

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Financial Statements

For the Year Ended 30 June 2020

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

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For the Year Ended 30 June 2020

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Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Directors' Report For the Year Ended 30 June 2020

The Directors present their report on Toukley RSL Sub Branch Club Limited for the financial year ended 30 June 2020.

Directors

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

Names	Position	
Robert Swift	Chairman	
Ron Marlin	Senior Deputy Chairman	
David Ragan	Junior Deputy Chairman	
Ken Piper	Director	
William Baldry	Director	Resigned 27 October 2019
Peter Whybourn	Director	Resigned 27 October 2019
Steve Chappell	Director	
Mark Dickson	Director	Appointed 27 October 2019
Helen Motbey	Director	Appointed 27 October 2019

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

Principal activities

The principal activity of Toukley RSL Sub Branch Club Limited during the financial year was the operation of a registered Club in accordance with its objectives and for the benefits of its members.

No significant changes in the nature of the Club's activity occurred during the financial year.

Short term objectives

The Club's short term objectives are to:

- To be a responsible business leader in the local community by:
 - Providing local commerce
 - Maintaining employment of local residents
- Provide the highest standard of facilities to Club members and their Guests;
- Provide structure to remain relevant to our members 'and guests' needs into the future; and
- Objectives to be achieved through fiscal management with a balance of consideration to all stake holders.

Long term objectives

The Club's long term objectives are to:

- Pay out all existing non-current debt;
- Implement all components from the updated strategic direction; and
- The Board of Directors recognise that revenues in traditional Club Gaming and Beverage operations is in a state-wide decline and therefore, we will consider, plan and implement diversification opportunities in order to lessen the reliance on these traditional revenues.

Toukley RSL Sub Branch Club Limited

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Directors' Report

For the Year Ended 30 June 2020

Strategy for achieving the objectives

To achieve these objectives, the Club has adopted the following strategies:

- Strict adherence to adopted capital expenditure budgets;
- Suitable consultants are engaged to complete designs and make any required amendments to existing Development Approvals;
- Consolidate the Club's Organisation Chart to afford a Human Resources department to undertake new staff training and performance systems;
- Conduct a thorough analysis of our resources and assets to determine other business opportunities;
- Continuous development of the Club's marketing and loyalty systems to engage customers and increasing membership; and
- Increase profitability and cashflows through the successful implementation of marketing strategies and business modelling.

Information on Directors

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

Ken Piper

Occupation	Telecom 16 years and Domino Mining 9 years.
Qualifications	Work Cover Authority of NSW. Occupational Health and Safety Certificate. Responsible Service of Alcohol Certificate and Responsible Conduct of Gaming Certificate.
Experience	Material Control Officer and Payroll Officer. Stock Control and Quality Assurance Officer. Completion of ClubsNSW Online Courses in 'Director Foundation' and 'Financial Management'.
Positions held in the Club	Life member, Director 21 years, Chairman 2008-2012 and 2013-2019, Junior Deputy Chairman 2003-04 and 2005-07.

William Baldry

Occupation	Licensed Drainage Contractor, Wool Classer (retired).
Qualifications	Licensed Contract Drainer (Trade Certificate). Wool Classer, Overseer/Expert (Shearing Shed Mechanics) Bookkeeper (Trade Certificate). Responsible Service of Alcohol Certificate and Responsible Conduct of Gaming Certificate. Completion of ClubsNSW Online Courses in 'Director Foundation' and 'Financial Management'.
Experience	29 years as a Club Director, attendance at numerous Seminars and Workshops conducted by ClubsNSW and the Club Directors' Institute to help further knowledge of the Club Industry.
Positions held in the Club	Life member, 29 years Director, Life Member, Chairman 2002-2005 and 2012-2013, Junior Deputy Chairman 2008-11, Senior Deputy Chairman, 2006-07 and 2013-2019.

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Directors' Report

For the Year Ended 30 June 2020

Information on Directors (continued)

Peter Whybourn

Occupation Hospitality, Security Industry, Underground Miner, Sales Manager Bread Industry (retired).

Qualifications Senior First Aid, Customer Relations Certificate, WHS Consultation Certificate, Responsible Service of Alcohol and Responsible Conduct of Gambling Certificates. Completion of ClubsNSW Online Courses in 'Director Foundation' and 'Financial Management'.

Experience Owner/Director Private Inquiry Company (10 years), Dale Carnegie Certificate in Personal and Business Development.

Positions held in the Club 19.5 years full time employee of Club Toukley RSL, WHS Committee 7 years, 6 as Chairman, Director 3 years.

Steve Chappell

Occupation Warehouse (retired).

Qualifications Printer (Trade), Responsible Service of Alcohol and Responsible Conduct of Gaming Certificate. Completion of ClubsNSW Online Courses in 'Director Foundation' and 'Financial Management'.

Experience Board member.

Positions held in the Club Director 4 years.

Ron Marlin

Occupation Mobile Crane Operator. Field Service Concrete Plants and Self Employed (retired).

Qualifications Trades Certificate in Sheetmetal and Boilermaker. Responsible Service of Alcohol Certificate and Responsible Conduct of Gaming Certificate.

Experience St Marys J.R.L. (President and Committee). The Entrance Aquatic Club (Commodore and Committee). National Servicemen's Association (Past President 2002-2006, NSW National Servicemen's Reunion Committee (Deputy Chairman and Committee). Completion of ClubsNSW Online Courses in 'Director Foundation' and 'Financial Management'.

Positions held in the Club Life member, Director 12 years, Senior Deputy Chairman 2019-2020, Junior Deputy Chairman 2011-13.

Robert Swift

Occupation WHS Manager/Advisor (retired).

Qualifications Graduate diploma WHS, University of Newcastle Safety Management Certificate, Gosford and Newcastle TAFE. Welfare Officer Certificate, Various computer training courses. Responsible Service of Alcohol and Responsible Conduct of Gaming Certificate. Completion of ClubsNSW Online Courses in 'Director Foundation' and 'Financial Management'.

Experience 25 years at Junior Management level working for State Rail Authority specialising in WHS, Risk Management and Quality Systems.

Position held in the Club Director 4 years, Chairman 2019-20.

Toukley RSL Sub Branch Club Limited

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Directors' Report

For the Year Ended 30 June 2020

Information on Directors (continued)

David Ragan

Occupation	Hospitality (retired).
Qualifications	Responsible Service of Alcohol, Responsible Conduct of Gaming Certificate, Hospitality, Management, Club Supervisory Programme, Customer Relations Certificate, Train the Trainer Certificate, Poker Machine Management Course and Certificate IV in Assessment and Workplace Training.
Experience	Hospitality Management, Club Manager/Supervisor Mittagong RSL.
Position held in the Club	Sub Branch Member, Bowling Club Member, Director 2 years, Junior Deputy Chairman 2019-2020.

Mark Dickson

Occupation	Air Conditioning Technician
Qualifications	Air Conditioning and Refrigeration
Experience	Experience in building and installing of air-conditioning works in hospitals, clubs and multi-story buildings.
Positions held in the Club	Fishing Club President (2016-2017), Fishing Club Treasurer (2019). Director 1 year.

Helen Motbey

Occupation	Business Manager, Information and Technology Division, Department of Finance (2007 - 2018), Business Manager - Marketing and Merchandising and Head of Imaging and Publishing Services at National Gallery of Australia (2004 - 2007), Commercial Operations Manager at Australian War Memorial (1990 - 2004). (Retired)
Qualifications	Graduate certificate in Public Sector Management (Flinders University 2002), Strategic Planning and Management in Retail (Monash University 2004), ITIL Service Management Foundation Certificate (British Computer Society 2007), Prince 2 Practitioner (APMG International 2011), Change Management Practitioner (APMG International 2012).
Experience	Director - CJS Nominees, Advocacy Support for people with disabilities and their carers, Toastmasters International, Ginninderra Toastmasters (Vice President Membership, Vice President and President 2012 - 2017).
Position held in the Club	Director 1 year.

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

Members' guarantee

Toukley RSL Sub Branch Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2, subject to the provisions of the Club's constitution.

At 30 June 2020 the collective liability of members was \$ 34,924 (2019: \$ 36,422).

Toukley RSL Sub Branch Club Limited

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**Directors' Report
For the Year Ended 30 June 2020**

Meetings of Directors

During the financial year, 14 meetings of Directors (including committees of Directors) were held. Attendances by each Director during the year were as follows:

	Directors' Meetings		Special Board Meetings	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Ken Piper	12	12	2	2
William Baldry	3	3	-	-
Peter Whybourn	3	3	-	-
Steve Chappell	12	12	2	-
Ron Marlin	12	12	2	2
Robert Swift	12	11	2	2
David Ragan	12	12	2	2
Mark Dickson	9	8	2	1
Helen Motbey	9	8	2	2


Core and non-core property

In accordance with Section 41J of the Registered Clubs Act, the Club's Property Assets are classified as Non-Core Property. The Club does not have any property classified as Core property.

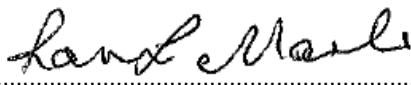
Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 6 of the financial report.

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

Director: 

Toukley, NSW

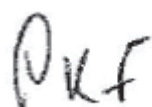
Director: 

Dated **31/8/20**

Auditors Independence Declaration under Section 307C of the Corporations Act 2001 To the Directors of Toukley RSL Sub Branch Club Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 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.



PKF



CLAYTON HICKEY
PARTNER

31 AUGUST 2020
NEWCASTLE, NSW

Toukley RSL Sub Branch Club Limited

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**Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 June 2020**

	Note	2020 \$	2019 \$
Revenue	3	12,128,774	13,732,966
Changes in inventories		564	8,367
Raw materials and consumables used	4	(1,726,298)	(2,204,267)
Employee benefits expense		(4,397,738)	(4,748,519)
Poker machine duty expense		(1,272,435)	(1,499,723)
Depreciation and amortisation expense		(1,112,255)	(1,090,658)
Insurance expense		(100,518)	(88,168)
Repairs and maintenance expense		(364,143)	(220,365)
Utilities expense		(262,940)	(305,445)
Security expense		(47,788)	(57,703)
Advertising expense		(72,742)	(75,560)
Cleaning expense		(137,446)	(165,483)
Member and administration expense		(356,507)	(520,689)
Promotional and entertainment expense		(1,011,432)	(1,192,567)
Other expenses		(739,399)	(852,858)
Finance costs		(24,489)	(36,191)
Profit before income tax		503,208	683,137
Income tax expense	5	(6,402)	(7,421)
Profit for the year		496,806	675,716
Other comprehensive income for the year		-	-
Total comprehensive income for the year		496,806	675,716

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Statement of Financial Position**As At 30 June 2020**

		2020	2019
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	3,787,600	2,764,949
Trade and other receivables		219,587	25,347
Inventories		95,639	95,075
Other assets		164,098	137,817
TOTAL CURRENT ASSETS		4,266,924	3,023,188
NON-CURRENT ASSETS			
Property, plant and equipment	7	11,100,972	12,196,048
Intangible assets		16,200	16,200
Deferred tax assets		29,483	25,067
Right-of-use assets	8	654,471	-
TOTAL NON-CURRENT ASSETS		11,801,126	12,237,315
TOTAL ASSETS		16,068,050	15,260,503
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	9	1,090,999	740,008
Borrowings	10	38,450	315,924
Current tax liabilities		(6,052)	7,339
Employee benefits	11	449,514	463,664
Lease liabilities		229,251	-
TOTAL CURRENT LIABILITIES		1,802,162	1,526,935
NON-CURRENT LIABILITIES			
Borrowings	10	-	165,430
Employee benefits		92,967	85,257
Deferred tax liabilities		12,603	14,111
Lease liabilities		194,742	-
TOTAL NON-CURRENT LIABILITIES		300,312	264,798
TOTAL LIABILITIES		2,102,474	1,791,733
NET ASSETS		13,965,576	13,468,770
EQUITY			
Retained earnings		13,965,576	13,468,770
TOTAL EQUITY		13,965,576	13,468,770

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Statement of Changes in Equity For the Year Ended 30 June 2020

	Retained Earnings	Total
	\$	\$
Opening balance at 1 July 2019	13,468,770	13,468,770
Profit for the year	496,806	496,806
Other comprehensive income	-	-
Balance at 30 June 2020	<u>13,965,576</u>	<u>13,965,576</u>
Opening balance at 1 July 2018	12,793,054	12,793,054
Profit for the year	675,716	675,716
Other comprehensive income	-	-
Balance at 30 June 2019	<u>13,468,770</u>	<u>13,468,770</u>

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	12,943,848	15,045,975
Payments to suppliers and employees	(11,279,667)	(13,554,321)
Interest received	542	1,472
Interest paid	(24,489)	(36,191)
Income tax paid	(25,717)	-
Net cash provided by operating activities	<u>1,614,517</u>	<u>1,456,935</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property, plant and equipment	(346,185)	(178,882)
Proceeds from disposal of plant and equipment	76,180	40,140
Net cash used by investing activities	<u>(270,005)</u>	<u>(138,742)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	-	(1,146,418)
Payment of lease liabilities	(321,861)	-
Net cash used by financing activities	<u>(321,861)</u>	<u>(1,146,418)</u>
Net increase in cash and cash equivalents held	1,022,651	171,775
Cash and cash equivalents at beginning of year	<u>2,764,949</u>	<u>2,593,174</u>
Cash and cash equivalents at end of financial year	6 <u>3,787,600</u>	<u>2,764,949</u>

The accompanying notes form part of these financial statements.

Toukley RSL Sub Branch Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

The financial statements are for Toukley RSL Sub Branch Club Limited as a not-for-profit individual entity.

The functional and presentation currency of Toukley RSL Sub Branch Club Limited is Australian dollars.

1 Change in Accounting Policy

Leases - Adoption of AASB 16

The Club has adopted AASB 16 *Leases* using the modified retrospective (cumulative catch-up) method from 1 July 2019 and therefore the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 *Leases* and associated Accounting Interpretations.

Impact of adoption of AASB 16

The impact of adopting AASB 16 is described below:

Club as a lessee

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

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

Practical expedients used on transition

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

- contracts which had previously been assessed as not containing leases under AASB 117 were not re-assessed on transition to AASB 16;
- lease liabilities have been discounted using the Club's incremental borrowing rate at 1 July 2019;
- right-of-use assets at 1 July 2019 have been measured at an amount equal to the lease liability adjusted by the amount of any prepaid or accrued lease payments;
- a single discount rate was applied to all leases with similar characteristics;
- excluded leases with an expiry date prior to 30 June 2020 from the statement of financial position and lease expenses for these leases have been recorded on a straight-line basis over the remaining term;
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease;
- for leases which were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and the lease liability at 1 July 2019 are the same value as the leased asset and liability on 30 June 2019.

Toukley RSL Sub Branch Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Change in Accounting Policy (continued)

Financial statement impact of adoption of AASB 16

The Club has recognised right-of-use assets of \$776,833 and lease liabilities of \$454,394 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 4.45%.

Operating lease commitments at 30 June 2019	16,990
Discounted using the incremental borrowing rate at 1 July 2019	15,657
Finance lease liabilities	765,343
Short term leases	(4,167)
Lease liabilities recognised at 1 July 2019	776,833

The following summary indicates the reclassification of Property, plant and equipment to Right of use asset on 1 July 2019 due to implementation of AASB 16.

	Carrying amount AASB117	Reclassified	Carrying amount AASB16
	\$	\$	\$
Property, plant and equipment	12,196,048	(765,343)	11,430,705
Right of use asset	-	765,343	765,343

2 Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are General Purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

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 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.

(b) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(c) Property, Plant and Equipment

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

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset. Capital items of plant and equipment are measured on a cost basis.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(c) Property, Plant and Equipment (continued)

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised leased assets but excluding freehold land, is depreciated on a straight line or reducing balance basis over the asset's useful life to the Club 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. Land is not depreciated.

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

Fixed asset class	Depreciation rate
Clubhouse Improvements	2.5%
Plant and Equipment	5 - 40%
Computer Software	25 - 33.33%

At the end of each annual reporting period the depreciation method, useful life and residual value of each asset are reviewed. Any revisions are accounted for prospectively as a change in estimate.

(d) Financial instruments

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

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

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Club classifies its financial assets into the following categories, those measured at:

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

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

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

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

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

Financial assets (continued)

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

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

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

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

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

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

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Financial liabilities

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

The financial liabilities of the Club comprise trade payables, bank and other loans and finance lease liabilities.

(e) Employee benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of cashflows.

Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, regardless of the classification of the liability for measurement purposes under AASB 119.

(f) Cash and cash equivalents

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

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(g) Income Tax

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

The tax expense recognised in the statement of profit or loss and other comprehensive income relates to current income tax expense plus deferred tax expense (being the movement in deferred tax assets and liabilities and unused tax losses during the year).

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (tax loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current tax assets and liabilities are offset where there is a legally enforceable right to set off the recognised amounts and there is an intention either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset where there is a legal right to set off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously in each future period that significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(g) Income Tax (continued)

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period, except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is also recognised in other comprehensive income or equity.

(h) Leases

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

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

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.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(i) Revenue and other income

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Club expects to receive in exchange for those goods or services.

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.

None of the revenue streams of the Club have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

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

Sale of goods

Revenue is recognised on the transfer of goods to the customer as this is deemed to be the point in time when risk and rewards are transferred and there is no longer any ownership of effective control over the goods.

Gaming Revenue

Gaming revenue is recognised in the statement of comprehensive income when the services are provided to members and other patrons of the Club.

Raffle Income

Raffle income is recognised in the statement of comprehensive income when the services are provided to members and other patrons of the Club.

Interest Revenue

Interest is recognised using the effective interest method.

(j) Goods and Services Tax (GST)

Revenue, 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).

Receivables and payables are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(k) Critical accounting estimates and judgements

The Directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies (continued)

(k) Critical accounting estimates and judgements (continued)

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information becomes known, actual results may differ from estimates.

The significant estimates and judgements made have been described below.

Estimation of useful lives

The Club determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Long service leave provision

As discussed in Note 1(e), the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements

For the Year Ended 30 June 2020

3 Revenue and Other Income

	2020	2019
	\$	\$
Revenue recognised at point in time		
- Sale of goods - Bar services	1,669,618	2,138,859
- Sale of goods - Catering operations	2,025,834	2,695,452
- Sale of goods - Bottle shop	224,114	271,690
- Gaming revenue	6,306,889	7,342,964
- Other revenue	624,921	693,534
- Raffle income	495,032	548,855
- Government subsidy (COVID)	706,000	-
- Interest received	542	1,472
Non-operating revenue		
- Profit from sale of non-current assets	75,824	40,140
	<u>12,128,774</u>	<u>13,732,966</u>

4 Result for the Year

Cost of sales		
Cost of sales - Bar services	693,625	883,506
Cost of sales - Catering operations	694,254	904,042
Cost of sales - Bottle shop	181,569	224,495
Cost of sales - Other	156,286	183,857
Changes in inventories	564	8,367
	<u>1,726,298</u>	<u>2,204,267</u>

5 Income Tax Expense

(a) The major components of tax expense (income) comprise:

Current tax (expense)/benefit

Current tax	12,326	7,339
Deferred tax	(5,326)	82

Deferred tax expense

Change in tax rates	(598)	-
	<u>6,402</u>	<u>7,421</u>

(b) Reconciliation of income tax to accounting profit:

Prima facie tax payable on profit before income tax at 27.5% (2019: 27.5%)	138,382	187,863
Tax effect of:		
- non-taxable member income arising from principle of mutuality	(131,980)	(180,442)
Income tax expense	<u>6,402</u>	<u>7,421</u>

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Notes to the Financial Statements For the Year Ended 30 June 2020

6 Cash and cash equivalents

	2020	2019
	\$	\$
Cash on hand	872,233	514,131
Cash at bank	2,879,694	2,206,745
Other cash and cash equivalents	35,673	44,073
	<u>3,787,600</u>	<u>2,764,949</u>

7 Property, plant and equipment

LAND AND BUILDINGS

Freehold land, at cost	<u>3,720,446</u>	3,720,446
------------------------	------------------	-----------

Clubhouse improvements, at cost	7,700,090	7,646,804
Less; accumulated amortisation	<u>(1,804,000)</u>	<u>(1,570,520)</u>

	<u>5,896,090</u>	6,076,284
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Buildings

At cost	265,688	265,688
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Accumulated depreciation	<u>(31,806)</u>	<u>(16,688)</u>
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	<u>233,882</u>	249,000
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PLANT AND EQUIPMENT

Capital works in progress, at cost	<u>164,499</u>	64,689
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Plant and equipment, at cost	8,107,260	9,061,350
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Less, accumulated depreciation	<u>(7,021,205)</u>	<u>(6,975,721)</u>
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	<u>1,086,055</u>	2,085,629
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Computer software, at cost	25,380	25,380
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Less; accumulated depreciation	<u>(25,380)</u>	<u>(25,380)</u>
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	-	-
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Total property, plant and equipment	<u>11,100,972</u>	<u>12,196,048</u>
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Notes to the Financial Statements

For the Year Ended 30 June 2020

7 Property, plant and equipment (continued)

(a) Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Clubhouse Improvement	Total
	\$	\$	\$	\$	\$	\$
Opening balance	64,689	3,720,446	249,000	2,085,629	6,076,284	12,196,048
Additions	99,810	-	-	193,089	53,286	346,185
Reclassification on initial application of AASB16	-	-	-	(765,343)	-	(765,343)
Disposals	-	-	-	(356)	-	(356)
Transfers	-	-	-	-	-	-
Transfer from Right of use	-	-	-	161,422	-	161,422
Depreciation expense	-	-	(15,118)	(588,386)	(233,480)	(836,984)
Closing balance	164,499	3,720,446	233,882	1,086,055	5,896,090	11,100,972

8 Leases

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

The Club leases equipment with lease terms varying from 3 to 5 years, the lease payments are fixed during the lease term.

Right-of-use assets

	Equipment
Year ended 30 June 2020	
Balance at beginning of year	776,833
Depreciation charge	(275,271)
Additions to right-of-use assets	314,332
Transfer to Property, plant & equipment	(161,422)
Balance at end of year	654,472

The amounts recognised in the statement of profit or loss and other comprehensive income relating to leases where the Club is a lessee are shown below:

	2020
	\$
Interest expense on lease liabilities	(22,854)
Expenses relating to leases of low-value assets	(4,964)
Variable lease payments	(17,968)
Depreciation of right-of-use assets	(275,271)
	(321,057)

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Notes to the Financial Statements

For the Year Ended 30 June 2020

9 Trade and other payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	299,367	513,790
Sundry payables and accrued expenses	177,943	99,845
Gaming tax payable	613,689	126,373
	<u>1,090,999</u>	<u>740,008</u>

10 Borrowings

CURRENT		
Lease liability secured	12(a) -	277,474
Bank loans	38,450	38,450
	<u>38,450</u>	<u>315,924</u>
NON-CURRENT		
Lease liability secured	12(a) -	165,430
	-	<u>165,430</u>

Security

The bank loan is secured by a registered mortgage over the Club's property at 35-47 Holmes Avenue Toukley.

11 Employee Benefits

CURRENT		
Short term employee benefits	256,303	288,285
Long term employee benefits	193,211	175,379
	<u>449,514</u>	<u>463,664</u>

12 Capital and Leasing Commitments

(a) Finance lease commitments

Payable - minimum lease payments:		
- no later than 1 year	-	292,523
- between 1 year and 5 years	-	172,585
Minimum lease payments	-	465,108
Less: finance charges	-	(22,204)
Present value of minimum lease payments	-	<u>442,904</u>

Finance leases are in place for property, plant and equipment and normally have a term between 3 and 4 years. No debt covenants or other such agreements are in place.

Notes to the Financial Statements

For the Year Ended 30 June 2020

13 Financial Risk Management

The main risks the Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk (incorporating interest rate risk).

The Club's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, leases and a mortgage loan.

Financial instruments are disclosed on the face of the statement of financial position.

Net fair values

Fair values are those amounts at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

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

14 Members' Guarantee

The Club is incorporated under the *Corporations Act 2001* and is a Club limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$ 2 toward meeting any outstanding obligations of the Club. At 30 June 2020 the number of members was 17,462 (2019: 18,211).

15 Key Management Personnel Disclosures

The totals of remuneration paid to the key management personnel of Toukley RSL Sub Branch Club Limited during the year are as follows:

The total remuneration paid to key management personnel of the Club is \$ 245,309 (2019: \$ 286,717).

16 Related Parties

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

17 Cash Flow Information

(a) Non-cash financing and investing activities

	2020	2019
	\$	\$
Acquisition of assets by means of finance leases	126,269	183,761

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Notes to the Financial Statements

For the Year Ended 30 June 2020

18 Events Occurring After the Reporting Date

The financial report was authorised for issue on 31 August 2020 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year 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.

19 Statutory Information

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

Toukley RSL Sub Branch Club Limited

35 - 47 Holmes Avenue

Toukley NSW 2263

Toukley RSL Sub Branch Club Limited

ABN: 61 000 990 269

Directors' Declaration

The Directors of the Club declare that:

- 1. The financial statements and notes, as set out on pages 7 - 24, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Club.
- 2. In the Directors' opinion, there are reasonable grounds to believe that the Club 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 Board of Directors.

Director 

Director *Land Maki*

Dated *31/8/20*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOUKLEY RSL SUB BRANCH CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Toukley RSL Sub Branch Club Limited (the Club), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors declaration.

In our opinion, the accompanying financial report presents fairly, in all material respects the financial position of the Club as at 30 June 2020, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

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

Independence

We are independent of the Club in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

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

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

Responsibilities of Management and the Directors for the Financial Report

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.

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements², 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 Club'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 Club or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Club'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.

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

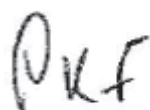
- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- 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 Club'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 Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the management with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.



PKF



CLAYTON HICKEY
PARTNER

31 AUGUST 2020
NEWCASTLE, NSW