

DENMAN R S L SUB-BRANCH CLUB

**FOR THE YEAR ENDED
30 JUNE 2020**

President's report

The Board of Directors would like to present the Annual Report for the financial year 2019 – 20

It has been unprecedented times for business during the year that saw our area come out of drought periods into a horrific bushfire season and then into a global pandemic, which has affected all Australian businesses to varying degrees. It has been a credit to the Board and staff in their efforts to limit our exposure to these uncertain times that saw the Club have to close its doors for a number of months under the order of the Australian Government.

The Denman RSL has posted a loss for the financial year to the total of -\$268,363.43, of which \$168,862.53 was a write off of aged expenses related to the planned upgrade of the club which the board has decided to postpone until a more favorable time and \$78,810.21 relating to depreciation of assets.

We also decided to invest heavily during the year into new Restaurant furniture and minor Club upgrades works.

Our cash position has remained steady with previous years at \$662,033.03.

2019 saw us welcome Albert and Vivian to the RSL and their restaurant business Honki Haus that provides both a sit down and take away meal service for our members and guests

During the year, we had two long time employees retire from the club and on behalf of the Directors and staff, we wish Marie Woodbury and Brian Cummings well for their future life endeavors.

And finally, we had the passing of a great friend to the Club in John Constable.

John was a long-time member, Director and former President, and a lot of our past and future successes can be directly contributed to his efforts and desire to serve the members of our great Club.

Vale John Constable

Paul Sainsbury

President Denman RSL Club

DENMAN R S L SUB-BRANCH CLUB

A.B.N. 44 000 874 304

**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

Your directors present this report on the company for the financial year ended 30 June 2020.

Directors

The names of the directors in office at the date of this report are:

	Board	
Name	Qualifications	Service
J. Bruns	Technician	1 year
K.D. Lacey	Storeman	15 years
R. McInerney	Retired	8 years
D. Pascoe	Electrical Fitter	3 years
D. Roe	Retired	1 year
P. Sainsbury	Engineering Manager	1 year
C. Wallace	Administration	1 year

Operating Results

The net loss for the year ended 30 June 2020 after providing for income tax expense amounted to \$286,363.43 (2019 net loss \$74,201.45).

Impact of COVID19 Pandemic

The impact of COVID19 on the current period included cessation of operations, a staged return to operations after the initial shutdown, restrictions on patronage of club premises and ensuring adherence to health and safety standards. The directors are uncertain as to how long these restrictions will remain in place.

Staged Refurbishment Cancelled

The COVID19 pandemic has had a fundamental impact on the ability of licenced clubs to operate, and as such the board has decided against progressing with the proposed staged refurbishment of the club and as a result the capitalised preliminary cost of the proposed building upgrade has been expensed this year. The club has instead opted to undertake club building and amenity improvements in order to keep the club in good repair. After excluding the preliminary building costs written-off, the club's operating result would have been a loss of \$119,500.90.

Trading Impact

This year the club's bar and poker machine revenue fell by \$249,109.38 when compared to the prior year, reflecting the prolonged period of restricted trading conditions. Government subsidies received in the form of Cash Flow Boost and Jobkeeper, in particular, totalled \$58,273.75. The club has spent over \$50,000 on restaurant improvements, TAB and poker machine area upgrades and other ongoing maintenance.

Principal Activities

The principal activities of the entity during the financial year were the provision of recreational facilities and amenities for members and their guests.

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

Short-Term and Long-Term Objectives

The entity's short-term objectives are to:

- Provide members and their guests with the best facilities and services the entity can provide with the resources available, as well as periodic entertainment that is in line with the community's needs.

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**DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

The entity's long-term objectives are to:

- Provide increased and diversified facilities for its membership base, which is in line with the director's strategic planning which is continually reviewed. The entity has a five-year building plan that will enhance the overall presence of the entity.
- Continue to provide financial support to charities and sporting organisations in the local community.

Strategies

To achieve its stated objectives, the entity has adopted the following strategies:

- Proactive marketing of functions and all entity facilities.
- Implement certified customer service training for all eligible staff.
- Investigate possible diversification opportunities.
- Seek membership base in line with local community demographics.

Key Performance Measures

The entity measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the directors to assess the financial sustainability of the entity and whether the entity's short-term and long-term objectives are being achieved. The key performance measures used include:

- Customer feedback through verbal and written correspondence.
- Quarterly financial reviews.
- Reviews of membership movements annually.
- Annual guest register turnover.

Meetings of Directors

During the financial year, 12 meetings of directors were held. Attendances by each director were as follows:

Names		Directors Meetings	
		Number Eligible to Attend	Number Attended
J. Bruns	Appointed 30/09/2019	9	2
J.M. Chick	Ceased 30/09/2019	3	3
J. Constable	Ceased 31/07/2019	1	0
G. Cooper	Ceased 30/09/2019	3	0
K.D. Lacey		12	10
R. McInerney		12	7
M. Melville	Ceased 15/03/2020	8	8
D. Pascoe		12	8
D. Roe	Appointed 29/03/2020	4	3
P. Sainsbury	Appointed 30/09/2019	9	9
C. Wallace	Appointed 30/09/2019	9	9

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DIRECTORS REPORT
FOR THE YEAR ENDED 30 JUNE 2020

Members Guarantee

The entity is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the entity is wound up, the constitution states that each member is required to contribute a maximum of \$20 each towards meeting any outstanding obligations of the entity. At 30 June 2020, the total amount that members of the entity are liable to contribute if the entity is wound up is \$17,360 (2019: \$16,140).

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on the following page of the financial report.

The directors' report is signed in accordance with a resolution of the Board of Directors.

David Roe

Director
11 September 2020
Denman



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A.

60 Brook Street
PO Box 128
Muswellbrook NSW 2333

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Web www.dtwservices.com.au

**AUDITORS' INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
DENMAN RSL SUB-BRANCH CLUB**

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Denman R S L Sub-Branch Club. As the lead audit partner for the audit of the financial report of Denman R S L Sub-Branch Club for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: *Tracey Lawler*

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this 9th day of September 2020



DENMAN RSL SUB-BRANCH CLUB

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
INCOME			
Revenue	3	787,697.83	1,014,120.70
Changes in inventories		(170.19)	(4,173.66)
Bar purchases		(168,222.59)	(237,339.35)
EXPENDITURE			
Building upgrade write-off		(166,862.53)	-
Depreciation and amortisation expenses		(78,810.21)	(78,619.31)
Directors' fees		(6,500.00)	(8,000.00)
Employee benefits expenses		(282,242.95)	(337,893.45)
Other expenses		(371,252.79)	(422,296.38)
Profit (Loss) for the Year	4	<u>(286,363.43)</u>	<u>(74,201.45)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>(286,363.43)</u>	<u>(74,201.45)</u>

The accompanying notes form part of these financial statements.

DENMAN RSL SUB-BRANCH CLUB

A.B.N. 44 000 874 304

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	662,033.03	658,908.91
Trade and other receivables	6	21,379.75	3,852.75
Inventories	7	21,536.01	21,706.20
Provision of Income Tax	8	233.00	233.00
Other current assets	9	43,945.20	46,032.20
TOTAL CURRENT ASSETS		<u>749,126.99</u>	<u>730,733.06</u>
NON-CURRENT ASSETS			
Property, plant and equipment	10	1,159,535.71	1,369,093.50
TOTAL NON-CURRENT ASSETS		<u>1,159,535.71</u>	<u>1,369,093.50</u>
TOTAL ASSETS		<u>1,908,662.70</u>	<u>2,099,826.56</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	59,581.17	61,738.73
Other current liabilities	12	26,980.00	19,370.00
TOTAL CURRENT LIABILITIES		<u>86,561.17</u>	<u>81,108.73</u>
NON-CURRENT LIABILITIES			
Borrowings	13	105,014.60	5,014.60
Provisions	14	5,847.13	16,100.00
TOTAL NON-CURRENT LIABILITIES		<u>110,861.73</u>	<u>21,114.60</u>
TOTAL LIABILITIES		<u>197,422.90</u>	<u>102,223.33</u>
NET ASSETS		<u>1,711,239.80</u>	<u>1,997,603.23</u>
EQUITY			
Reserves	15	50,707.35	50,707.35
Retained earnings		1,660,532.45	1,946,895.88
TOTAL EQUITY		<u>1,711,239.80</u>	<u>1,997,603.23</u>

The accompanying notes form part of these financial statements.

DENMAN RSL SUB-BRANCH CLUB

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020**

	Retained Earnings \$	General Reserve \$	Total \$
	<u> </u>	<u> </u>	<u> </u>
Balance at 1 July 2018	2,021,097.33	50,707.35	2,071,804.68
Profit/(Loss) attributable to equity shareholders	(74,201.45)	-	(74,201.45)
Balance at 30 June 2019	1,946,895.88	50,707.35	1,997,603.23
Profit/(Loss) attributable to equity shareholders	(286,363.43)	-	(286,363.43)
Balance at 30 June 2020	<u>1,660,532.45</u>	<u>50,707.35</u>	<u>1,711,239.80</u>

The accompanying notes form part of these financial statements.

DENMAN RSL SUB-BRANCH CLUB

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**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		780,389.63	1,003,208.37
Payments to suppliers and employees		(845,329.02)	(1,001,622.47)
Interest received		4,885.90	12,937.53
Income tax received		-	627.00
Income tax paid (instruments)		-	(233.00)
Finance Costs		(253.44)	(7,088.33)
Net cash generated from operating activities		<u>(60,306.93)</u>	<u>7,829.10</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		-	10.00
Payments for property, plant and equipment		(36,568.95)	(6,969.17)
Net cash used in investing activities		<u>(36,568.95)</u>	<u>(6,959.17)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		-	(80,176.20)
Loan funding received		100,000.00	85,190.80
Net cash generated by financing activities		<u>100,000.00</u>	<u>5,014.60</u>
Net increase/(decrease) in cash held		3,124.12	5,884.53
Cash and cash equivalents at beginning of financial year		<u>658,908.91</u>	<u>653,024.38</u>
Cash and cash equivalents at end of financial year	5	<u>662,033.03</u>	<u>658,908.91</u>

The accompanying notes form part of these financial statements.

DENMAN RSL SUB-BRANCH CLUB

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The financial statements are for Denman R S L Sub-Branch Club as an individual company, incorporated and domiciled in Australia. Denman R S L Sub-Branch Club is a company limited by guarantee.

1 Basis of Preparation

Denman R S L Sub-Branch Club applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: *Application of Tiers of Australian Accounting Standards*.

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

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

The financial statements, except for the cash flow information, have been prepared on an accrual 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.

2 Accounting Policies

Revenue

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

Interest revenue is recognised on an accrual basis for bank term deposits.

Poker machine revenue is stated net of payouts.

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

Inventories

Inventories are measured at the lower of cost and current replacement cost.

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, accumulated depreciation and any impairment losses. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

Depreciation

The depreciable amount of all fixed assets, including capitalised leased assets but excluding freehold land, is depreciated over the asset's useful life to the entity commencing from the time the asset is available for use. Buildings are depreciated on a straight-line basis. Buildings on properties held for investment purposes are not separately valued on purchase so no depreciation charge has been calculated.

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

Class of Fixed Asset	Depreciation Rate
Buildings	2.50%
Plant and Equipment	3.0% to 100%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in the profit or loss in the period in which they arise. Gains are

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

not classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained surplus.

Leases

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

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

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

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

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

Financial Instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. Financial instruments are measured at cost.

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred. A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Impairment of Assets

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

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

Employee Benefits

Provision is made for the entity's liability for long service leave at balance date. Long service leave is accrued in respect of all employees with more than 5 years' service with the entity.

Superannuation guarantee contributions are made by the entity to the employee's superannuation fund of choice and are recognised as an expense when they become payable. All obligations for unpaid superannuation guarantee contributions are presented as current liabilities in the company's statement of financial position.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

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 borrowings in current liabilities on the statement of financial position.

Goods and Services Tax (GST)

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

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

Cash flows are presented in the statement of cash flows exclusive of GST.

Income Tax

Income tax expense, shown on the statement of comprehensive income, is calculated in accordance with the Waratah's formula. It is calculated on an annual basis, with a corresponding provision for income tax payable raised.

Deferred tax assets relating to temporary timing differences and unused tax losses are recognized only to the extent, if any, that it is probable that future taxable profit will be available to absorb those timing differences.

Provisions

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

Comparative Figures

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

Trade and Other Payables

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

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 entity.

Investments

Investments brought to account are at cost. The carrying amount of investments is reviewed annually to ensure it is not in excess of the recoverable amount of the investments.

Investment Property

Investment property, comprising rental properties is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is carried at cost.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
3 Revenue and Other Income		
Revenue		
Sales revenue:		
Bar and poker machine income	635,092.87	884,202.25
Other revenue:		
Interest received	4,885.90	11,369.53
Government Subsidies	58,273.75	-
Other revenue	89,445.31	118,548.92
	<u>152,604.96</u>	<u>129,918.45</u>
Total revenue	<u>787,697.83</u>	<u>1,014,120.70</u>
Other revenue from:		
Members' Subscriptions	2,721.94	3,609.89
Commission	36,284.11	48,435.43
Recoveries	11,458.03	18,627.93
Miscellaneous Income	9,900.46	16,330.30
GST Rebate	17,180.00	17,180.00
Restaurant Income	2,018.63	-
Gross Profit on Rental Operations	9,882.14	14,365.37
Total other revenue	<u>89,445.31</u>	<u>118,548.92</u>
4 Profit for the year		
The result for the year was derived after charging / (crediting) the following items:		
Profit before income tax from continuing operations includes the following specific expenses:		
Expenses		
Cost of sales	168,392.78	241,513.01
Depreciation of property, plant and equipment	78,810.21	78,619.31
5 Cash and Cash Equivalents		
Cash on Hand	38,110.00	38,420.00
Cash at Bank – ANZ Bank	130,450.67	60,720.51
Cash at Bank – Regional Australia Bank	493,472.36	559,768.40
	<u>662,033.03</u>	<u>658,908.91</u>
Reconciliation of cash		
Cash and Cash equivalents reported in the statement of cash flows are reconciled to the equivalent items in the statement of financial position as follows:		
Cash and cash equivalents	<u>662,033.03</u>	<u>658,908.91</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
6 Trade and Other Receivables		
Current		
GST Refundable	3,497.84	-
Trade & Other Debtors	17,881.91	3,852.75
	21,379.75	3,852.75
7 Inventories		
Current		
Stock on Hand	21,536.01	21,706.20
	21,536.01	21,706.20
8 Provision for Income Tax	233.00	233.00
9 Other Assets		
Current		
Deposits- Refundable	310.00	310.00
Accrued Income	446.00	3,225.00
Prepayments	40,585.00	39,053.00
Prepaid Borrowing Expenses	2,604.20	3,444.20
	43,945.20	46,032.20
10 Property, Plant and Equipment		
Land and Buildings		
Investment Properties - at Cost	271,153.35	271,153.35
Less: Accumulated Depreciation	(36,373.54)	(35,919.54)
Club Land & Buildings - at Cost	1,704,336.02	1,868,653.10
Less: Accumulated Depreciation	(931,484.70)	(895,914.50)
Total Land and Buildings	1,007,631.13	1,207,972.41
Plant and Equipment - at Cost	434,607.85	432,739.67
Less: Accumulated Depreciation	(368,870.64)	(354,982.14)
	65,737.21	77,757.53
Poker Machines - at Cost	475,661.73	475,661.73
Less: Accumulated Depreciation	(434,605.40)	(417,967.40)
	41,056.33	57,694.33
Furniture and Fittings	156,827.61	124,672.29
Less: Accumulated Depreciation	(120,627.51)	(107,914.00)
	36,200.10	16,758.29
Crockery and Cutlery	8,910.94	8,910.94
Total Plant and Equipment	151,904.58	161,121.09
Total Property, Plant and Equipment	1,159,535.71	1,369,093.50

These notes form part of the financial statements.

DENMAN RSL SUB-BRANCH CLUB

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020		2019	
	\$		\$	
Movements in Carrying Amounts of Property, Plant and Equipment				
Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.				
	Furniture and Fittings	Land and Buildings	Plant and Equipment	Poker Machines
	\$	\$	\$	\$
Balance at 1 July 2019	16,758.29	1,207,972.41	77,757.53	57,694.33
Additions	32,155.32	2,545.45	1,868.18	-
Write-off	-	(166,862.53)	-	-
Depreciation expense	<u>(12,713.51)</u>	<u>(36,024.20)</u>	<u>(13,888.50)</u>	<u>(16,638.00)</u>
Carrying amount at 30 June 2020	<u>36,200.10</u>	<u>1,007,631.13</u>	<u>65,737.21</u>	<u>41,056.33</u>
Core and Non-Core Property				
In accordance with provisions under Section 41J(2) of the Registered Clubs Act the directors have classified the following assets as core property of the company:				
- Club land and buildings and improvements.				
11	Trade and Other Payables			
	Current			
	Trade Creditors	59,581.17	56,544.93	
	GST Payable	-	5,193.80	
		<u>59,581.17</u>	<u>61,738.73</u>	
12	Other Liabilities			
	Current			
	Bond Refundable	800.00	800.00	
	Accrued Charges	22,541.00	15,841.00	
	Income in Advance	3,639.00	2,729.00	
		<u>26,980.00</u>	<u>19,370.00</u>	
13	Borrowings			
	Non-Current			
	Bank Loan	105,014.60	5,014.60	
		<u>105,014.60</u>	<u>5,014.60</u>	

Bank loan funding of \$105,014.60 has been approved and it is the intention of the board that there will be no further utilisation of the facility. The loan funding has been provided for additional improvements to club buildings. The bank debt is secured by first registered mortgages over properties at: 2-4 Isobel Street Denman, 13 Crinoline Street Denman, and 15 Crinoline Street Denman. Specific Security Agreement is held over the Liquor Licence and Gaming Licence. General Security Agreement is held over all present and acquired property. Current interest rate is 4.6%.

DENMAN RSL SUB-BRANCH CLUB

A.B.N. 44 000 874 304

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

		2020 \$	2019 \$
14	Provisions		
	Provision for Long Service Leave		
	Provision for Long Service Leave	16,100.00	11,058.00
	Additional provisions raised during the year	21.34	7,714.45
	Amounts used	<u>(10,274.21)</u>	<u>(2,672.45)</u>
	Total provisions	<u>5,847.13</u>	<u>16,100.00</u>
	Analysis of Total Provisions		
	Non-current	<u>5,847.13</u>	<u>16,100.00</u>
15	Reserves		
	Capital Reserves	<u>50,707.35</u>	<u>50,707.35</u>

16 Related Party Transactions

Directors

The names of persons who were directors of the company during the financial year are set out in the Directors Report. Directors while carrying out their duties at meetings and on other occasions are provided with drinks on a complimentary basis. They also receive meals and drinks annually at the directors/staff Christmas party held by the company.

Honorariums are paid to the directors of the company for their services, as passed at the Annual General Meeting each year. All other transactions with directors are at normal commercial terms and conditions no more favourable than available to other parties.

Key Management Personnel Compensation

Any person as having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly, including any director (whether executive or otherwise) of that company, is considered key management personnel.

Key Management Personnel Compensation	<u>6,500.00</u>	<u>8,000.00</u>
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No formal written employment contracts have been entered into for key management personnel during the year.

Other Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Relatives of directors dealing with the company on normal terms and conditions are as follows:

Director P Sainsbury – relative is employed by the club.

DENMAN RSL SUB-BRANCH CLUB

A.B.N. 44 000 874 304

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

	2020	2019
	\$	\$
17 Capital Expenditure Commitments		
The company previously incurred preliminary expenses totalling \$166,862 for a staged refurbishment of the club building. These costs have been expensed as the company does not intend to progress with the development under the current climate of the COVID19 pandemic.		
18 Financial Risk Management		
The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.		
Financial instruments are measured at cost.		
Objectives, Policies and Processes		
The board of directors receives overall responsibility for the establishment of the company's financial risk management framework. This includes the development of policies covering specific areas such as interest rate risk and credit risk.		
Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities.		
The day-to-day risk management is carried out by the company's finance function under policies and objectives which have been approved by the board of directors. The chief financial officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and assessment of market forecasts for interest rate movements.		
The board of directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.		
Mitigation strategies for specific risks faced are described below.		
The company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.		
The other classes of receivables do not contain impaired assets.		
19 Operating Lease Commitments		
The company is leasing three poker machines and Hyperlink signage from Aristocrat Technologies Australia Pty Ltd over thirty-six months from 14 February 2018, with the final payment due 14 January 2021.		
The company's operating lease commitments including GST as at balance date are:		
Payable - minimum rental payments:		
- not later than twelve months	40,946.40	45,368.40
- later than twelve months but not later than five years	-	30,245.60
- greater than five years	-	-
	<u>40,946.40</u>	<u>75,614.00</u>

DENMAN RSL SUB-BRANCH CLUB

A.B.N. 44 000 874 304

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

2020
\$

2019
\$

20 Statutory Information

DENMAN RSL SUB-BRANCH CLUB

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

42 Paxton Street

DENMAN NSW 2328

DENMAN RSL SUB-BRANCH CLUB

A.B.N. 44 000 874 304

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Denman R S L Sub-Branch Club, the directors of the entity declare that:

1. The financial statements and notes satisfy the requirements of the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards - Reduced Disclosure Requirements applicable to the entity; and
 - (b) give a true and fair view of the financial position of the entity as at 30 June 2020 and of its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

David Roe

Director

11 September 2020

Denman



Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
Tracey L. Lawler	B.Comm. C.A.
Scott P. Collins	B.Comm./B.Econ. C.A

60 Brook Street
PO Box 128
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENMAN RSL SUB-BRANCH CLUB A.B.N. 44 000 874 304

Opinion

We have audited the financial report of Denman R.S.L. Sub-Branch 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 of Denman R.S.L. Sub-Branch Club is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the entity's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements 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 entity 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 Denman R.S.L. Sub-Branch 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the entity'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. 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.



Davies, Thompson & Wright

ABN 70 340 182 044

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PARTNERS

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DENMAN RSL SUB-BRANCH CLUB A.B.N. 44 000 874 304

Responsibilities of the Directors for the Financial Report

The directors of the entity are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements 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 entity'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 entity 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 the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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 entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.





Davies, Thompson & Wright

ABN 70 340 182 044

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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DENMAN RSL SUB-BRANCH CLUB
A.B.N. 44 000 874 304**

- Conclude on the appropriateness of the directors' 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 entity'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 entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the entity audit. We remain solely responsible for our audit opinion.

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.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: *Tracey Lawler*

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this 11th day of September 2020





Davies, Thompson & Wright

ABN 70 340 182 044

CHARTERED ACCOUNTANTS

PARTNERS

Timothy G. Looby	B.Ec. Dip.Fin.Man. C.A.
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**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF DENMAN RSL SUB-BRANCH CLUB
A.B.N. 44 000 874 304**

Scope

Our Independent Auditors' Report on the financial report of Denman RSL Sub-Branch 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, presented on the preceding pages, does not relate to the additional financial information presented hereinafter.

This additional information presented in the following report, namely the trading statement and profit and loss statement have been prepared from the accounting records of the club and we do not express an opinion thereon.

Name of Firm: Davies Thompson & Wright
Chartered Accountants

Name of Partner: *Tracey Lawler*

Address: 60 Brook Street, MUSWELLBROOK NSW 2333

Dated this 11th day of September 2020



DENMAN RSL SUB-BRANCH CLUB

A.B.N. 44 000 874 304

**TRADING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

	2020 \$	2019 \$
BAR TRADING		
Sales	296,933.19	447,878.27
LESS: COST OF GOODS SOLD		
Opening Stock	21,706.20	25,879.86
Purchases	168,222.59	237,339.35
Closing Stock	(21,536.01)	(21,706.20)
	168,392.78	241,513.01
GROSS PROFIT 43.29 % (2019 YEAR 46.08%)	128,540.41	206,365.26
LESS: DIRECT COST		
Bar Running Expenses	2,383.22	4,930.98
Wages	136,452.18	160,154.32
	138,835.40	165,085.30
GROSS PROFIT FROM TRADING	(10,294.99)	41,279.96
POKER MACHINE TRADING		
Nett Poker Machine Revenue	338,159.68	436,323.98
LESS: DIRECT COST		
Repairs	9,648.62	26,596.91
Poker Machine Lease Expenses	28,588.00	37,137.00
Data Monitoring Services	9,329.25	11,597.67
Global Gaming Fee	2,000.00	2,735.00
	49,565.87	78,066.58
GROSS PROFIT FROM TRADING	288,593.81	358,257.40
TOTAL GROSS PROFIT FROM TRADING	278,298.82	399,537.36

DENMAN RSL SUB-BRANCH CLUB
A.B.N. 44 000 874 304

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
INCOME		
Gross Profit from Trading	278,298.82	399,537.36
Government Subsidies	58,273.75	-
Commission	36,284.11	48,435.43
Interest Received	4,885.90	11,369.53
Miscellaneous Income	9,900.46	16,330.30
Recoveries	11,458.03	18,627.93
Members' Subscriptions	2,721.94	3,609.89
GST Rebate	17,180.00	17,180.00
Restaurant Income	2,018.63	-
Gross Profit on Rental Operations	9,882.14	14,365.37
	430,903.78	529,455.81
EXPENSES		
Auditor's Remuneration	6,750.00	6,500.00
Accounting and Taxation	21,750.00	15,900.00
Bank Charges	2,315.24	2,939.13
Borrowing Costs	840.00	735.00
Building Upgrade Write-Off	166,862.53	-
Cleaning	14,204.08	14,767.25
Computer Software & Service	4,527.28	4,545.01
Depreciation	78,810.21	78,619.31
Directors' Expenses	4,358.19	7,731.29
Donations	5,055.07	3,851.37
Electricity	31,532.30	42,130.58
Entertainment and Amenities	59,497.44	100,765.85
Fringe Benefits Tax	1,447.13	-
General Expenses	54.50	570.96
Hire of Plant and Equipment	3,668.28	4,383.96
Honorarium	6,500.00	8,000.00
Insurance	33,410.89	33,972.80
Interest Paid	253.44	2,909.13
Keno Expenses	3,814.13	5,251.23
Legal Costs	1,031.84	-
Long Service Leave	21.34	5,042.00
Postage, Stationery and Advertising	12,670.45	15,199.83
Rates	13,348.65	11,592.17
Recorded Cash Unders/(Overs)	2,154.04	(28.55)
Repairs and Maintenance	47,075.28	23,094.53
Restaurant Expenses	12,806.13	-
Security Costs	1,642.22	3,823.00
Staff Training and Welfare	264.34	2,524.54
Staff Drinks and Amenities	2,491.35	1,553.72

This detailed statement has been prepared to provide additional financial information
for members only and does not form part of the audited financial report.

DENMAN RSL SUB-BRANCH CLUB
A.B.N. 44 000 874 304

PROFIT AND LOSS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
Subscriptions and Licences	12,997.54	11,136.09
Superannuation Contributions	23,990.23	26,702.90
Telephone	3,224.77	2,686.04
TAB Expenses	15,719.89	20,319.98
Uniforms	399.23	443.91
Wages	114,543.08	135,076.84
Wages – Keno	5,522.45	8,550.53
Wages – TAB	1,713.67	2,366.86
	<u>717,267.21</u>	<u>603,657.26</u>
PROFIT (LOSS) BEFORE INCOME TAX	<u>(286,363.43)</u>	<u>(74,201.45)</u>