plant and equipment

Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs
The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Club, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

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

1 Statement of significant accounting policies (continued)

(g) Property, plant and equipment (continued)

Depreciation and amortisation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Club will obtain ownership by the end of the lease term. Land is not depreciated.

The depreciation rates used for each class of asset, for the current and prior financial period are as follows:

Straight line method	
Plant and equipment	10% to 20%
Furniture and fittings	10%
Leasehold Improvements	5% to 20%

(h) Trade and Other Payables

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

(i) Contributed equity / retained earnings

The Club is a company limited by guarantee to the extent of $2.00 for each member. As at 31 October 2019, there was 1 voting member.

The Memorandum of Association prevents the distribution of retained profits or payment of dividends to members.

(j) Employee benefits

Short-term employee benefits

Short-term benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the club has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Other long term employee benefits

The Club's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit & loss in the period in which they arise.

Defined Contribution Superannuation fund

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

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

1 Statement of significant accounting policies (continued)

(k) Financial instruments

Non-derivative financial assets
Recognition and initial measurement

The Club initially recognises receivables on the date that they are originated. All other financial assets are recognised initially on the trade date at which the Club becomes a party to the contractual provisions of the instrument

The Club derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Club is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Club has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

On initial recognition, a financial asset is classified as measured at:
- Amortised cost;
- Fair value through other comprehensive income; or
- Fair value through profit or loss.

Classification and subsequent measurement
Financial assets are not reclassified subsequent to their initial recognition unless the Club changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both the following conditions and is not designated as fair value through profit or loss:
- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. This includes all derivative financial assets. On initial recognition, the Club may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

1 Statement of significant accounting policies (continued)

(k) Financial instruments – (continued)

Non-derivative financial assets (continued)

Impairment of financial assets
The Club recognises expected credit losses ('ECLs') on:

- Financial assets measured at amortised cost;
  The Club measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
- Other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows the Club expects to receive).

At each reporting date, the Club assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income are credit-impaired.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at fair value through other comprehensive income, the loss allowance is charged to profit or loss and is recognised in other comprehensive income.

The gross carrying amount of a financial asset is written off when the Club has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Non-derivative financial liabilities

Financial liabilities are measured at amortised cost.

The Club initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Club becomes a party to the contractual provisions of the instrument.

The Club derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Other financial liabilities comprise loans and borrowings and trade and other payables.

(l) Inventory

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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

1 Statement of significant accounting policies (continued)

(m) Leases

Policy from 1 November 2019

At inception of a contract, the Club 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 Club has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use The Club 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. The Club has elected not to separate non-lease components from lease components have accounted for all leases as a single component.

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Club 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. 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. The right-of-use asset is assessed for impairment indicators at each reporting date.

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 Club’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 Club’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.

The Club has elected to apply the exceptions to lease accounting for leases of low-value assets and short-term leases. For these leases, the Club recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

There are minimum commitments in relation to maintenance, asset enhancement and asset replacement that are required outlined in the Venue Management Agreement. These amounts are met through a sinking fund for annual commitments not paid. Any outstanding balances are payable to the Stadium owner in the event of termination of the lease. The present value of the minimum commitments has been reflected as leasehold asset, with a lease related provision recognised the remaining amounts payable over the term of the agreement.

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

1 Statement of significant accounting policies (continued)

(m) Leases (continued)

Policy before 1 November 2019

Leases in terms of which the Club assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.
Other leases are operating leases and are not recognised in the Club's statement of financial position.

(n) Provisions

A provision is recognised if, as a result of a past event, the Club has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

(o) New standards and interpretations not yet adopted

A number of new standards are effective for annual periods beginning after 1 November 2020 and earlier adoption is permitted; however the Club has not early adopted the new or amended standards in preparing these financial statements.

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-For Profit Tier 2 Entities

As the Club applies all the recognition and measurement requirements of all Australian Accounting Standards, there will be minimal impact on the amounts in the financial statements. More disclosure will be required relating to (revenue, income taxes, related party transactions, financial instruments and leases) than is currently provided.

The above standard will apply to the Club from the financial year beginning 1 November 2021; i.e. for the year ending 31 October 2022.

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

		2020	2019
		$	$
2	**Revenue**		
	Grant income	16,943,668	27,466,841
	Sponsorship & supply rights income	6,287,816	7,728,107
	Membership & ticketing income	2,254,416	5,143,256
	Merchandise sales	192,783	243,983
	Other trading operations	6,906,882	2,843,869
		32,585,565	43,426,056
3	**Employee expenses**		
	Wages and salaries	21,867,975	25,989,395
	Superannuation expenses	1,396,625	1,627,686
	Annual leave expense	(44,706)	(930)
	Long service leave expense	(61,004)	114,010
		23,158,890	27,730,161
4	**Finance income and expense**		
	Finance income on bank deposits	43,523	76,860
	Finance expenses	(33,021)	(56,039)
	Lease related finance expenses (refer note 15)	(555,321)	-
		(544,819)	20,821
5	**Cash and cash equivalents**		
	Cash on hand	2,600	1,800
	Cash at bank	150,960	964,454
		153,560	966,254
6	**Trade and other receivables**		
	Trade receivables	2,656,282	3,269,585
	Less: provision for impairment losses	(606,238)	(82,095)
	GST receivable	-	48,086
	Contract receivables	310,526	-
	Other trade receivables	468,397	57,345
		2,828,967	3,292,921

During the year the Director's assessed the recoverability of trade and other receivables and recorded impairment losses of $606,238 in respect of debtors outstanding at 31 October 2019 (2019: $82,095).

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

		2020	2019
		$	**$**
7	**Inventory – merchandise**	68,070	37,043
8	**Property, plant and equipment**		
	Plant and equipment		
	At cost	2,095,130	2,053,209
	Less: accumulated depreciation	(1,852,312)	(1,647,437)
	Net book value	242,818	405,772
	Furniture and fittings		
	At cost	746,574	739,034
	Less: accumulated depreciation	(503,371)	(373,974)
	Net book value	243,203	365,060
	Leasehold Improvements		
	At cost	2,549,038	2,007,000
	Less: accumulated depreciation	(1,862,390)	(1,484,214)
	Net book value	686,648	522,786
	Carrying amount at end of period	1,172,669	1,293,618

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

		2020	2019
		$	**$**
8	**Property, plant and equipment (continued)**		
	Plant and equipment		
	Carrying amount at beginning of period	405,772	486,871
	Additions	41,921	142,159
	Disposals	-	-
	Depreciation	(204,875)	(223,258)
	Carrying amount at end of period	242,818	405,772
	Furniture and fittings		
	Carrying amount at beginning of period	365,060	488,799
	Additions	7,540	10,573
	Disposals	-	-
	Depreciation	(129,397)	(134,312)
	Carrying amount at end of period	243,203	365,060
	Leasehold Improvements		
	Carrying amount at beginning of period	522,786	871,682
	Additions	542,038	-
	Disposals	-	-
	Depreciation	(378,176)	(348,896)
	Carrying amount at end of period	686,648	522,786
		1,172,669	1,293,618
9	**Leasehold Assets**		
	Carrying amount at beginning of period	14,442,297	-
	Additions	-	-
	Disposals	-	-
	Adjustments	(596,758)	
	Amortisation	(1,183,368)	-
	Carrying amount at end of period	12,662,171	-

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

9 Leasehold Assets (continued)

During the year, minimum commitments under the venue management of $596,758 were waived as relief for the economic impact of COVID 19 on the club's operations. The reduction the commitments was reflected as a reduction in provisions (note 15) and related leasehold assets

		2020	2019
		$	$
10	**Prepayments**		
	Current		
	Operational prepayments	76,596	206,225
	Stadium Infrastructure	431,921	425,702
		508,517	631,927
	Non-current		
	Stadium Infrastructure	225,564	525,596
		225,564	525,596
11	**Other assets**		
	Stadium sinking fund bank account	3,304,063	3,508,036
		3,304,063	3,508,036

As outlined in Note 15, the Club is required to provide through a sinking fund for annual commitments not paid during the period as outlined in the Venue Management Agreement. This Other Asset represents funds deposited into a sinking fund account that will be required to satisfy the provision as detailed in Note 15.

As such, these funds are not considered part of the Club's working capital and will not be used for any other purpose other than to satisfy the Club's obligations under the Venue Management Agreement, which have been fully provided for at year end.

		2020	2019
12	**Trade and other payables**		
	Trade payables	885,433	2,192,349
	GST payable	10,684	-
	Other payables and accruals	1,163,683	923,011
		2,059,800	3,115,360

Included within trade and other payables is an amount of $333,716 (2019: $1,183,987) owing to the AFL. Whilst these amounts are due and payable on demand by the AFL, the Club expects that the AFL will continue to support the Club and will not demand repayment if the Club does not have sufficient available funds to pay (refer to Note 1(b) *Going Concern*).

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

		2020	2019
		$	**$**
13	**Borrowings**		
	Current		
	NAB Corporate Markets Loan	-	1,590,000
		-	1,590,000
	Non-current		
	NAB Corporate Markets Loan	1,590,000	-
	Australian Football League	400,000	
		1,990,000	-

The club has a $1.59m commercial corporate markets loan from the National Australia Bank which has a maturity date of 30 April 2022 with the principal fully repayable on that date. The loan is secured by a guarantee provided by the AFL and has an average interest rate of 1.92%.

During 2020 the club also received debt funding of $400,000 from the Australian Football League. Interest is payable on the loan from April 2021 and under the terms of the agreement is classified as a non-current loan as there is no requirement for the Club to repay the funding until at such time that the Board of the Club determines that the Club is able to make the repayment and continue to pay its other debts as and when they fall due for payment.

		2020	2019
14	**Deferred Income**		
	Deferred income	432,474	613,777
	Government grant income	-	500,000
	Merchandise gift vouchers	3,475	3,268
		435,949	1,117,045
15	**Provisions**		
	Current		
	Provision for annual and long service leave	379,128	470,290
	Stadium sinking fund provision	328,305	-
	Lease related provision	1,424,581	-
		2,132,014	470,290
	Non-current		
	Provision for long service leave	373,035	387,584
	Stadium sinking fund provision	2,985,010	3,373,595
	Lease related provision	12,173,723	-
		15,531,768	3,761,179

As venue manager of Metricon Stadium, the Club is committed to provide through a sinking fund for annual commitments not paid during the period as outlined in the Venue Management Agreement which expires on 30 May 2031. The lease related provision represents at 31 October 2020 the present value of the remaining minimum lease commitments (Refer Note 9.).

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

15 Provisions (continued)

During the period, a waiver of $599,095 was granted as part of economic relief in relation to COVID. The unwinding of the time value of the provision resulted in finance cost of $555,321in the profit and loss.

16 Member's Guarantee

The Club is limited by guarantee. The Club's constitution states that if the Club is wound up, the current members and those who have resigned within one year will be required to contribute a maximum of $2.00 each towards meeting any outstanding obligations of the Club contracted before the time at which he or she ceased to be a member. At 31 October 2020 there was one voting member.

17 Key management personnel remuneration

Key management personnel of the Club include the Chief Executive Officer and departmental General Managers appointed to the executive management team.

	2020	2018
	$	$
Total remuneration provided	3,011,406	3,280,613

18 Related parties

Directors' transactions with the Club
No directors have elected to receive any remuneration for their services as a director of the Club during the current or previous financial periods.

Transactions with related parties
The Club used flight services from Virgin Australia of which Paul Scurrah was the CEO & Managing Director (effective 25 March 2019 to 15 October 2020).

Amounts paid to Virgin Australia during the period 1 November 2019 – 15 October 2020 were $94,510 and for the period 25 March 2019 to 31 October 2019 were $367,443 there was nil outstanding at both the 2019 and 2020 year-end dates.

19 Economic dependency

The Club's ongoing operations are dependent upon the receipt of further funding from the AFL through receipts of distributions and other financial assistance. Refer Note 1 (b).

20 Contingent Liabilities

As at 31 October 2020 there were no contingent liabilities.

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

21 Lease Commitments

As venue manager of Metricon Stadium, the Club is committed to stadium financial commitments over the period of the venue management agreement to 30 May 2031.

	2020	2019
	$	$
Leasehold		
Less than one year	1,424,581	1,393,157
Between one and five years	5,698,322	5,572,626
More than five years	8,547,483	9,752,096
	15,670,386	16,717,879

The present value of the commitments has been reflected as a lease-related provision and the associated leasehold asset in the balance sheet (refer note 9 and note 15) on transition to AASB 16 *Leases*

22 Subsequent events

There were no matters or circumstances have arisen in the interval between the end of the year and the date of this report which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club, in future financial years.

Directors' declaration

In the opinion of the directors of GCFC Limited ('the Club'):

(a) the financial statements and notes, set out on pages 8 to 29 are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the financial position of the Club as at 31 October 2020 and of its performance, for the financial year ended on that date; and

  (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001;

(b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

Dated at Carrara this 28th day of January 2021.

Signed in accordance with a resolution of the directors;

Mr Anthony Cochrane
Chairman

Ms Leschen Smaller
Director

Independent Auditor's Report

To the members of GCFC Limited

Opinion

We have audited the ***Financial Report*** of GCFC Limited (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Company's financial position as at 31 October 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Statement of financial position as at 31 October 2020;
- Statement of profit or loss and other comprehensive income Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 *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 fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

We draw attention to Note 1(b), "Going Concern" in the financial report. The conditions disclosed in Note 1(b), indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report. Our opinion is not modified in respect of this matter.

Other Information

Other Information is financial and non-financial information in GCFC Limited's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards - Reduced Disclosure Requirements* and the *Corporations Act 2001*
- implementing necessary internal control 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
- assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

KPMG

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

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/auditors_responsibilities/ar4.pdf This description forms part of our Auditor's Report.

KPMG

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Adam Twemlow
Partner

Gold Coast
28 January 2021