



KARUAH & DISTRICT R.S.L. CLUB LIMITED
ABN 64 000 882 931

Financial Report
For the Year Ended
30 September 2020

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Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Directors' Report 30 September 2020

Your Directors present their report on Karuah & District R.S.L. Club Limited for the financial year ended 30 September 2020.

Directors

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

Names	Position	Years Service
P. Fidden	President	11
A. Third	Vice President	3
G. Roworth	Director	8
J. Henderson	Director	6
E. Wilson	Director	2
M. Hardy	Director	1
T Davies	Director	1
J. Johnston	Director	1
J. Hamilton	-	Resigned 3/2/2020

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

Club secretary

The following person held the position of Club secretary at the end of the financial year:

Mr Ross Parr (CEO) has been the Club secretary since 13 June 2011.

Principal activities

The principal activity of Karuah & District R.S.L. Club Limited during the financial year was the conduct of a Licensed Club.

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

Operating results

The profit of the Club after providing for income tax amounted to \$ 227,799 (2019: \$ 180,704).

Review of operations

Gross profit from bar and cafe trading amounted to \$660,446 and gross profit percentage of 58% was obtained from sales of \$1,130,271.

Net gaming revenue amounted to \$1,433,400 and compares with \$1,521,748 in 2019.

Karuah & District R.S.L. Club Limited

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Directors' Report

30 September 2020

Meetings of Directors

During the financial year, 12 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
P. Fidden	12	11
A. Third	12	11
G. Roworth	12	12
J. Henderson	12	11
E. Wilson	12	12
M. Hardy	12	12
T. Davies	12	11
J. Johnston	12	11
J. Hamilton (Resigned on 3/2/2020)	4	3

Members guarantee

Karuah & District R.S.L. Club Limited is a company limited by guarantee. In the event of, and for the purpose of winding up 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 for all members, subject to the provisions of the Club's constitution. At 30 September 2020 the number of members is 5,529 (2019: 5,270)

At 30 September 2020 the collective liability of members was \$11,058 (2019: \$10,540).

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Club during the year.

On 23 March 2020 as a response to the management of the COVID-19 pandemic, the Club was directed to close. The Club reopened on 1 June 2020 subject to social distancing requirements. Refer to Note 1(b) in the financial statements for further information regarding the impacts of the closure.

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 Club, the results of those operations or the state of affairs of the Club in future financial years.

Environmental issues

The Club's operations are subject to environmental regulations under the laws of the Commonwealth and State of Australia. The Directors are not aware of any breaches of the legislation during the financial year which are material in nature.

Auditors independence declaration

The lead auditors independence declaration for the year ended 30 September 2020 has been received and can be found on page 4 of the financial report.

Karuah & District R.S.L. Club Limited

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Directors' Report

30 September 2020

Short and long term objectives

The Club has established short and long term objectives as outlined in the Club's business plan which is reviewed on an annual basis. These objectives are both financial and non financial and are aimed towards providing a comfortable and secure environment to its members that continues to meet their needs. These objectives are measured through both financial and non financial key performance indicators that have been determined relevant to the Club industry. No information is included on the likely developments in the operations of the Club and the expected results of those operations.

Mandatory Director Training

Under the Registered Clubs Amendment (Disclosures) Regulation 2019, the Club is required to disclose to its members certain information relating to mandatory training requirements undertaken by Directors. As the Club has annual gaming machine profits of more than \$1 million, the Regulation prescribes that all Directors must complete their mandatory training within 12 months of appointment unless otherwise exempt.

All Directors with greater than 12 months' tenure on the Board have completed the mandatory training requirements. Directors with less than 12 months' tenure will complete mandatory training prior to completion of 12 months' service.

Disclosure of Core & Non-Core Property

Pursuant to Section 41J(2) of the Registered Club Acts for the financial year ended 30 September 2020:

Address	Current Usage	Classification
Lot 164/753196	Clubhouse and Car Park	Core
Lot 174/753196	Clubhouse and Car Park	Core
Lot 175/753196	Clubhouse and Car Park	Core
Lot 176/753196	Clubhouse and Car Park	Core
Lot 177/753196	Clubhouse and Car Park	Core
Lot 179/753196	Clubhouse and Car Park	Core
Lot 1781/609636	Clubhouse and Car Park	Core
Lot 1783/609636	Clubhouse and Car Park	Core
Lot 24/24364	Investment Property	Core
Lot 25,26/24364	Investment Property	Core
Lot 28/24364	Investment Property	Non-Core
Lot 1782/609636	Investment Property	Non-Core

Indemnification and insurance of officers

The Club has paid premiums to insure each of the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Club, other than conduct involving a wilful breach of duty in relation to the Club.

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

Director: Director:

Dated 28 October 2020

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Karuah & District R.S.L. Club Limited

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

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

21 October 2020

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Independent Audit Report to the members of Karuah & District R.S.L. Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Karuah & District R.S.L. Club Limited (the Club), which comprises the statement of financial position as at 30 September 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the 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 of the Club is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Club's financial position as at 30 September 2020 and of its financial performance for the year ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 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 Club in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the Directors of the Club, would be in the same terms if given to the Directors as at the time of this auditor's report.

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

Emphasis of Matter

We draw attention to Note 1(b) in the financial statements, which discusses the impact of COVID-19 on the Club's operations and finances and acknowledges the closure of the Club on 23 March 2020. Our opinion is not modified in respect of this matter.

Other Information

The Directors are responsible for the other information. The other information obtained at the date of this auditor's report was limited to the Director's Report.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Independent Audit Report to the members of Karuah & District R.S.L. Club Limited

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 on the other information obtained prior to the date of this auditor's report, 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 Directors for the Financial Report

The Directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the 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 the Directors either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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

Karuah & District R.S.L. Club Limited

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Independent Audit Report to the members of Karuah & District R.S.L. Club Limited

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)

N. Nancarrow CA
Director

NEWCASTLE

29 October 2020

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Innovative thinking. Traditional values.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Directors' Declaration

The Directors of the Club declare that:

1. The financial statements and notes, as set out on pages 9 to 33, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements, and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the financial position as at 30 September 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:

Dated 28 October 2020

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

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

	2020	2019
Note	\$	\$
Bar sales	1,046,426	1,352,357
Less: Bar cost of goods sold	(431,875)	(558,143)
Cafe sales	83,845	-
Less: Cafe cost of goods sold	(37,950)	-
Gross profit	660,446	794,214
Gaming machine net clearances	1,433,400	1,521,748
Tab and Keno commissions	103,443	155,205
Raffles and bingo revenue	147,577	219,528
Other revenue from contracts with customers	2 55,551	61,250
Other revenue from ordinary activities	2 49,284	67,567
Other revenue from non-ordinary activities	2 404,000	-
Borrowing cost expense	(96,280)	(49,704)
Bar trading expenses	(271,095)	(338,482)
Cafe expenses	(95,867)	-
Gaming machine trading expenses	(304,983)	(365,575)
Tab and Keno expenses	(173,368)	(175,627)
Raffle and bingo expenses	(138,168)	(220,424)
Occupancy expenses	(325,777)	(362,542)
Club promotion and entertainment expenses	(126,266)	(207,573)
Depreciation and amortisation	(449,216)	(374,069)
Administrative expenses	(608,736)	(514,517)
Other expenses from ordinary activities	(51,466)	(28,920)
Profit before income tax	212,479	182,079
Income tax expense/(benefit)	(15,320)	1,375
Profit / (loss) after income tax	227,799	180,704
Other comprehensive income for the year	-	-
Total comprehensive income / (loss)	227,799	180,704

The accompanying notes form part of these financial statements.

Karuah & District R.S.L. Club Limited

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Statement of Financial Position

As At 30 September 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	427,745	761,428
Trade and other receivables	8	20,578	8,301
Inventories	9	39,265	31,516
Prepayments	10	88,241	46,286
Right-of-use asset	11	19,300	-
TOTAL CURRENT ASSETS		<u>595,129</u>	<u>847,531</u>
NON-CURRENT ASSETS			
Property, plant and equipment	12	6,384,878	5,973,580
Investment property	14	1,415,000	1,187,222
Deferred tax assets	7	40,369	8,093
Intangible assets	13	309,320	309,320
TOTAL NON-CURRENT ASSETS		<u>8,149,567</u>	<u>7,478,215</u>
TOTAL ASSETS		<u>8,744,696</u>	<u>8,325,746</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	174,557	293,534
Short-term borrowings	16	546,192	293,124
Current tax liabilities	6	(10,936)	(13,928)
Short-term provisions	17	174,890	132,680
Lease liability		6,253	-
TOTAL CURRENT LIABILITIES		<u>890,956</u>	<u>705,410</u>
NON-CURRENT LIABILITIES			
Long-term borrowings	16	2,252,929	1,349,843
Deferred tax liabilities	6	69,595	52,639
Long-term provisions	17	27,275	26,302
Lease liability		16,402	-
TOTAL NON-CURRENT LIABILITIES		<u>2,366,201</u>	<u>1,428,784</u>
TOTAL LIABILITIES		<u>3,257,157</u>	<u>2,134,194</u>
NET ASSETS		<u>5,487,539</u>	<u>6,191,552</u>
EQUITY			
Reserves		619,933	1,551,745
Retained Earnings		4,867,606	4,639,807
TOTAL EQUITY		<u>5,487,539</u>	<u>6,191,552</u>

The accompanying notes form part of these financial statements.

Karuah & District R.S.L. Club Limited

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

2020

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at October 1, 2019	4,639,807	1,551,745	6,191,552
Profit attributable to members	227,799	-	227,799
Revaluation increment / (decrement)	12(a) -	(931,812)	(931,812)
Balance at 30 September 2020	4,867,606	619,933	5,487,539

2019

	Retained Earnings	Asset Revaluation Reserve	Total
Note	\$	\$	\$
Balance at October 1, 2018	4,459,103	1,551,745	6,010,848
Profit attributable to members	180,704	-	180,704
Balance at 30 September 2019	4,639,807	1,551,745	6,191,552

The accompanying notes form part of these financial statements.

Karuah & District R.S.L. Club Limited

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Statement of Cash Flows

For the Year Ended 30 September 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,223,527	3,670,553
Payments to suppliers and employees	(2,960,732)	(3,051,968)
Interest received	1,237	10,422
Income tax (paid) / refunded	2,992	(11,883)
Borrowing costs	(96,280)	(40,657)
Federal Government - JobKeeper	291,000	-
Federal Government - Cashflow Boost	87,500	-
State Government - Small Business Grant	10,000	-
Net cash provided by / (used in) operating activities	<u>559,244</u>	<u>576,467</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property plant and equipment	7,045	-
Purchase of property, plant and equipment	(2,051,913)	(1,438,370)
Purchase of investment property additions	-	(8,317)
Net cash used by investing activities	<u>(2,044,868)</u>	<u>(1,446,687)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	1,667,614	1,034,942
Repayment of borrowings	(512,595)	(185,425)
Repayment of leases	(3,078)	-
Net cash provided by / (used in) financing activities	<u>1,151,941</u>	<u>849,517</u>
Net increase / (decrease) in cash and cash equivalents held	(333,683)	(20,703)
Cash and cash equivalents at beginning of year	761,428	782,031
Cash and cash equivalents at end of financial year	7 <u>427,745</u>	<u>761,328</u>

The accompanying notes form part of these financial statements.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 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, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board 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) Significant changes in the current report period

Impact of COVID-19 on Club Operations

On 11 March 2020, the World Health Organisation (“WHO”) declared the Coronavirus (COVID-19) a pandemic. The pandemic has adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world have announced monetary and fiscal stimulus packages to minimise the adverse economic impact. However, the COVID-19 situation is still evolving, and its full economic impact remains uncertain.

During the week beginning 16 March 2020, the Australian Government together with State and Territory Premiers announced a series of measures aimed at preventing the spread of COVID-19, which had the effect of impacting the state of the Australian economy (i.e. impact on supply chain, customers, availability of finance, consumer confidence, etc.).

Subsequent to these measures on 22 March 2020 it was announced that all registered clubs were to cease operating from midday the following day. The Club followed this directive and management stood down the vast majority of staff.

The Board and Management have implemented a range of operational and financial strategies in order to minimise the impact of this enforced closure including, but not limited to:

- Accessing available NSW and federal government stimulus measures to assist the Club’s cashflow.
- Employing government initiatives, in particular with respect to ensuring that our employees can remain employed at the Club via JobKeeper payments.
- Cashflow tightening measures to ensure ongoing adequate cash reserves to trade through the impact, including reduction of operational expenditure and stalling of discretionary major projects at this time. Management have suspended and / or reduced contracts and supplier payments where possible.

Karuah & District R.S.L. Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(b) Significant changes in the current report period

The Board and Management also recognises that the situation associated with the management of COVID-19 continues to evolve on a daily basis. The Club reopened on 1 June 2020 subject to social distancing.

(c) Adoption of new and revised accounting standards

During the current year, the Club adopted all of the new and revised Australian Accounting Standards and interpretations applicable to its operations which became mandatory.

The Club applies for the first time, AASB 16: Leases.

The Club has adopted AASB 16: Leases with an initial application date of 1 October 2019. As a result, the Club has changed its lease accounting policy as detailed below when compared to the comparative year (as detailed in Note 1(p)).

AASB 16 replaces the provisions of AASB 117: Leases and provides a new lessee accounting model. The new model requires a lessee to recognise a right of use asset and lease liability for all leases with a term of more than 12 months, unless the underlying asset is of low value. Lessor accounting remains the same under AASB 16 when compared to the requirements of AASB 117.

Under AASB 16, a lessee is required to recognise, at the commencement date of the lease, the present value of remaining non-cancellable lease payments as a lease liability on the statement of financial position with a corresponding right of use asset. The unwind of the financial charge on the lease liability and the amortisation of the leased asset are recognised in the statement of comprehensive income based on the incremental borrowing rate and contract term respectively.

The Club did not restate prior year amounts reported, electing to use the modified retrospective approach at 1 October 2019 with the opening right of use asset for each lease equal to the corresponding lease liability.

The lease liabilities were discounted using the incremental borrowing rate of 4.78%.

(i) Practical expedients applied

In applying AASB 16 for the first time, the Club has used the following practical expedients permitted by the Standard:

- Applying a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review - there were no onerous contracts as at 1 October 2019.
- Accounting for operating leases with a remaining lease term of less than 12 months as at 1 October 2019 as short-term leases.

Karuah & District R.S.L. Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(c) Adoption of new and revised accounting standards

- Excluding initial direct costs for the measurement of the right of use asset at the date of initial application, and
- Using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Club has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Club relied on its assessment made when applying AASB 117 and Interpretation 4: Determining whether an Arrangement contains a lease.

(ii) Measurement of right of use assets

The associated right of use assets recognised for the first time with the adoption of AASB 16 were measured at the amount equal to the lease liability, adjusted by the amount of any period of accrued lease payments relating to the lease recognised in the balance sheet as at 30 September 2020.

(d) Income tax

The income tax expense / (benefit) for the year comprises current income tax expense / (benefit) and deferred tax expense / (benefit).

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense / (benefit) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated 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 enacted or substantively enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(e) Inventories

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

(f) Property, plant and equipment

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

Land

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

Increases in the carrying amount arising on revaluation of land are credited to a revaluation reserve in equity. Decreases that offset previous increases of the same asset are charged against this reserve directly in equity; all other decreases are charged to the statement of profit or loss and other comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the statement of profit or loss and other comprehensive income and depreciation based on the asset's original cost is transferred from the revaluation reserve to retained earnings.

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

Buildings and plant and equipment

Buildings are measured at fair value and plant and equipment is measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

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

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(f) Property, plant and equipment

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

Class of Fixed Asset	Depreciation Rate
Buildings	5% PC
Plant & Equipment	10% - 40% PC
Gaming Machines	10% - 50% PC

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

(g) Impairment of non-financial assets

At the end of each reporting period, the Club 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 value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

(h) 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. Employee benefits payable later than one year have been measured at their nominal amount as it has been determined that they are not materially different from their present value.

The Club does not contribute to a defined benefits scheme and therefore has no liability at balance date.

Contributions are made by the Club to employee superannuation funds and are charged to expenses when incurred.

(i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Refer to Note 7.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(j) Investment and other financial assets

i) Classification

The Club classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Club's business model for managing the financial assets and the contractual terms of the cash flows.

The Club is using the measured at amortised cost method for all its financial assets, namely trade and other receivables. Assets measured at amortised cost are financial assets where:

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

ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on tradedate, the date on which the Club commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Club has transferred substantially all the risks and rewards of ownership.

iii) Measurement

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

Interest income and impairment for expected credit losses are recognised in the profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(j) Investment and other financial assets

iv) Impairment

Impairment of financial assets is recognised on an expected credit loss (ECL) – forward looking – basis for all financial assets measured at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Club considers reasonable and supportable information that is relevant and available, including both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment, including forward looking information.

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.

(k) Financial liabilities

i) Classification

From 1 October 2018, the Club classified its financial liabilities as those to be measured at amortised cost.

The Club is using the measured at amortised cost method for all its financial liabilities. The financial liabilities of the Club comprise trade payables, bank loans and asset finance.

Liabilities measured at amortised cost are financial liabilities where the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Recognition and derecognition

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 Club derecognises financial liabilities when, and only when, the Club's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(l) Gaming machine rebate

The Club received a rebate to compensate the loss of gaming machine income due to the introduction of GST. The period which the rebate relates to is from 1 June 2020 to 31 May 2021. Income has been recorded in the accounts for the 4 months to 30 September 2020 with the remainder being recorded as a liability. The current liability represents income which will be taken up in the succeeding financial year.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(m) Revenue and other income

The Club recognises revenue when it transfers control over a product or service to a customer. Revenue is measured based on the amount of consideration expected to be received in exchange for the transfer of the good or service to the customer.

Revenue from contracts with customers

Revenue from the sale of goods is recognised at the point of delivery.

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

Gaming machine revenue is recognised at the point of sale and represents the difference between the amounts earned through gaming wagers less the payouts from those wagers. Liabilities are recognised for anticipated payouts for progressive jackpots.

Revenue from membership subscriptions and is recognised on a straight line basis over the period of the membership.

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

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

(n) 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 Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Investment property

Investment properties, comprising rental properties, are held to generate long term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at fair value unless otherwise specified. Changes to value are to be recorded in the statement of profit or loss and other comprehensive income as other income.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(p) Leases

As explained in Note 1(c), with the adoption of AASB16: *Leases*, the Club has changed its accounting policy for leases where the Club is the lessee. The Club did not restate prior year amounts reported, electing to use the modified retrospective approach at 1 September 2019 with the opening right-of-use asset for each lease equal to the corresponding lease liability. The new policy is described below.

At inception of a contract, the Club assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Club where the Club is a lessee. However, all contracts that are classified as short-term leases (i.e. a lease with a remaining lease term of 12 months or less) and leases of low-value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Club uses the incremental borrowing rate. Lease payments included in the measurement of the lease liability are as follows:

- Fixed lease payments less any lease incentives;
- The amount expected to be payable by the lessee under residual value guarantees;
- Lease payments under extension options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, and lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated amortisation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Club anticipates exercising a purchase option, the specific asset is amortised over the useful life of the underlying asset.

Comparative year

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred. The lease is not recognised in the statement of financial position.

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

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(p) Leases

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

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the Club will obtain ownership of the asset or over the term of the lease.

(q) Comparative figures

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

(r) Trade and other receivables

Trade receivables, which have 14 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectable amounts.

(s) Trade and other payables

Trade and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Club during the reporting period which remain unpaid at balance date. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(t) Intangible Assets

Gaming machine entitlements

Gaming machine entitlements are recognised at cost of acquisition. Directors have assessed that gaming machine entitlements have an indefinite useful life. These assets are tested annually for impairment and carried at cost less accumulated impairment losses.

(u) Borrowing costs

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

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

1 Summary of Significant Accounting Policies

(v) 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 Club.

Key estimates - impairment

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

(w) New Accounting Standards and Interpretations

AASB 1060 – General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (applicable to annual reporting periods beginning on or after 1 July 2021)

AASB 1060 is a new self-contained standard that sets out all of the disclosure requirements relevant to a Tier 2 General Purpose Financial Statement (GPFS) preparer. The new disclosures have been significantly simplified when compared to either those required by a Tier 1 entity or those required under the AASB's existing Tier 2 Reduced Disclosure Framework (RDR), especially in the areas of revenue, leases, impairment and financial instruments.

The new standard applies to all entities preparing GPFS-Tier 2 and replaces the current Reduced Disclosure Requirements (RDR) Framework.

While entities that comply with this Standard need to apply the recognition and measurement requirements in other Standards, they are exempt from the disclosure requirements in specified paragraphs in other Standards.

(x) Authorisation of Financial Statements

The financial statements were authorised for issue on 28 October 2020 by the Directors.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

2 Revenue

	2020	2019
	\$	\$
Revenue from contracts with customers		
- Trading revenue	2,814,691	3,248,838
Other revenue from contracts with customers		
- Rent received	39,868	38,302
- Membership subscription	14,722	12,278
- Net other bar sales	961	10,670
Total other revenue from contracts with customers	<u>55,551</u>	61,250
Total revenue from contracts with customers	<u>2,870,242</u>	3,310,088
Other revenue from ordinary activities		
- Interest received	1,237	10,422
- Commissions received	30,273	39,701
- Rebate for GST on gaming machine duty	17,180	17,180
- Sundry income	594	264
Total other revenue from ordinary activities	<u>49,284</u>	67,567
Other revenue from non-ordinary activities		
- Federal Government Cashflow Boost	100,000	-
- Federal Government JobKeeper Income	291,000	-
- NSW Government Small Business Grant	13,000	-
Total other revenue from non-ordinary activities	<u>404,000</u>	-
Total Revenue	<u><u>3,323,526</u></u>	<u><u>3,377,655</u></u>

3 Result for the Year

(a) Expenses

Fair value (increment) / decrement on Investment Property	(575)	-
Net (profit) / loss on revaluation of Land and Buildings	38,823	-
Net (profit) / loss on disposal of non current assets	(7,045)	958
Rental expense on operating leases		
- Minimum lease payments	<u>143</u>	7,239

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

4 Interests of Key Management Personnel

The totals of remuneration paid to the key management personnel of Karuah & District R.S.L. Club Limited during the year are as follows:

	2020	2019
	\$	\$
Key management personnel compensation	<u>131,446</u>	<u>132,148</u>

5 Income Tax Expense

The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax expense as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 27.5% (2019: 27.5%)	58,432	50,072
Add:		
Tax effect of:		
- other non-allowable items	5,567	7,688
- depreciation on buildings	47,001	34,285
- under provision in prior year	-	1,630
	<u>52,568</u>	<u>43,603</u>
Less:		
Tax effect of:		
- building write-off deduction	(28,125)	(23,897)
- net adjustment for principle of mutuality apportionment of members income and expenses	(98,195)	(68,403)
Income tax expense/(benefit)	<u>(15,320)</u>	<u>1,375</u>

6 Tax

Income tax payable / (receivable)	<u>(10,936)</u>	<u>(13,928)</u>
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Recognised deferred tax assets and liabilities

Deferred tax assets	<u>40,369</u>	<u>8,093</u>
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Deferred tax liabilities	<u>69,595</u>	<u>52,639</u>
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Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

7 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	105,000	94,000
Cash at bank	323,335	668,018
Security deposits	(590)	(590)
	<u>427,745</u>	<u>761,428</u>

8 Trade and Other Receivables

CURRENT

Trade and other receivables

	<u>20,578</u>	<u>8,301</u>
--	---------------	--------------

9 Inventories

CURRENT

At cost:

Stock on hand

	<u>39,265</u>	<u>31,516</u>
--	---------------	---------------

10 Other Assets

CURRENT

Prepayments

	<u>88,241</u>	<u>46,286</u>
--	---------------	---------------

11 Right of use assets

	2020
	\$
Leased photocopier	25,733
Accumulated amortisation	<u>(6,433)</u>
	<u>19,300</u>
Total	<u>19,300</u>

Statement of Profit or Loss and Other Comprehensive Income

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:

Interest expense on lease liabilities	1,122
Amortisation of right-of-use assets	<u>6,433</u>
	<u><u>7,555</u></u>

Karuah & District R.S.L. Club Limited

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Notes to the Financial Statements

For the Year Ended 30 September 2020

12 Property, Plant and Equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	910,400	724,600
Subsequent additions at fair value	-	290,467
Total Land	<u>910,400</u>	<u>1,015,067</u>
Building		
At fair value	4,150,000	2,485,800
Subsequent additions at cost	-	913,991
Accumulated depreciation	<u>(52,158)</u>	<u>(497,500)</u>
Total buildings	<u>4,097,842</u>	<u>2,902,291</u>
Total land and buildings	<u>5,008,242</u>	<u>3,917,358</u>
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	<u>2,182</u>	<u>1,399,445</u>
Plant and equipment		
At cost	2,069,358	1,193,237
Accumulated depreciation	<u>(956,107)</u>	<u>(905,697)</u>
Total plant and equipment	<u>1,113,251</u>	<u>287,540</u>
Gaming machines		
At cost	1,219,903	1,172,514
Accumulated depreciation	<u>(958,700)</u>	<u>(803,277)</u>
Total gaming machines	<u>261,203</u>	<u>369,237</u>
Total plant and equipment	<u>1,376,636</u>	<u>2,056,222</u>
Total property, plant and equipment	<u>6,384,878</u>	<u>5,973,580</u>

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

12 Property, Plant and Equipment

(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	Gaming Machines	Total
	\$	\$	\$	\$	\$	\$
2019						
Balance at the beginning of year	1,399,445	1,015,067	2,902,291	287,540	369,237	5,973,580
Additions	1,881,750	-	-	118,162	52,000	2,051,912
Disposals - written down value	-	-	(38,823)	-	-	(38,823)
Transfers (to) / from Investment Property	-	-	(227,223)	-	-	(227,223)
Transfers	(3,279,013)	-	2,459,632	819,381	-	-
Revaluation increment/(decrement)	-	(104,667)	(827,145)	-	-	(931,812)
Depreciation expense	-	-	(168,728)	(114,021)	(160,034)	(442,783)
Imbalance adjustment	-	-	(2,162)	2,189	-	27
Balance at 30 September 2020	2,182	910,400	4,097,842	1,113,251	261,203	6,384,878

(b) Core & non-core property

As required by the Registered Clubs Act 1976 all Clubs are required to specify core and non-core property of the Club. As at 30 September 2020 the balance shown above in Land and Buildings is core. Property disclosed in Note 13 is classified as core and non-core property. For further disclosure of core and non-core property refer to page 3 of the financial statements.

(c) Land & Buildings Revaluation

Land & Buildings are stated at fair value which has been determined based on valuations performed by Preston Rowe Paterson Newcastle & Central Coast Pty Ltd as at 1 July 2020 based on their valuation report dated 14 May 2020.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

13 Intangible Assets

	2020	2019
	\$	\$
Gaming machine licences - at cost	<u>309,320</u>	<u>309,320</u>

The recoverable amount of gaming machine entitlements is based on fair value less costs to sell. The methodology used to determine fair value less costs to sell is the observable market price per unit as at reporting date.

Gaming machine entitlements have been assessed as having an indefinite useful life. An indefinite useful life is supported by the absence of an expiry date. Factors that were important in determining this indefinite useful life include current government policy, current market conditions and current economic conditions.

The Directors' assessment of the market value of the gaming machine entitlements as at 30 September 2020 was approximately \$8,000 to \$15,000 per entitlement.

14 Investment Property

Investment property		
At fair value	1,415,000	675,000
Subsequent additions at cost	-	512,604
Accumulated depreciation	-	(382)
Total	<u>1,415,000</u>	<u>1,187,222</u>

(a) Movements in carrying amounts

Balance at beginning of the period	1,187,222	1,179,287
Additions	-	8,317
Transfers (to) / from property, plant and equipment	227,223	-
Depreciation	-	(382)
Imbalance adjustment	(20)	-
Fair value increment / (decrement)	575	-
	<u>1,415,000</u>	<u>1,187,222</u>

Investment properties are stated at fair value and cost as disclosed above. Investment property at fair value has been determined based on valuations performed by Preston Rowe Paterson Newcastle & Central Coast Pty Ltd as at 1 July 2020 based on their valuation report dated 14 May 2020. Any subsequent additions since valuation date are deemed to be held at fair value.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

15 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Unsecured liabilities		
Trade creditors & accruals	149,398	267,360
Members subscriptions in advance	25,159	26,174
	<u>174,557</u>	<u>293,534</u>

16 Borrowings

CURRENT		
Secured liabilities:		
Bank loans	532,361	293,124
Hire purchase facility	13,831	-
	<u>546,192</u>	<u>293,124</u>

NON-CURRENT		
Secured liabilities:		
Bank loans	2,252,929	1,349,843

Total borrowings	<u>2,799,121</u>	<u>1,642,967</u>
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(a) Total current and non-current secured liabilities		
Bank loans	2,785,290	1,642,967
Hire purchase facility	13,831	-
	<u>2,799,121</u>	<u>1,642,967</u>

(b) The carrying amounts of non-current assets pledged as security are:		
Land and Buildings	5,008,242	3,917,358
Investment Property	1,415,000	1,187,222
	<u>6,423,242</u>	<u>5,104,580</u>

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

16 Borrowings

(c) Security

The bank loan, business loan, bank overdraft and hire purchase facility are secured by:

- Registered Mortgage over property situated at 5 Barclay Street Karuah NSW more particularly described in Certificate of Title Folio Identifier 1782/609636;
- Registered Mortgage over property situated at 434 Tarean Road Karuah NSW more particularly described in Certificate of Title Folio Identifier 24/24364;
- Registered Mortgage over property situated at 19 Bundabah Street Karuah NSW more particularly described in Certificate of Title Folio Identifiers 25/24364 and 26/24364;
- Registered Mortgage over property situated at 25 Bundabah Street Karuah NSW more particularly described in Certificate of Title Folio Identifier 28/24364;
- Registered Mortgage over property situated at The Pacific Highway Karuah NSW more particularly described in Certificate of Title Folio Identifiers 164/753196, 166/753196, 167/753196, 168/753196, 169/753196, 170/753196, 174/753196, 177/753196, 179/753196, 1781/609636 and 1783/609636.

(d) Unused borrowing facilities

	2020	2019
	\$	\$
Hire Purchase Facility	300,000	300,000
Bank Loans	463,675	1,753,619
Bank Overdraft	20,000	20,000
Investment Property Loan	4,809	2,611
	788,484	2,076,230

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

17 Provisions

	2020	2019
	\$	\$
CURRENT		
Employee benefits	174,890	132,680
NON-CURRENT		
Employee benefits	27,275	26,302

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual and long service leave for employees. Long service leave has been calculated based on nominal amounts rather than present values, as the carrying amount is immaterial when compared to net assets.

18 Contingent Liabilities

Karuah & District R.S.L. Club Limited has bank guarantees totalling \$5,000 substituting for security deposits with Tabcorp Holdings Pty Limited.

Mortality Fund

The Club has a contingent liability in respect of those members who qualify for a payment of \$100 in the event of their death. The number of eligible members at balance date is 112 (2019 - 116).

19 Related Parties

The Club's main related parties are as follows:

(a) Key Management Personnel of the Club

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Club, directly or indirectly, including any Director (whether executive or otherwise) of the Club, is considered key management personnel. Refer to Note 4.

(b) Other Related Parties of the Club

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Transactions and Outstanding Balances with 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. The following relationships and/or transactions occurred with related parties:

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Notes to the Financial Statements

For the Year Ended 30 September 2020

19 Related Parties

(b) Other Related Parties of the Club

- A Director, Mrs J. Henderson, leases a property from the Club on normal commercial terms.

20 Capital and Leasing Commitments

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements

	2019
	\$
Payable - minimum lease payments:	
- no later than 1 year	7,200
- between 1 year and 5 years	21,600
	<u>28,800</u>

As described in Note 1(p), the Club has adopted AASB 16: Leases in the current year.

(b) Capital expenditure commitments

	2020	2019
	\$	\$
Capital expenditure commitments contracted for:		
Construction and Project Management	-	1,510,727
Plant and Equipment	-	80,923
Investment Property Works	20,318	-
	<u>20,318</u>	<u>1,591,650</u>

21 Lessor Commitments

Karuah & District R.S.L. Club Limited leases out investment properties which are managed by a real estate company. The Club receives rent on a monthly basis which is disclosed in Note 2.

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Compilation Report 30 September 2020

Scope

We have compiled the accompanying general purpose financial statements of Karuah & District R.S.L. Club Limited, which comprise the detailed statement of profit or loss and other comprehensive income. The specific purpose for which the special purpose financial statements have been prepared is to provide information relating to the performance of the Club that satisfies the information needs of the Directors.

The Responsibility of the Directors

The Directors are solely responsible for the information contained in the special purpose financial statements and have determined that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of the information provided by the Directors we have compiled the accompanying general purpose financial statements in accordance with the basis of accounting and APES 315 *Compilation of Financial Information*.

Our procedure use accounting expertise to collect, classify and summarise the financial information, which the Directors provided, in compiling the financial statements. Our procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

The special purpose financial statements were compiled exclusively for the benefit of the Directors. We do not accept responsibility for the contents of the special purpose financial statements.

Cutcher & Neale Assurance Pty Limited
(An authorised audit company)



N. Nancarrow CA
Director

NEWCASTLE

21 October 2020

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Detailed Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2020

	2020	2019
	\$	\$
SUMMARY STATEMENT		
INCOME		
PROFIT/(LOSS) BAR TRADING	343,456	455,732
PROFIT/(LOSS) GAMING MACHINE TRADING	1,128,417	1,156,173
PROFIT/(LOSS) CAFE TRADING	(49,972)	-
PROFIT/(LOSS) KENO TRADING	9,389	56,764
PROFIT/(LOSS) TAB TRADING	(79,314)	(77,186)
PROFIT/(LOSS) RAFFLE TRADING	9,409	(896)
OTHER INCOME	508,835	128,817
TOTAL	<u>1,870,220</u>	<u>1,719,404</u>
LESS: EXPENSES		
OPERATING EXPENSES	<u>1,081,042</u>	<u>1,121,641</u>
TOTAL EXPENSES	<u>1,081,042</u>	<u>1,121,641</u>
OPERATING PROFIT	<u>789,178</u>	<u>597,763</u>
DEDUCT NON CASH CHARGES:		
LOSS/(PROFIT) ON SALE OF FIXED ASSETS	(7,045)	958
LOSS/(PROFIT) ON INVESTMENT PROPERTIES	(575)	-
LOSS/(GAIN) ON REVALUATION OF LAND AND BUILDINGS	38,823	-
DEPRECIATION	442,783	374,069
AMORTISATION - LEASES	6,433	-
INTEREST	95,158	40,657
INTEREST - LEASES	1,122	-
	<u>576,699</u>	<u>415,684</u>
PROFIT/(LOSS) BEFORE INCOME TAX	<u>212,479</u>	<u>182,079</u>
INCOME TAX EXPENSE / (BENEFIT)	(15,320)	1,375
PROFIT/(LOSS) AFTER INCOME TAX	<u>227,799</u>	<u>180,704</u>

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Detailed Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2020

	2020 \$	2019 \$
BAR TRADING ACCOUNT		
GROSS BAR SALES	1,008,846	1,325,600
BEER REBATES	37,580	26,757
TOTAL	<u>1,046,426</u>	<u>1,352,357</u>
<i>LESS: COST OF GOODS SOLD</i>		
OPENING STOCK	28,338	43,569
BAR PURCHASES	439,695	542,912
CLOSING STOCK	(36,158)	(28,338)
TOTAL COST OF GOODS SOLD	<u>431,875</u>	<u>558,143</u>
GROSS PROFIT/(LOSS)	<u>614,551</u>	<u>794,214</u>
GROSS PROFIT % SALES	59%	59%
<i>LESS EXPENSES</i>		
BAR WAGES	252,688	307,806
% WAGES TO SALES	24%	23%
FREIGHT & CARTAGE	7,594	10,607
BAR SUPPLIES & REPAIRS & MAINTENANCE	10,813	20,069
TOTAL	<u>271,095</u>	<u>338,482</u>
BAR TRADING NET PROFIT	<u>343,456</u>	<u>455,732</u>
% SALES	33%	34%
GAMING MACHINES TRADING ACCOUNT		
GAMING MACHINE METERED TURNOVER	17,288,897	18,485,057
LESS: GAMING MACHINE METERED WINS	(15,712,157)	(16,811,134)
LESS: GST LIABILITY	(143,340)	(152,175)
NET REVENUE	<u>1,433,400</u>	<u>1,521,748</u>
<i>LESS EXPENSES</i>		
GAMING MACHINE DUTY	157,111	192,968
CLUB GRANTS	13,467	12,595
CMS MONITORING	19,556	23,931
REPAIRS & MAINTENANCE	29,308	38,653
GAMING MACHINE WAGES	85,541	97,428
TOTAL	<u>304,983</u>	<u>365,575</u>
GAMING MACHINE TRADING PROFIT/(LOSS)	<u>1,128,417</u>	<u>1,156,173</u>
% SALES	79%	76%

Karuah & District R.S.L. Club Limited

ABN 64 000 882 931

Detailed Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2020

	2020 \$	2019 \$
CAFE TRADING ACCOUNT		
GROSS CAFE SALES	83,845	-
TOTAL	<u>83,845</u>	<u>-</u>
LESS: COST OF GOODS SOLD		
CAFE OPENING STOCK	-	-
CAFE PURCHASES	38,182	-
CAFE CLOSING STOCK	(232)	-
TOTAL COST OF GOODS SOLD	<u>37,950</u>	<u>-</u>
GROSS PROFIT / (LOSS)	<u>45,895</u>	<u>-</u>
GROSS PROFIT % SALES	53.3%	0.0%
LESS EXPENSES		
CAFE WAGES	88,940	-
% WAGES TO SALES	106.1%	0.0%
EQUIPMENT & REPAIRS & MAINTENANCE	10	-
SUNDRY PURCHASES	6,917	-
TOTAL	<u>95,867</u>	<u>-</u>
CAFE TRADING NET PROFIT	<u>(49,972)</u>	<u>-</u>
% SALES	(59.6%)	0.0%
KENO TRADING ACCOUNT		
KENO COMMISSION	86,875	125,415
KENO INCOME	<u>86,875</u>	<u>125,415</u>
<i>LESS: EXPENSES</i>		
KENO WAGES	73,449	62,126
PRINTING & STATIONERY	737	1,889
REPAIRS & MAINTENANCE	3,300	4,636
TOTAL EXPENSES	<u>77,486</u>	<u>68,651</u>
KENO TRADING PROFIT/(LOSS)	<u>9,389</u>	<u>56,764</u>
TAB TRADING ACCOUNT		
TAB COMMISSION	16,568	29,790
TOTAL	<u>16,568</u>	<u>29,790</u>
<i>LESS: TAB EXPENSES</i>		
TAB WAGES	77,994	79,843
STATIONERY & MAINTENANCE	1,317	1,000
PROMOTIONS	3,040	4,940
SKY CHANNEL	13,531	21,193
TOTAL EXPENSES	<u>95,882</u>	<u>106,976</u>
TAB TRADING PROFIT/(LOSS)	<u>(79,314)</u>	<u>(77,186)</u>

Karuah & District R.S.L. Club Limited

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Detailed Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2020

	2020 \$	2019 \$
RAFFLE & BINGO TRADING ACCOUNT		
RAFFLE & BINGO TICKET SALES	147,577	219,528
TOTAL	<u>147,577</u>	<u>219,528</u>
<i>LESS: EXPENSES</i>		
RAFFLE & BINGO EXPENSES	134,815	213,390
BINGO WAGES	3,353	7,034
TOTAL EXPENSES	<u>138,168</u>	<u>220,424</u>
RAFFLE & BINGO TRADING PROFIT/(LOSS)	<u>9,409</u>	<u>(896)</u>
OTHER INCOME		
COMMISSION RECEIVED	30,273	39,701
INTEREST RECEIVED	1,237	10,422
MEMBERS SUBSCRIPTIONS	14,722	12,278
RENT RECEIVED	39,868	38,302
GAMING MACHINE GST REBATE	17,180	17,180
HALL & EQUIPMENT HIRE	-	33
NET COFFEE & CAKE INCOME	503	9,934
SUNDRY INCOME	594	231
NET PROFIT / (LOSS) - BAR SUNDRIES	458	736
FEDERAL GOVERNMENT - JOBKEEPER	291,000	-
FEDERAL GOVERNMENT - CASHFLOW BOOST	100,000	-
STATE GOVERNMENT - SMALL BUSINESS GRANT	13,000	-
TOTAL	<u>508,835</u>	<u>128,817</u>
LESS: EXPENSES		
MEMBER EXPENSES		
ADVERTISING & PROMOTION	16,299	30,962
ANZAC DAY EXPENSES	-	3,132
COURTESY BUS	27,568	34,893
MEMBERS AMENITIES	30,342	58,574
NET FUNCTIONS EXPENSES	500	(123)
ENTERTAINMENT	38,810	60,799
REDEMPTION POINTS	12,747	19,336
	<u>126,266</u>	<u>207,573</u>

Karuah & District R.S.L. Club Limited

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Detailed Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 30 September 2020

	2020 \$	2019 \$
OCCUPANCY EXPENSES		
CLEANING EXPENSES	8,306	9,619
CLEANING WAGES	69,868	77,074
CONTRACT GREEN KEEPER	38,493	54,849
ELECTRICITY & GAS	57,258	71,572
LEASE LANDS	22,442	22,074
PEST CONTROL	1,650	1,824
RATES & TAXES	31,992	27,654
RENTAL PROPERTY	16,447	15,316
REPAIRS & MAINTENANCE	64,863	65,188
REPAIRS & MAINTENANCE - GREENS	3,531	3,917
SECURITY	4,494	4,588
TELEPHONE	6,433	8,867
	<u>325,777</u>	<u>362,542</u>
ADMINISTRATIVE EXPENSES		
ACCOUNTANCY & AUDIT FEES	29,275	29,025
ANNUAL MEETING EXPENSES	2,070	73
BANK CHARGES	7,741	5,189
BORROWING COSTS	-	9,047
CASH DISCREPANCIES	1,316	1,560
CONSULTANCY EXPENSES	10,752	5,752
DIRECTORS EXPENSES	14,937	34,178
DONATIONS	20,243	27,962
EQUIPMENT RENTAL	143	7,239
FBT EXPENSE	1,449	-
INSURANCE	76,033	67,655
LEGAL COSTS	-	3,526
MORTALITY EXPENSES	191	300
PAYROLL TAX	2,384	3,989
PRINTING, POSTAGE & STATIONERY	1,663	5,283
SALARIES & WAGES		
SALARIES - ADMINISTRATION (INCLUDES JOBKEEPER NOT WORKED)	343,010	230,313
	<u>343,010</u>	<u>230,313</u>
STAFF DRINKS	3,891	2,823
STAFF SUNDRY EXPENSES	8,518	7,816
STAFF TRAINING	4,166	6,642
SULLAGE FEES	10,060	11,624
SUBSCRIPTIONS	9,830	10,192
SUPERANNUATION CONTRIBUTIONS	72,627	76,195
SUNDRY	5,944	1,387
TRAVEL EXPENSES	-	119
UNIFORMS	2,756	3,637
	<u>628,999</u>	<u>551,526</u>
TOTAL EXPENSES	<u>1,081,042</u>	<u>1,121,641</u>