



BRIGHTON RSL CLUB

**Brighton-Le-Sands RSL
Club Limited**

ACN 19 001 001 707

**Annual Financial Report
for the year ended 30 June 2020**

Brighton-Le-Sands RSL Club Limited ACN 19 001 001 707

Annual financial report for the year ended 30 June 2020

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These financial statements are the financial statements of Brighton-Le-Sands RSL Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 13 August 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Brighton-Le-Sands RSL Club Limited (the Club) for the year ended 30 June 2020.

Directors details

The following persons were Directors of Brighton-Le-Sands RSL Club Limited during the financial year, and up to the date of this report:

Mr Barry Worling

President
Director since 1999
Life Member
Director 1995 - 1998
Retired Supervisor Department of Defence, Navy

Mr Christopher McCarthy

Director
Director since 2006
Retired Manager

Mr John Yates

Vice President
Director since 2015
Retired NSW Ambulance Service Paramedic, Taxi Owner Operator.

Mr Frederick Piper

Director
Director since 2018
Retired NSW Police Officer, Retired Security Investigator

Mr Raymond Banks

Director
Director since 2018
Royal Navy (Submarines), Retired Shift Manager Shell Refinery (includes Shell Malaysia)
Retired Shift Manager I.C.I Rhodes & Botany

Mr Brian Walsh

Director
Director since 2019
Semi retired Electrician, former Electrical Contracting business owner & Sydney City Council Emergency Services Officer

Mr Gary Walke

Director
Director since 2019
Director 2009 - 2018
Retired Radio Technician

Company secretary

The Company Secretary is Mr Scott Wheelihan. Mr Wheelihan has been an employee of Brighton Le Sands RSL Club Limited since February 1997 and was appointed on 29 March 2006 to the position of Company Secretary.

Director's meetings

The number of meetings the Directors (including meetings of Committees of Directors) held during the year and the number of meetings attended by each director is as follows:

Board members	Board meetings	
	A	B
Mr Barry Worling	12	11
Mr Christopher McCarthy	12	7
Mr John Yates	12	12
Mr Frederick Piper	12	10
Mr Raymond Banks	12	10
Mr Brian Walsh	Appointed September 2019	9
Mr Gary Walke	Appointed September 2019	9
Mr John Dunnell	Resigned September 2019	3

Where:

- column A: the number of meetings the Director was entitled to attend
- column B: the number of meetings the Director attended

Core and non-core property

Pursuant to Section 41E(5) of the Registered Clubs Act 1976 (NSW) for the financial year ended 30 June 2020, the following land and buildings are considered to be core and non-core property:

Core Property

- 351 to 361 Bay Street, Brighton Le-Sands, NSW, 2216

Principal activities

During the year, the principal activities of the Club was the running of a licensed Club for the benefit of its members and to meet the Company's objectives under its constitution.

There have been no significant changes in the nature of these activities during the year.

Short and long-term objectives

The Club's short-term objectives are to:

- Provide the best facilities available to members and their guests with a special interest in the welfare of the returned service league.
- Maintain or increase existing revenue levels and control costs to continue profitability which will allow the Club's premises to be continually improved.

These strategies are measured through both financial and non financial key performance indicators that have been developed relevant to the club industry.

Performance measurement

The Club measures its performance against industry benchmarks, gross profit percentage and wages to sales percentages to measure the financial performance of trading areas such as bar and gaming. The Club also uses EBITDA to measure the financial performance of the Club overall.

Significant changes in state of affairs

As a result of the spread of COVID-19 the Federal Government announced the closure of all Registered Clubs effective 23 March 2020 however since year end Clubs have been allowed to reopen from 1 June 2020 with restrictions in place. The Club has recommenced trading in June 2020.

There have been a range of measures introduced by the Government to support businesses and the Club is eligible as a result of the impact of the shutdowns announced due to the COVID-19 pandemic. The Club anticipates continued challenging trading conditions until such time that a return to normal operations is possible. The extent of the loss incurred may impact existing cash reserves, with the financial position of the Club being monitored on an ongoing basis by management and the Board.

Contribution in winding up

The Club is incorporated under the Corporations Act 2001 and is a Company limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of \$5 each towards meeting any outstanding obligations of the Club. At year end the total amount that members of the Club are liable to contribute if the Club is wound up is \$12,715 (2019: \$14,190).

Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with the instrument to the nearest dollar.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 5 and forms part of this Directors' report.

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



Barry Worling - Director



John Yates - Director

Dated: 13 August 2020

Auditor's independence declaration

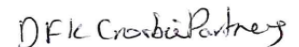
To the Directors of Brighton-Le-Sands RSL Club Limited

In accordance with the requirements of the Corporations Act 2001, as lead auditor for the audit of Brighton-Le-Sands RSL Club Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 13 August 2020
Newcastle

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue from continuing operations	2	4,814,722	6,715,762
Other Income	3	322,901	40,654
Cost of Sales		(433,351)	(665,132)
Employee Benefits and Expenses		(1,682,099)	(1,939,606)
Entertainment, Marketing & Promotional Costs		(456,119)	(708,434)
Poker Machine Duties and Taxes		(517,626)	(825,800)
Cleaning, Rent, Rates, Electricity & Gas		(247,536)	(317,853)
Insurance Expenses		(138,197)	(106,289)
Repairs and Maintenance		(171,973)	(163,571)
Security Expenses		(146,011)	(158,665)
Directors Expenses & Honoraria		(23,815)	(27,294)
Other Expenses from Ordinary Activities		(432,886)	(538,964)
Loss on Disposal of Assets		(193,787)	(12,461)
Donations and Grants		(54,171)	(78,014)
Depreciation and Amortisation Expense		(1,154,982)	(1,096,083)
Finance Costs		(84,247)	(108,441)
		(5,736,800)	(6,746,607)
Profit / (loss) before income tax		(599,177)	9,809
Income tax expense		27,078	7,249
Profit / (loss) for the year		(572,099)	17,058
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(572,099)	17,058

The above *statement of profit or loss and other comprehensive income* should be read in conjunction with the accompanying notes

Statement of financial position

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	963,742	2,194,972
Trade receivables	6	75	117
Inventories	7	24,249	34,735
Financial assets at amortised cost	8	130,996	12,629
Other assets	9	38,129	67,690
Total current assets		1,157,191	2,310,143
Non-current assets			
Property, plant and equipment	10	15,491,539	15,023,004
Intangible assets	11	722,766	722,766
Financial assets at amortised cost	8	200	200
Deferred tax assets	12	101,257	74,179
Total non-current assets		16,315,762	15,820,149
Total assets		17,472,953	18,130,292
LIABILITIES			
Current liabilities			
Trade and other payables	13	509,908	364,540
Financial liabilities	14	309,810	448,653
Provisions	15	283,190	243,074
Other liabilities	16	14,680	18,486
Total current liabilities		1,117,588	1,074,753
Non-current liabilities			
Financial liabilities	14	1,615,335	1,740,734
Provisions	15	16,081	18,757
Total non-current liabilities		1,631,416	1,759,491
Total liabilities		2,749,004	2,834,244
Net assets		14,723,949	15,296,048
MEMBERS FUNDS			
Retained profits		14,723,949	15,296,048
Total members funds		14,723,949	15,296,048

The above *statement of financial position* should be read in conjunction with the accompanying notes

Brighton-Le-Sands RSL Club Limited

Statement of changes in equity

For the year ended 30 June 2020

	Retained Profits \$	Total \$
Balance at 1 July 2018	15,278,990	15,278,990
Profit for the year	17,058	17,058
Total comprehensive income for the year	17,058	17,058
Balance at 30 June 2019	15,296,048	15,296,048
Profit for the year	(572,099)	(572,099)
Total comprehensive income for the year	(572,099)	(572,099)
Balance at 30 June 2020	14,723,949	14,723,949

The above *statement of changes in equity* should be read in conjunction with the accompanying notes

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from members and customers		5,515,204	7,339,002
Payments to suppliers and employees		(4,605,019)	(6,219,548)
Interest received		1,330	40,654
Interest paid		(84,247)	(108,441)
Grants Received		-	5,273
Net cash inflow (outflow) from operating activities		827,268	1,056,940
Cash flows from investing activities			
Payments for property, plant and equipment		(1,803,166)	(454,566)
Proceeds from sale of property, plant and equipment		8,910	-
Transfer to/from interest bearing deposit		-	1,000,000
Net cash inflow (outflow) from investing activities		(1,794,256)	545,434
Cash flows from financing activities			
Proceeds from borrowings		-	139,709
Repayment of borrowings		(264,242)	(458,134)
Net cash inflow (outflow) from financing activities		(264,242)	(318,425)
Net increase in cash and cash equivalents		(1,231,230)	1,283,949
Cash and cash equivalents at the beginning of the financial year		2,194,972	911,023
Cash and cash equivalents at the end of the financial year		963,742	2,194,972

The above *statement of cash flows* should be read in conjunction with the accompanying notes

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Brighton-Le-Sands RSL Club Limited (the Club) is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

(b) Statement of compliance

This financial report complies with Australian Accounting Standards - *Reduced Disclosure Requirements* as issued by the Australian Accounting Standards Board (AASB).

The financial report has been prepared on an accruals basis and is based on historical costs. The financial report is presented in Australian Dollars.

(c) New and amended standards adopted by the Club

The Club has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*
- AASB 2010-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current*

The principal accounting policies adopted are consistent with those of the previous financial year except for the policies stated below:

AASB 15 Revenue from Contracts with Customers

The Club has adopted AASB 15 'Revenue from Contracts with Customers' and AASB 2014-5 'Amendments to Australian Accounting Standards arising from AASB 15' from 1 July 2019. AASB 15 establishes a comprehensive five-step framework for recognising revenue. AASB 15 applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. AASB 15 has replaced past revenue recognition guidance including AASB 18 Revenue, AASB 11 Construction Contracts and the related Interpretations.

Under AASB 15, revenue is recognised when a performance obligation has been satisfied at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer/member. The standard requires entities to exercise judgment, taking into consideration all the relevant facts and circumstances when applying each step of the model to contracts with their customers/members.

AASB 15 has been applied by the Club in accounting for and recognising revenue. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new policies are set out in note 2.

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club employed the modified retrospective approach for adoption as at 1 July 2019.

The adoption has impacted the accounts as follows:

The Club concluded that AASB 15 required no change in the method of accounting for the sale of goods and the provision of services. Sales are made at a point in time as the products and services are provided, with no contingent features to the price or volumes delivered. Sales for the provision of services are made at a point in time, with no contingent features to the price. The Club has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. The Club also issues internal vouchers as part of prizes for raffle and bingo and other promotions. It was determined that the impact of the loyalty program and internal Club vouchers on 1 July 2019 and 30 June 2020 was immaterial.

The application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Club.

AASB 16 Leases

The Club has adopted AASB 16 'Leases' from 1 July 2019. AASB 16 Leases ('AASB 16') removes the current operating and finance lease distinction for lessees and requires entities to recognise all material leases on the statement of financial position. AASB 16 requires the recognition of a right-of-use asset and a corresponding lease liability at the commencement of all leases, except for short-term leases and leases of low value assets.

Notes to the financial statements

For the year ended 30 June 2020

(c) New and amended standards adopted by the Club (continued)

The standard permits either a full retrospective or a modified retrospective approach for adoption. The Club has elected to apply the modified retrospective method of adoption from the date of initial application, which allows the Club to not restate comparative financial statement information.

The adoption has impacted the annual financial report as follows:

As a result of the adoption of AASB 16, there has been no impact on the Statement of Financial Position or Statement of Profit and Loss of the Company.

AASB 2010-1 Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current

The Club has adopted AASB 2010-1 'Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-current' from 1 July 2019. AASB 2010-1 removes the requirement to classify a liability as current where there is not an unconditional right to defer settlement for a period of greater than 12 months, and requires any liability where the entity has the right to defer settlement at the end of the reporting period (e.g. by virtue of meeting any specified conditions such as loan covenants) to now be classified as non-current.

As a result of the adoption of AASB 2020-1, the Club has changed the classification of its bank loan under financial liabilities such that it is now split between current and non-current in the statement of financial position

(d) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case, it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

(e) Rounding of amounts

The Club is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest dollar.

Notes to the financial statements

For the year ended 30 June 2020

2 Revenue**(a) Disaggregation of revenue from contracts with customers**

The Club derives revenue from the transfer of goods and services over time and at a point in time for the following services:

	Beverage and Food Revenue \$	Gaming Revenue \$	Membership Revenue \$	Raffle and Bingo Revenue \$	Other Revenue \$	Total \$
2020						
Revenue from contracts with customers	1,034,437	3,524,458	29,356	169,414	39,877	4,797,542
Other revenue (not covered by AASB15)	-	17,180	-	-	-	17,180
	<u>1,034,437</u>	<u>3,541,638</u>	<u>29,356</u>	<u>169,414</u>	<u>39,877</u>	<u>4,814,722</u>

Timing of revenue recognition

At a point in time	1,034,437	3,541,638	-	169,414	39,877	4,785,366
Over time	-	-	29,356	-	-	29,356
	<u>1,034,437</u>	<u>3,541,638</u>	<u>29,356</u>	<u>169,414</u>	<u>39,877</u>	<u>4,814,722</u>

	Beverage and Food Revenue \$	Gaming Revenue \$	Membership Revenue \$	Raffle and Bingo Revenue \$	Other Revenue \$	Total \$
2019						
Revenue from contracts with customers	1,635,547	4,728,914	28,266	244,009	55,846	6,692,582
Other revenue (not covered by AASB15)	-	23,180	-	-	-	23,180
	<u>1,635,547</u>	<u>4,752,094</u>	<u>28,266</u>	<u>244,009</u>	<u>55,846</u>	<u>6,715,762</u>

Timing of revenue recognition

At a point in time	1,635,547	4,752,094	-	244,009	55,846	6,687,496
Over time	-	-	28,266	-	-	28,266
	<u>1,635,547</u>	<u>4,752,094</u>	<u>28,266</u>	<u>244,009</u>	<u>55,846</u>	<u>6,715,762</u>

b) Assets and liabilities related to contracts with customers

The Club has recognised the following assets and liabilities related to contracts with customers:

	2020 \$	2019 \$
Contract liabilities (membership in advance)	10,180	13,986
Total Contact liabilities	<u>10,180</u>	<u>13,986</u>

(c) Accounting policies and significant judgements

The Club recognises revenue related to the transfer of promised goods or services when a performance obligation is satisfied and when control of the goods or services passes to the customer. The amount of revenue recognised reflects the consideration to which the Club is or expects to be entitled in exchange for those goods or services.

The Club considers whether there are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g. Loyalty Points Program). In determining the transaction price for the sale of goods, the Club considers the effects of variable consideration, the existence of significant financing components, non-cash consideration, and consideration payable to the customer (if any).

(i) Sale of goods - beverage and food

Revenue from the sale of beverages and food is recognised at a point in time when the physical control of the goods passes to the customer.

Notes to the financial statements

For the year ended 30 June 2020

(c) Accounting policies and significant judgements (continued)*(ii) Provision of services - gaming revenue*

Revenue from rendering services from gaming facilities to members and other patrons of the Club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission income where the Club acts as an agent for third parties who provide wagering services to members and guests is recognised at a point in time when the wagering transactions has been completed.

(iii) Provision of services - membership revenue

Membership subscriptions are recognised over the term of membership and any unearned portion is deferred and included in contract liabilities. Membership revenue is measured with reference to the fee received and the period of membership that the member has paid for.

(iv) Provision of services - raffle and bingo revenue

Raffle and bingo revenue and is recognised at a point in time when the customer takes possession of the ticket and the raffle or bingo game has been conducted as at this point the performance obligations have been satisfied.

(v) Other revenue

The Club recognises other revenue at a point in time when the performance obligation has been satisfied.

3 Other income and expense items

	2020	2019
	\$	\$
(a) Other income		
Interest Income	1,330	40,654
Government stimulus funding - Jobkeeper	259,071	-
Government stimulus funding - Cashflow Boost	62,500	-
	<u>322,901</u>	<u>40,654</u>

(i) Other income

The Club recognises other income when it becomes receivable.

(ii) Interest income

Interest income is recognised on an accruals basis.

Notes to the financial statements

For the year ended 30 June 2020

4 Income tax expense**(a) Numerical reconciliation of income tax expense to prima facie tax payable**

The Income Tax Assessment Act 1936 (amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been provided on a taxable income calculated as follows:

	2020	2019
	\$	\$
Operating profit/(loss) before income tax	(599,177)	9,809
Tax at the Australian tax rate at 27.5% (2019: 27.5%)	(164,774)	2,697
Non deductible expenses	(79)	-
Apportionment adjustment members income and expenses	64,235	(98,302)
Net deferred tax asset not bought to account	(100,618)	(95,605)
Deferred tax asset for tax losses not bought to account	73,540	88,356
Income tax expense	(27,078)	(7,249)

(b) The Directors estimate that the potential deferred tax asset as at 30 June 2020 not bought to account is as follows:

Tax losses at 27.5%	304,201	230,661
	304,201	230,661

Accounting policy

Deferred tax assets and liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the statement of profit or loss and other comprehensive income.

5 Cash and cash equivalents**Current**

Cash and Cash Equivalents	963,742	2,194,972
	963,742	2,194,972

Accounting policy

Cash and short-term deposits in the Statement of financial position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purpose of the Statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Notes to the financial statements

For the year ended 30 June 2020

6 Trade receivables

	2020	2019
	\$	\$
Current		
Trade receivables	75	117
	<u>75</u>	<u>117</u>

Accounting policy

Trade receivables are recognised initially at the amount of the consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Club holds the trade receivables with the objective to collect the contractual cashflows and therefore measures them subsequently at amortised cost. Trade receivables are generally due within 30 days from the date of recognition.

7 Inventories**Current**

Stock on hand - bar	24,249	30,765
Stock on hand - coffee shop	-	3,970
	<u>24,249</u>	<u>34,735</u>

Accounting policy

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

8 Financial assets at amortised cost**Current**

Shares	1,088	1,088
Other receivables	129,908	11,541
	<u>130,996</u>	<u>12,629</u>

Non - Current

Other receivables	200	200
	<u>200</u>	<u>200</u>

Accounting policy

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method.

9 Other assets**Current**

Prepayments	26,829	66,690
Other Assets	11,300	1,000
	<u>38,129</u>	<u>67,690</u>

Accounting policy

This includes prepayments made in advance for goods and services which are to be received in a future period.

Notes to the financial statements

For the year ended 30 June 2020

10 Property, plant and equipment

	Land and Building	Plant and equipment	Poker Machine	Total
	\$	\$	\$	\$
Non-current assets				
At 1 July 2019				
Cost	17,050,995	2,946,038	3,460,886	23,457,919
Accumulated depreciation	(4,275,688)	(1,792,400)	(2,366,827)	(8,434,915)
Net book amount	<u>12,775,307</u>	<u>1,153,638</u>	<u>1,094,059</u>	<u>15,023,004</u>
Year ended 30 June 2020				
Opening net book amount	12,775,307	1,153,638	1,094,059	15,023,004
Additions	1,442,449	137,024	246,741	1,826,214
Disposals	(90,314)	(95,761)	(16,622)	(202,697)
Depreciation charge	(473,670)	(191,608)	(489,704)	(1,154,982)
Closing net book amount	<u>13,653,772</u>	<u>1,003,293</u>	<u>834,474</u>	<u>15,491,539</u>
At 30 June 2020				
Cost	18,292,546	2,677,277	3,540,791	24,510,614
Accumulated depreciation	(4,638,774)	(1,673,984)	(2,706,317)	(9,019,075)
Net book amount	<u>13,653,772</u>	<u>1,003,293</u>	<u>834,474</u>	<u>15,491,539</u>

Accounting policy**(a) Land and buildings**

Freehold land and buildings are carried at cost less any accumulated depreciation and any impairment in value.

(b) Plant and equipment and poker machines

Plant and equipment and poker machines are carried at cost less any accumulated depreciation and any impairment in value.

(c) Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset as follows:

Buildings	10 - 40 years
Plant & Equipment	5 - 10 years
Poker Machines	4 - 8 years

(d) Impairment

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash in flows, the recoverable amount is determined for the cash generating unit in which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to their recoverable amount.

The recoverable amount of plant and equipment is the greater of fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the future economic benefits of an asset are not dependant on the asset's ability to generate net cash inflows and if deprived of the asset the Club would replace its remaining future economic benefit, value in use is determined as the depreciated replacement cost of the asset.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as a separate line item.

11 Intangible assets

	Poker machine entitlements \$	Total \$
Non-current assets		
As at 30 June 2019		
Cost	722,766	722,766
Accumulated amortisation	-	-
Net book amount	<u>722,766</u>	<u>722,766</u>
Year ended 30 June 2020		
Opening net book amount	722,766	722,766
Additions	-	-
Disposals	-	-
Closing net book amount	<u>722,766</u>	<u>722,766</u>
As at 30 June 2020		
Cost	722,766	722,766
Accumulated amortisation	-	-
Net book amount	<u>722,766</u>	<u>722,766</u>

Accounting policy

Poker machine entitlements are intangible assets acquired separately and are capitalised at cost, the useful lives of these intangible assets are assessed to be indefinite. These are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired.

The value shown for the Poker machine entitlements, being their cost plus transaction costs, were tested for impairment having regard to the market value of such entitlements and the cash flow generated from holding these assets, with no impairment loss adjustment required.

12 Deferred tax balances

	2020 \$	2019 \$
(i) <i>Deferred tax assets</i>		
The balance comprises temporary differences attributable to:		
Depreciation	65,706	33,993
Provisions	20,212	16,335
Other	15,339	23,851
	<u>101,257</u>	<u>74,179</u>
Movements		
At 1 July 2019	74,179	66,930
(Charged)/credited to statement of profit or loss and other comprehensive income	27,078	7,249
At 30 June 2020	<u>101,257</u>	<u>74,179</u>

Accounting policy

Deferred tax assets and liabilities are recognised for deductible and temporary differences where considered material. Deferred tax assets in respect of unused tax losses are only recognised to the extent it is probable that a taxable profit will be available against which deductible temporary differences and carried forward tax losses can be utilised if material.

The carrying amount of deferred income tax assets is reviewed at each balance date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability settled, based on the tax rates (and tax law) that have been enacted or substantively enacted at the statement of financial position date.

Notes to the financial statements

For the year ended 30 June 2020

13 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	307,656	122,534
Other payables and accruals	193,610	123,402
GST payable	8,642	118,604
	<u>509,908</u>	<u>364,540</u>

Accounting policy

Trade and other payables, including accruals, are recorded initially at fair value and subsequently at amortised cost. Trade and other payables are non-interest bearing. Trade accounts payable are normally settled within 30 days.

14 Financial liabilities**Current***Secured*

Bank overdraft (i)	-	14,532
Bank loans (i)	309,810	413,162
Other financial liabilities	-	20,959
Total secured financial liabilities	<u>309,810</u>	<u>448,653</u>

Non-current*Secured*

Bank loans (i)	1,615,335	1,740,734
Total secured financial liabilities	<u>1,615,335</u>	<u>1,740,734</u>

(i) *Secured liabilities*

The Commonwealth Bank holds security in regards to the loan facility as follows:

- First Registered Mortgage by the Club over non residential Real Property located at 351-361 Bay St Brighton Le Sands NSW 2216
- General security interest by the Club comprising: first ranking charge over all present and after acquired property.

Accounting policy

Financial liabilities are initially recognised at fair value, net of transaction costs incurred. Borrowing costs are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit or loss and other comprehensive income over the period of the borrowings using the effective interest rate method.

Financial liabilities are classified as non current liabilities if the Club has a right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period.

Notes to the financial statements

For the year ended 30 June 2020

15 Provisions	2020	2019
	\$	\$
Current		
Employee entitlements (i) & (ii)	238,441	186,925
Club grants	42,070	55,250
Unclaimed payouts	2,679	899
	<u>283,190</u>	<u>243,074</u>
Non-current		
Employee entitlements (ii)	16,081	18,757
	<u>16,081</u>	<u>18,757</u>

Accounting policy*(i) Annual leave*

Liabilities for annual leave expected to be settled within 12 months of the reporting date, are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Any annual leave expected to be settled beyond 12 months of the reporting date is measured at the present value of expected future payments.

(ii) Long service leave

The liabilities for long service leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage levels and period of service. Discount rates of the Australian bond rates matching the estimated future cash outflows have been used.

16 Other liabilities**Current**

Contract liabilities - membership income	10,180	13,986
Other liabilities	4,500	4,500
	<u>14,680</u>	<u>18,486</u>

Accounting policy

Revenues received in advance are recorded as a contract liability if they are in relation to contracts with customers under AASB 15 and recognised as revenue when they are earned in future periods. Other revenue received in advance that is not covered by AASB 15 is recorded as other liabilities and is recognised as revenue when they are earned in future periods.

Notes to the financial statements

For the year ended 30 June 2020

17	Commitments	2020	2019
		\$	\$
(i)	<i>Capital Commitments</i>		
	Club Improvements	-	1,236,400
	Poker Machines	-	8,000
		<u>-</u>	<u>1,244,400</u>

18 **Contingent liabilities**

There are no contingent liabilities as at the date of this report.

19 **Related parties**

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

(a) *Key management personnel compensation*

Total key management personnel benefits	<u>147,645</u>	<u>164,254</u>
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20 **Critical accounting estimates and judgements**

Management is required to make judgements, estimates and assumptions about reported amounts of assets, liabilities, income and expenses that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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

Judgements made by management that have significant effects on the financial statements and estimates with a significant risk of material adjustment in the next period are disclosed where applicable, in the relevant notes to the financial statements:

- Estimation of useful lives of non-current assets (notes 10 and 11) - The useful life of property, plant and equipment is initially assessed at the date the asset is ready for use and reassessed at each reporting date based on the use of the assets and the period over which economic benefits will be derived from the asset. There is uncertainty in relation to the assessment of the life of the asset including factors such as the rate of wear and tear and technical obsolescence. The useful life of poker machine entitlements classified as an intangible asset has been assessed as indefinite. There is uncertainty in relation to this assumption as it is based on current legislation and conditions attached to the entitlements. The estimates and judgements involved may impact the carrying value of the non-current assets and the depreciation and amortisation charges recorded in the statement of profit or loss and other comprehensive income should they change.
- Impairment of non-current assets (note 10) - Impairment testing of non-current assets is performed where indicators of impairment exist or annually for indefinite life intangible assets. In assessing impairment, estimates are made of the recoverable amount of each asset or cash generating unit based on discounted expected future cash flows or estimated replacement cost. Estimation uncertainty exists in relation to assumptions regarding future operating results and cash flows, determination of an appropriate discount rate and estimated current replacement cost of the asset.

Directors' declaration

In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 20 are in accordance with the Corporations Act 2001, including:
 - (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



Barry Worling - Director



John Yates - Director

Brighton Le Sands
13 August 2020

Independent auditor's report to the members of Brighton-Le-Sands RSL Club Limited

Opinion

We have audited the financial report of Brighton-Le-Sands RSL Club Limited (the Club) which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, 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 Clubs 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, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the 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 – 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 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.

Matters relating to the electronic presentation of the audited financial report

The auditor's report relates to the financial report of the Club for the year ended 30 June 2020 included on the Club's web site. The Club's Directors are responsible for the integrity of the Club's web site. We have not been engaged to report on the integrity of this web site. The auditor's report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our audit report.



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

13 August 2020
Newcastle