

ANNUAL REPORT

30 JUNE 2021

**National Association of Cinema Operators-Australasia
ABN 42 009 664 000
Level 19, The Brisbane Club Tower,
241 Adelaide Street, Brisbane QLD, 4000**

**PO Box 200, Salisbury QLD 4107
www.naco.asn.au**

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

“An Association established to promote, advance and protect the business and assets of members; to represent and express their views and opinions; to consider all questions connected with the business of Cinema Proprietors and Exhibitors; to promote or oppose legislative or other measures affecting such business; to do all other lawful things as are incidental or conducive to the attainment of these objects.”

BOARD MEMBERS - 2020/2021

CHAIRMAN:

David SEARGEANT

BOARD MEMBERS:

Mark DOUGLAS

Kirk EDWARDS

Ross ENTWISTLE

Jane HASTINGS

Damian KEOGH, AM

Natalie MILLER, AO

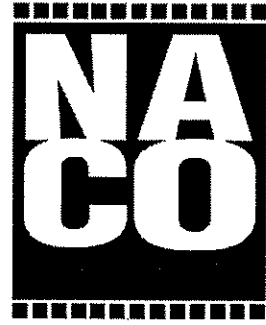
David PYE

EXECUTIVE DIRECTOR:

Michael HAWKINS, AM

SECRETARY:

Jason RONNFELDT



NATIONAL ASSOCIATION OF CINEMA OPERATORS-AUSTRALASIA

CHAIRMAN'S LETTER

25 February 2022

Dear Member

On behalf of the Board, it is my pleasure to present the Annual Report of the National Association of Cinema Operators-Australasia (NACO) outlining the Association's activities during the past twelve months.

National Association

NACO is an organisation representing all cinema operators – majors, independents, multi-screen, single screen, hard top or drive in, or from the city or country. It represents all member exhibitors in genuine, whole of industry issues.

The board is comprised of owners and senior executives from major and independent cinema operators who between them have many years of experience in the industry and can contribute a wealth of knowledge to your Association.

Financial

As shown in the accounts, the activities of the Association at 30 June 2021 resulted in a loss of \$121,198.

That loss can be attributed mainly to two primary issues:

- The expenditure by the Association of \$118,125 on professional costs to Premier National – a national lobbying firm which had been retained by the Association to assist it in its governmental relations and communications relating to CoVid financial support and industry safety plans;
- the write off of preliminary expenditure of the 2021 Movie Convention which was incurred prior to the postponement of the event to February 2022 and then again to May 2022.

The 2020 Movie Convention was cancelled and its costs have been carried forward to the 2021 (now 2022) Convention.

NACO represents 1,840 screens from 243 sites across Australia and New Zealand. Your assistance is sought in continuing to obtain new members. Should any exhibitor in your area not already be a member of the Association, please encourage them to join.

Whole of Industry Issues

From time to time, issues arise that affect, or will impact, all exhibitors, irrespective of their size or structure. Without limitation, annual wage reviews, licencing fees, film classification and piracy are issues that require a whole of industry response.

The Board stated last year that 2020 had been a year like no other. It can be said that 2021 was also a year like no other, except that it was an unfortunate continuation of 2020. The Association has had to dip into its reserves again in the past 12 months as it continued to deal with the implications of COVID-19. 2021 has been another year in which your Association has continued its leadership of the industry in maintaining awareness of the plight of cinema operators during COVID-19, appealing for financial support for all sectors and seeking conditions by which operators could sensibly trade, which has meant dealing with the Health Departments of all States and Territories and negotiating meaningful COVID-19 Safety Plans. Again, your membership and contributions to the Association have never been more important and valued.

Despite the pandemic, NACO continued to represent member's interests in various ways including:

- Continued its leadership in the Four Yearly Review of the BRE Award, having progressively achieved a couple of enhancements of the award, and defending changes proposed to be made to the Award by Fair Work Australia, including a present challenge before the Full Bench of FWA in relation to the manner in which loadings are applied – whether cumulatively or using a compounding method;
- Organising the 2021 Australian International Movie Convention, only to see it again postponed due to the continued CoVid restrictions and then again by the emergence of Omicron;
- Continued a leadership role within the Australian Film and Television Bodies in participating in, and contributing to, a number of submissions to Government Commissions and Committees;
- Maintained a prominent role within Creative Content Australia, supporting Graham Burke AO and the industry's crusade against piracy, and more recently bringing global search engines to account, jointly funding CCA with Event, Hoyts and Village.

Exhibition continued to weather the COVID-19 enforced challenges to the established theatrical release patterns, and the continued emergence of alternative channels to release films where Studios believed certain films required immediate monetising. The theatrical window has come under challenge like it never has in the

past, and the full consequences are yet to be felt – by either exhibition or distribution. Your Association remains committed to the primacy of the theatrical window whilst acknowledging that change is inevitable by reason of the way consumers have adapted to the numerous means by which entertainment can be absorbed.

And your Association will continue to lobby for economic support, as we acknowledge that our financial recovery will be long and gradual.

Lost Industry Members

We pay tribute to those industry members who passed away during the year and offer our condolences to members of their families and their friends.

Australian International Movie Convention 2020

The Convention was to be moved back to its now traditional October date. However, with the continued impact of COVID-19, the Board had no alternative than to cancel the event for 2020.

The Board then announced that the 75th AIMC will be held in 2021 in October. But again, the continued impact of COVID-19 saw the Board postpone the Convention to February 2022, until Omicron weaved its inexorable path across Australia, causing a further postponement to May 2022.

The Board believes that a May event, shortly after CinemaCon in Las Vegas, will see our Distributors able to assemble the best presentations of the latest content for us.

I would also like to acknowledge the outstanding contribution made Executive Director Michael Hawkins during the past twelve months, and especially for his dedication in marshalling the organisation through the most recent COVID-19 period. I would also like to take this moment to acknowledge the AIMC team and record the thanks of the Board for their flexibility in relation to the cancellations and postponements of the Convention.

I would also like to further acknowledge the wonderful contribution made by Sonia Deakin in the continued production of the regular MovieConNecton newsletters that appeared in our inboxes at least weekly, which kept the industry informed of changes in Safety Plans state by state and other important industry news.

Film Distributors, Sponsors and Supporters

As we look towards the year 2022 with considerable hope and optimism, I want to take time to recognise all of our Sponsors, Film Companies, Trade Exhibitors and delegates for their unqualified support of our convention and industry. Without their dedication and belief in this industry we would not be here today.

I wish to thank the member companies of the Motion Picture Distributors' Association of Australia (MPDAA) and the Australian Independent Distributors Association (AIDA) for their continued support of the Convention, and for their support of exhibitors during

CoVid. I wish to record my appreciation to the Executive of both Associations for their consistent and ready assistance and support during the year.

Finally, I want to express my gratitude to you, the members of NACO. It has been another brutally tough year, and I know many of you have suffered unbearable grief, but I hope that we emerge an even more united industry post-COVID with the opportunity to fill our cinema houses with the slate of titles that were held over from 2020 and then 2021 and that our box offices will once again boom!

On behalf of the Board.



DAVID SEARGEANT
Chairman

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

DIRECTORS' REPORT

Your Directors present this report on the Association for the year ended 30 June 2021 as follows:

1. Entity

The National Association of Cinema Operators - Australasia is a company limited by guarantee established and domiciled in Australia.

2. Directors

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

Mark DOUGLAS
Kirk EDWARDS
Ross ENTWISTLE
Jane HASTINGS
Damian KEOGH AM
Natalie MILLER, AO
David PYE
David SEARGEANT (Chairman)
Michael HAWKINS AM (Executive Director)

Directors have been in office since the 2020 Annual General Meeting on 10 May 2021 to the date of this report unless otherwise stated.

3. Principal activities

The principal activities of the Association during the course of the year were to promote, advance and protect the business and assets of motion picture exhibitors in Australia, New Zealand and Pacific Islands.

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

4. Short-term objectives

The Association's short-term objectives are to:-

- Maintain profitability of entity
- Maintain existing services to members
- Maintain promotional level of members and industry
- Act on any changes in law affecting our members as and when they may be legislated
- Maintain the viability of conducting the Australian International Movie Convention

5. Long-term objectives

The Association's long-term objectives are to promote, advance and protect the business and assets of members; to represent and express their views and opinions; to consider all questions connected with the business of Cinema Proprietors and Exhibitors; to promote or oppose legislative or other measures affecting such business; to do all other lawful things as are incidental or conducive to the attainment of these objects.

6. Strategies

To achieve these objectives, the Association has adopted the following strategies:-

- Continuing constant liaison with government departments who administer laws which affect our members and industry
- Continue to study world trends and their relationship to industry promotion as they may be adopted to our local market.

7. Measurement of performance

The Association measures its performance by reviewing financial results compared to the prior year and compared to budget as set by the directors and management, and by monitoring the overall profit of the convention and the net profit of the Association. These reviews are performed regularly by the directors and management.

8. Operating Result

The profit (loss) of the Association for the financial year after providing for income tax amounted to:

Year ended 30 June 2021	Year ended 30 June 2020
\$	\$
(121,198)	(96,545)

9. Members guarantee

The company is incorporated under the Corporations Act 2001 and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute towards meeting any outstanding obligations of the company but not exceeding the sum of one full year's subscription.

10. Significant Changes in the State of Affairs

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

11. After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Association, the results of those operations, or the state of affairs of the Association in subsequent financial years.

12. Future Developments

The Association expects to maintain the present status and level of operations and hence there are no likely developments in the operations in future financial years.

13. Environmental Issues

The Association's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

14. Dividends

The Association is incorporated as a public company limited by guarantee. No dividend or share option was recommended, declared or paid during the financial year.

15. Directors Benefits

No director has received or has become entitled to receive, during or since the financial year, a benefit because of a contract made by the Association or related body corporate with a director, a firm which a director is a member or an entity in which a director has a substantial financial interest.

16. Indemnifying Officer or Auditor

No indemnities have been given or agreed to be given or insurance premiums paid or agreed to be paid, during or since the end of the financial year, to any person who is or has been an officer or auditor of the company.

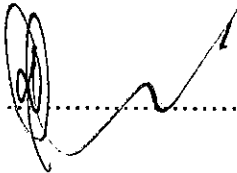
17. Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Association or intervene in any proceedings to which the Association is a party for the purpose of taking responsibility on behalf of the Association for all or any part of those proceedings. The Association was not a party to any such proceedings during the year.

18. Auditors Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the Corporations Act 2001 has been included.

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

DIRECTOR: 

DIRECTOR: 

Dated thisday of April 2022

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
Revenues from Ordinary Activities		
- Convention	-	803,801
- Members subscriptions	80,575	88,173
- Interest received	1,988	3,821
- Award negotiation subscriptions	3,789	132,252
	<u>86,352</u>	<u>1,028,047</u>
Expenses from Ordinary Activities		
- Convention	-	(812,421)
- Office Administration	(203,761)	(179,919)
- Award negotiation	(3,789)	(132,252)
	<u>(207,549)</u>	<u>(1,124,592)</u>
Surplus from Ordinary Activities Before Income Tax (Note 11)	(121,198)	(96,545)
Income Tax Expense (Note 12)	<u>-</u>	<u>-</u>
Total comprehensive income attributed to members of the entity. Surplus (Deficit)	<u>(\$121,198)</u>	<u>(\$96,545)</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021**

	2021 \$	2020 \$
CURRENT ASSETS		
Cash Assets (Note 2)	447,760	326,117
Receivables (Note 3)	4,622	90,832
Other (Note 4)	69,383	17,944
	<u>521,765</u>	<u>434,893</u>
TOTAL CURRENT ASSETS		
NON CURRENT ASSETS		
Property, Plant & Equipment (Note 5)	-	-
	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>521,765</u>	<u>434,893</u>
CURRENT LIABILITIES		
Payables (Note 6)	17,994	72,888
Other (Note 7)	250,000	-
Tax Liabilities (Note 8)	12,963	-
	<u>280,958</u>	<u>72,888</u>
TOTAL CURRENT LIABILITIES		
	<u>280,958</u>	<u>72,888</u>
TOTAL LIABILITIES		
	<u>280,958</u>	<u>72,888</u>
NET ASSETS	<u>\$240,807</u>	<u>\$362,005</u>
EQUITY		
Retained Funds (Note 9)	<u>\$240,807</u>	<u>\$362,005</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
Operating surplus before income tax	(121,198)	(96,545)
Income tax attributable to operating surplus(Note 12)	-	-
Operating surplus (deficit) after income tax	(121,198)	(96,545)
Retained Funds at the Beginning of the financial year	362,005	458,550
Retained Funds at the end of the financial year (Note 9)	<u>\$240,807</u>	<u>\$362,005</u>

The above Statement of changes in equity should be read in conjunction with the accompanying notes.

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 JUNE 2021**

	2021	2020
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Members	84,364	193,438
Receipts – Convention	250,000	739,996
Payments to Suppliers and Employees	(196,820)	(1,113,990)
Interest received	1,988	5,067
GST Refunded (Paid)	(17,889)	(9,576)
Income Tax Paid	<u>-</u>	<u>(7,740)</u>
Net Cash Inflow (Outflow) from Operating Activities (Note 10)	121,643	(192,805)
 CASH FLOWS FROM INVESTING ACTIVITIES		
	-	-
Net Increase (Decrease) in Cash Held	121,643	(192,805)
Cash at Beginning of Year	<u>326,117</u>	<u>518,922</u>
CASH AT END OF FINANCIAL YEAR	<u>\$447,760</u>	<u>\$326,117</u>

The above Statement of Cash Flow should be read in conjunction with the accompanying notes.

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

The National Association of Cinema Operators-Australasia was registered on 4 June 1943 as a Company limited by guarantee and not having capital divided into shares under the provisions of the "Companies Act. 1931 to 1942", and is now registered under Corporations Law (Sect 383 Licence) A.B.N. 42 009 664 000.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting Policies

(a) Revenue

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

If conditions are attached to the grant which must be satisfied before it is eligible to receive the contribution, the recognition of the grant as revenue will be deferred until those conditions are satisfied.

Donations and bequests are recognised as revenue when received.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

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

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

(b) Property, Plant and Equipment

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

Freehold Property

Freehold land and buildings are shown at their fair value based on periodic, but at least triennial, valuations by external independent valuers.

In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and Equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than its estimated recoverable amount, the carrying amount is written down immediately to its estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity 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 assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15.0% - 50.0%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the

revaluation surplus relating to that asset are transferred to retained earnings.

(c) Leases

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

Finance leases are capitalised, recognising an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual values.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the entity will obtain ownership of the asset. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses on a straight-line basis over the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(d) Financial Instruments

Initial Recognition and Measurement

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are recognised immediately as expenses in profit or loss.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

(i) Financial assets at fair value through profit or loss

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

Impairment

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset (or a group of financial assets) is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a "loss event") having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(e) Impairment of Assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard. Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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

Impairment testing is performed annually for intangible assets with indefinite lives

(f) Employee Benefits

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

The Company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current liabilities in the statement of financial position. Employee benefits payable later than 12 months have been measured at the present value of the expected future payments to be made to employees. In determining the liability, consideration is given to employee wages increases and the probability that the employee may not satisfy vesting requirements

and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates approximating the terms of the obligations. The net change in the obligation is recognised in profit or loss classified under employee benefit expense.

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

Retirement benefit obligations

Defined contribution superannuation benefits

All employees of the Company receive defined contribution superannuation entitlements, for which the Company pays the fixed superannuation guarantee contribution (9.50% of the employee's average ordinary salary) to the employee's superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable. The Company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the amounts expected to be paid when the obligation is settled and are presented as current liabilities in the Company's statement of financial position.

(g) Cash and Cash Equivalents

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

(h) Goods and Services Tax (GST)

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

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

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

Income Tax

The charge for current income tax expense is based on the adjusted profit for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Current income tax expense charged to the profit and loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

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

(i) Intangibles Software

Software is initially recognised at cost. It has a finite life and is carried at cost less any accumulated amortisation and impairment losses.

(j) Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of reporting period.

(k) Comparative Figures

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

(l) Trade and Other Payables

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

(m) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key Estimates

Valuation of freehold land and buildings

Freehold land and buildings are independently valued. The valuation was based on the fair value less cost to sell. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

At 30 June 2021 the directors have performed a directors' valuation on freehold land and buildings. The directors have reviewed the key assumptions adopted by the valuers and do not believe there has been a significant change in the assumptions at 30 June 2021. They directors therefore believe the carrying amount of the land correctly reflects the fair value less cost to sell at 30 June 2021.

Key Judgments*Available-for-sale investments*

The company maintains no portfolio of securities at the end of the reporting period.

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
		\$	\$
NOTE 2	CURRENT ASSETS – Cash Asset		
	Cash at Bank	345,677	14,417
	Cash Management Account	2,082	9,768
	Term Deposits	<u>100,001</u>	<u>301,932</u>
		<u>\$447,760</u>	<u>\$326,117</u>
NOTE 3	CURRENT ASSETS – Receivables		
	Sundry Debtors	4,622	90,832
	Trade Debtors	<u>-</u>	<u>-</u>
		<u>\$4,622</u>	<u>\$90,832</u>
NOTE 4	CURRENT ASSETS – Other		
	Prepaid Convention Expenses	69,383	-
	Income Tax	-	7,740
	GST	-	10,204
	Prepaid Convention Expenses	<u>\$69,383</u>	<u>\$17,944</u>
NOTE 5	NON CURRENT ASSETS – Property Plant & Equipment		
	Office Equipment – at Cost	19,500	19,500
	Less Accumulated Depreciation	<u>19,500</u>	<u>19,500</u>
		<u>-</u>	<u>-</u>
	Reconciliation		
	Opening Balance	-	-
	Additions	-	-
	Depreciation	-	-
	Disposals	<u>-</u>	<u>-</u>
	Closing Balance	<u>-</u>	<u>-</u>
NOTE 6	CURRENT LIABILITIES – Payables		
	Trade Creditors	8,251	63,466
	Sundry Creditors	<u>9,744</u>	<u>9,422</u>
		<u>\$17,995</u>	<u>\$72,888</u>
NOTE 7	CURRENT LIABILITIES – Other		
	Prepaid Convention Income	\$250,000	-

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**
(A.B.N. 42 009 664 000)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

		2021	2020
		\$	\$
NOTE 8	CURRENT LIABILITIES – Tax		
	Income Tax	-	-
	GST	12,963	-
		<u>12,963</u>	<u>-</u>
		<u>\$12,963</u>	<u>\$0</u>
NOTE 9	EQUITY – Retained Funds		
	Retained Funds at the Beginning of the Financial Year	362,005	458,550
	Net Surplus (Deficit)	(121,198)	(96,545)
		<u>240,807</u>	<u>362,005</u>
	Retained Funds at Reporting Date		
NOTE 10	CASH FLOW STATEMENT		
	Reconciliation of Net Surplus to Net Cash Inflow from Operating Activities		
	Net Surplus/(Deficit) After Tax	(121,198)	(96,545)
	Depreciation	-	3,623
	Loss on Disposal of Assets	-	-
	Changes Operating Assets & Liabilities		
	- Increase in Trade & Sundry Debtors	86,210	(83,926)
	- Increase in Prepaid Convention Expenses	(69,383)	198,751
	- Increase in Tax Refundable	-	(7,740)
	- Increase in Trade & Sundry Creditors	(54,893)	(68,114)
	- Decrease in Tax Liability	7,740	-
	- Increase in GST Liability	23,167	(16,718)
	- Increase in Convention Income Prepayment	250,000	(122,136)
	- Increase in Provision for Income Tax	-	-
		<u>121,643</u>	<u>(192,805)</u>
	Net Cash Inflow (Outflow) from Operating Activities		
NOTE 11	PROFIT FROM ORDINARY ACTIVITIES		
	Profit from Ordinary Activities includes as expenses:-		
	Depreciation	-	3,900
	Remuneration of Auditor		
	- Audit of Financial Report	8,000	7,200
	- Other Services	-	-

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

**NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 2021**

	2021 \$	2020 \$	
NOTE 12 INCOME TAX			
The aggregate amount of income tax attributable to the financial year differs from the amount calculated on the profit (loss) from operating activities. The differences are reconciled as follows:-			
Surplus (Deficit) from Operating Activities	(121,198)	(96,544)	
Tax Payable @ 26%	(31,511)	(26,550)	
Add (Less) Tax Effect of:-			
Mutual Income Not Taxable	32,028	13,150	
Items Not Allowable	650	2,225	
Items Assessable	(2,104)	(1,940)	
Mutual Loss Not Allowable	937	13,115	
Tax Benefit Prior Year	-	-	
	-	-	
Income Tax Expense	-	-	
 NOTE 13 KEY MANAGEMENT PERSONNEL COMPENSATION			
Directors:			
Mark Douglas, Kirk Edwards, Ross Entwistle, Jane Hastings, Damian Keogh, Michael Hawkins AM, Natalie Miller AO, David Pye, David Seargeant			
	Fees	Superannuation Contribution	Total
2021 Compensation Paid/Payable to one Director	108000	-	108000
2020 Compensation Paid/Payable to one Director	108000	-	108000
 NOTE 14 SEGMENT INFORMATION			
The Association operates within the Motion Picture Industry in Australia, New Zealand and Pacific Islands			

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**
(A.B.N. 42 009 664 000)

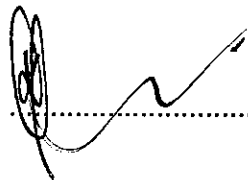
DIRECTORS' DECLARATION

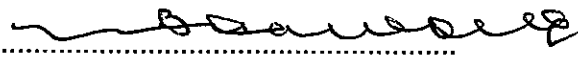
The Directors declare that the accompanying financial report and notes:

- (a) comply with Accounting Standards and the Corporations Act 2001
- (b) gives a true and fair view of the company's financial position as at 30 June 2021 and of its performance ended on that date.

In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

DIRECTOR: 

DIRECTOR: 

Dated thisday of *April* 2022

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

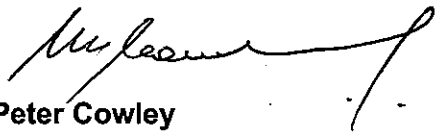
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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF NATIONAL ASSOCIATION OF CINEMA
OPERATORS-AUSTRALASIA**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2021 there have been no contraventions of:

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

Signed on the 10 day of December 2022



Peter Cowley
Registered Company Auditor #6228
Level 6, 410 Queen Street
Brisbane QLD 4000

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**
(A.B.N. 42 009 664 000)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

Opinion

We have audited the financial report of the National Association of Cinema Operators-Australasia (the Company), which comprises the balance sheet as at 30 June 2021, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the declaration by the Board (those charged with governance).

In our opinion, the accompanying financial report of the Company is prepared, in all material respects, in accordance with *Corporations Act 2001*.

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 Company 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 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.

Those charged with governance are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of Management and the Board

Management is responsible for the preparation of the financial report in accordance with *Corporations Act 2001*, and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

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

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

We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

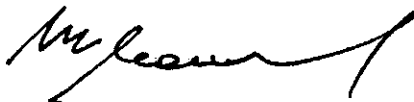
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

Signed on this 26th day of April 2022



COWLEY PARTNERS
Chartered Accountants



Peter Cowley
Registered Company Auditor #6228

**NATIONAL ASSOCIATION OF CINEMA OPERATORS-
AUSTRALASIA**

(A.B.N. 42 009 664 000)

LIST OF MEMBERS – 2020/2021

Ace Cinemas Group
Avoca Beach, Picture Theatre
Ballarat, Regent Cinema
Ballina, Cinemas
Boronia, Metro Cinemas
Bowen, Summergarden Theatre
Box Office Promotions Group
Campbelltown, Dumaresq St Cinemas
Capella, Cultural Centre
Carlton, Cinema Nova
Croydon, Croydon Cinemas
Croydon, Twilight Cinemas
East Perth, Movies By Burswood
Entertainment Services Project
Management
Event Hospitality & Entertainment
Group
Gladstone Cinemas
Glenbrook Cinema
Glen Innes, Arts Lounge
Gold Coast, HOTA
Goulburn, Lilac City Cinemas
Graceville, Westside Cinemas
Grand Theatre Company Group
Gympie, Sovereign Cinemas
Hoyts Corporation Group
Limelight Cinemas Group
Longreach, Star Cinema
Muswellbrook, Cinema

Nelson Bay, Cinemas
New Farm, Cinemas
Nowra, Roxy Cinema
Port Augusta, Cinema Augusta
Reading Entertainment Australia
Rosalie, Blue Room Cinebar
Roseville, Cinemas
Swan Hill, Cinemas
Townsville, Warrina Cinemas
Ulladulla, Arcadia Twin Cinemas
Village Cinemas Australia Group
Wallis Cinemas Group
Warwick QLD, Twin Cinemas
Yarraville, Sun Theatre

Life Members

Pauline Parker
James C Sourris AM
Terry Jackman AO