

Merimbula RSL Club



...something for everyone

20192020
FINANCIAL REPORT

MERIMBULA
RSL CLUB

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

ANNUAL GENERAL MEETING

To be held in the Merimbula RSL Club on Wednesday, 11th November, 2020, at 7.15pm.

MEETING AGENDA:

1. Apologies.
2. Confirmation of Minutes for Annual General Meeting held on 13th November, 2019.
3. To receive and consider the Financial Statement of the Company for the year ended 30th June, 2020, and the Reports by Directors and Auditors thereon.
4. First Ordinary Resolution: President's Honorarium.
5. Second Ordinary Resolution: Director's Honorarium.
6. Third Ordinary Resolution: Expenditure on Directors' food, beverages and other expenses.
7. Fourth Ordinary Resolution: Expenditure on Directors' educational and seminar expenses.

Note: The Ordinary Resolutions 1 to 4 are printed on page 2 of this Notice and Notes on the Ordinary Resolutions are printed on page 3 of this Notice.

8. **Notice of Special Resolutions:** Adoption of the updated Constitution (Refer to explanatory memorandum).
9. **General Business:** Notice of which was supplied to the Secretary Manager in writing prior to this meeting.

NOTE TO MEMBERS:

Re: Item 8 – Notice of Special Resolutions: To be passed, the special Resolution must receive votes in favour from not less than 75% of those Members who, being so entitled to do so, vote in person at the Meeting.

Amendments (other than minor typographical corrections which do not change the substance or effect the Resolution) will not be permitted from the floor of the meeting

The Board of the Club recommends to members the adoption of the proposed changes to the constitution.

By order of the Board,

M. MUTSCH
Secretary Manager

28th September, 2020

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

ORDINARY RESOLUTIONS

NOTICE is hereby given that at the Annual General Meeting of the MERIMBULA RSL CLUB LIMITED to be held on Wednesday, 11th November, 2020, commencing at 7.15pm, on the Club premises at 52-54 Main Street, Merimbula, New South Wales, the Members will be asked to consider, and if thought fit, pass the following resolutions.

FIRST ORDINARY RESOLUTION:

Item 4 of the Agenda: President's Honorarium:

That pursuant to the Registered Clubs Act 10 (6) (b):

"The Members hereby approve an amount of \$8,742 be paid to the President as an Honorarium for the 2020/21 Financial Year."

SECOND ORDINARY RESOLUTION:

Item 5 of the Agenda: Directors' Honorarium:

That pursuant to the Registered Clubs Act 10 (6) (b):

"The Members hereby approve an amount of \$3,130 to each of the two (2) Vice-Presidents and \$2,155 to each of the four (4) other Directors as a Directors' Honorarium for the 2020/21 Financial Year."

THIRD ORDINARY RESOLUTION:

Item 6 of the Agenda: Directors' Food, Beverages and Other Expenses:

That pursuant to the Registered Clubs Act:

- (a) "The Members hereby approve and agree to reasonable expenditure by the Club until the next Annual General Meeting of the Club for the following activities of Directors:
- (i) The reasonable cost of a meal and beverage for each Director immediately before or immediately after a Board or Committee Meeting where the Meeting corresponds with a normal meal time.
 - (ii) Reasonable expenses incurred by Directors in relation to such duties including the entertainment of special guests to the Club and other promotional activities performed by Directors which activities and the expenses there from are approved by the Board before payment is made on production of receipts, invoices or other documentary evidence of such expenditure.
 - (iii) Reasonable expenditure on food and beverages for Directors and their spouses on one dinner per year and other functions where appropriate and required to represent the Club."
- (b) "The Members acknowledge that the benefits in paragraph (a) above are not available to Members generally but only for those who are Directors of the Club."

FOURTH ORDINARY RESOLUTION:

Item 7 of the Agenda: Directors' Educational and Seminar Expenses:

That pursuant to the Registered Clubs Act:

- (a) "The Members hereby approve and agree to reasonable expenditure by the Club for the professional development and education of Directors until the next Annual General Meeting of the Club and being:
- (i) The reasonable cost of Directors attending the Clubs NSW Annual General Meeting.
 - (ii) The reasonable cost of Directors attending seminars, lectures, trade displays and other similar events as may be determined by the Board from time to time.
 - (iii) The reasonable cost of Directors attending other Registered Clubs or similar types of businesses for the purpose of observing their facilities and methods of operation provided such attendances are approved by the Board as being necessary for the betterment of the Club.
 - (iv) Attendance at functions with spouses where appropriate, and required to represent the Club."
- (b) "The Members acknowledge that the benefits in paragraph (a) above are not available to Members generally but only to those who are Directors of the Club and those Members directly involved in the above activities."

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTES TO MEMBERS ON ORDINARY RESOLUTIONS

These notes are to be read in conjunction with the proposed Resolutions.

1. **Item 4: President's Honorarium**

The purpose of the first resolution is to seek Members approval in a General Meeting, an Honorarium to the President of no more than \$8,742 for the 2020/21 Financial Year.

The existing President Honorarium has been approved at a previous General Meeting and increases by CPI each year.

2. **Item 5: Directors' Honorarium**

The purpose of the second resolution is to seek Members approval in a General Meeting, the recommended amount of \$3,130 for the two (2) Vice Presidents and \$2,155 for the four (4) Directors pursuant to point (8.6) of the Club's Constitution and 10 (6) (b) of the Registered Clubs Act.

The existing Directors' Honorariums have been approved at a previous General Meeting and increases by CPI each year.

3. **Item 6: Directors' Food, Beverages and Other Expenses**

The third resolution is to have Members in a General Meeting approve reasonable expenditure by the Club in relation to duties performed by the Club's Directors.

4. **Item 7: Directors' Educational and Seminar Expenses**

The fourth resolution is to have Members in a General Meeting approve reasonable expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events including the Clubs NSW Annual General Meeting and to visit other clubs to enable the Club's governing body to keep abreast of current trends and developments which may have a significant bearing on the nature and way in which the Club conducts its business.

5. Each of the resolutions must be passed as a whole and cannot be amended from motions from the floor of the meeting or divided into two or more separate resolutions.

6. To be passed, each Ordinary Resolution must receive votes in its favour from not less than a simple majority of those Members, who being entitled to do so, vote in person at the meeting.

By order of the Board,

M. MUTSCH
Secretary Manager

28th September, 2020

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

PRESIDENT'S REPORT

On behalf of the Board of Directors, I have much pleasure in presenting the Financial Report of the Club for the Financial Year 2019/20.

But firstly, an overall comment on the year that was and the operational challenges the Club faced.

Drought, massive bushfires on the South Coast and the unprecedented once in a 100 year Pandemic (COVID 19) posed situations for Management and Staff that had not been experienced before. Business interruptions, Operational and Legislative Directions, Health and Community and individual behaviour protocols were and still are the order of the day.

Within this changing business environment, I am pleased to inform Members that Management and Staff of the Club took up the challenges being faced and have performed magnificently. I congratulate them on your behalf for their achievements.

The operational surplus of \$107,491 for the 2019/20 before income tax reflects the work the Board and Management has done in controlling and managing finances during a period of uncertainty and difficult trading.

To my fellow Directors, I personally thank them for their support and commitment during a difficult year. The Board continued to function effectively as a united body which was crucial in meeting challenges faced by the Club

The Club has continued to support the RSL Sub-Branch as it has done in the past.

To the members who have lost loved ones during the year, my condolences.

Finally, best wishes to all our members, board, staff and visitors during this time of the Pandemic.

GRAEME WILLIAMS

President

SECRETARY MANAGER'S REPORT

I present the 2019-20 report under the most difficult circumstances our club and the industry have ever faced. Although the club recorded a profit of \$107,491 (before income tax expense) this was not achieved by our main revenue streams, but by Government COVID-19 assistance and Insurance recovery from the bushfires.

Overview:

On the 23rd of March this year, our club faced a situation that we had not encountered in the history of our operations – a forced closure. This closure had a significant financial impact on our club and necessitated a rethink of how our club traded.

Adding to this, the COVID-19 pandemic struck soon after another significant event experienced by our club during 2019-20.

Starting on New Year's Eve 2019, our region experienced the worst bushfires ever seen, a danger period which lasted around five weeks in total. The Merimbula RSL Club opened as an evacuation centre for four days and supported around 463 people whose homes were lost or under threat. I think we all are extremely grateful for the actions of those brave men and women who fought the fires (some of these being our members and staff) and they must be commended. If they had not bravely and selflessly acted as they did, many more properties would have been lost. Our club's tourist trade was seriously impeded by a 100-kilometre exclusion zone issued on New Year's Eve, and with the NSW South Coast bushfire burning for a total of five weeks before finally being out on February 4, we were only just starting to return to business as usual when the COVID-19 pandemic forced our closure.

Despite these challenging trading conditions our club was well placed to 'weather the storm' with sufficient cash reserves and the club's Board working incredibly hard to attend additional meetings and briefings to make sure our club stayed in the best possible position it could under the 'new normal' of strict NSW Health COVID-19 guidelines.

To our President Graeme and the Board, I sincerely thank you for your help and guidance throughout this year with special thanks going to Mr Allan Browning, Mr Phil Cheek and Mr Ian Powell who were at the club for four days straight to help calm and assist bushfire evacuees while we were an evacuation centre.

Reopening:

After the NSW Government eased restrictions on clubs, we recommenced trade on the 4th June 2020. The task of reopening with a bit over a week's notice was challenging and I would like to commend the efforts of Emma, Derek, Tracey, Ben, Jo and our Supervisors for the effort they displayed to ensure our venue was prepared and would be able to trade in accordance with the strict NSW Health orders and guidelines.

Staff:

Perhaps one of the most challenging days of my career to date was the day Management had to call a meeting and stand down our loyal and dedicated staff when we were forced to close our doors. At the time there was a lot of uncertainty on how or when the club would reopen. When we finally did get to reopen, I am pleased to report that the great majority of those staff returned to the Club and were grateful to be back at work and getting on with their lives as normally as possible.

I would again like to take the opportunity to thank the Club's Management team and I am sure that they would like to join me in thanking our wonderful staff for their tireless efforts, particularly given the difficulties they have faced in 2020.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

SECRETARY MANAGER'S REPORT *(continued)*

The Future:

While there is lingering uncertainty around COVID-19 in NSW, our members should find comfort and hope from our experience. Our club has been through a lockdown and we have come through it. We are getting through this, together, and we will continue to be a welcoming place of support and fellowship for our members and their guests. We are working together to come up with new ideas and we are doing everything we can to create a sense of normality in our community. Our number one priority is to make our members and guests feel safe and welcome when they visit. While none of us know what the future holds, you can be sure that the Board, Management and Staff will continue to provide our members with a prosperous, safe and enjoyable facility.

MICHAEL MUTSCH

Secretary Manager

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DIRECTORS' REPORT

Your Directors present their report on the company for the year ended 30th June, 2020.

Directors:

Names of Directors in office at any time during or since the end of the year are: Mr Allan F. Browning, Mr Philip J. Cheek, Mr John F. Finn, Mr Ian J. Powell Mr David J. Rankin, Ms Hannah L. Rossi, Mr Graeme N. Williams.

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

Company Secretary:

The following person held the position of Company Secretary at the end of the financial year.

Mr Michael Mutsch – Diploma in Club Management, Justice of the Peace. Mr Mutsch has worked for the Merimbula R.S.L Club for the past (24) Twenty four years in a Management role. Mr Mutsch was appointed Company Secretary on 4th September, 1998.

Principal Activities:

The principal activities of the Company in the course of the year were that of a Registered Club. There were no significant changes in the nature of the company's activities during the year.

Short Term Objectives:

The short term objectives remain constant with the emphasis on revenue of gaming, beverage sales, provision of meals and entertainment to members and their guests. The Medium term strategies are centred on the identification of threats to our Club and industry which is monitored through our most recent "risk Analysis and Strategic Plan."

Long Term Objectives:

In the long term, the Company's primary objective is to investigate and implement successful alternate revenue streams that complement the Club's core business whilst still maintaining the principle activities of the company.

The Company adopts current registered club industry practices and strategies to ensure that the short and long term objectives are met.

Measurement of Performance:

The Company assesses its performance in terms of its achievement of strategic and financial objectives with reference to:

- the quality of the service and facilities provided to members;
- the ability to generate strong cash flows from its operating activities;
- the trading and overall financial result; and
- the stability of the statement of financial position with respect to the Company's liquidity.

Result:

The net profit after providing for income tax expense is made up as follows:

Profit for the Year	\$107,491
Plus: Income Tax Expense	840
Net Operating Profit	<u>\$108,331</u>

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DIRECTORS' REPORT *(continued)*

Review of Operations:

The Club's net operating profit before income tax expense for the year was \$107,491 which decreased by \$514,973 on the 18/19 financial year. The Clubs main sources of revenue came from food, beverage and gambling operations which serviced the social requirements of the members and visitors. In the 2019/20 financial year all the Clubs revenue lines were affected by two major disruptions.

Significant Changes in State of Affairs:

The following changes in the state of affairs of the Company occurred during the year.

- i) Bushfires in the region in December 2019 and January 2020 significantly affected the Club's trading during the peak trading season.
- ii) Due to the COVID 19 Pandemic, the Clubs main operations where closed by Government Regulations from the 23rd March 2020 until the 4th June 2020 and strict trading restrictions and guidelines where placed on the Club by NSW Public Health Orders.

After Balance Date Event:

The COVID 19 Pandemic announced by the World Health Organisation is having a negative impact on world stock markets, currencies, and business activities. The Club has initiated strict policies and procedures to address the health and wellbeing of our patrons, employees and contractors. The timing and extent of the impact and recovery from the COVID 19 Pandemic is not yet known and will have a post balance sheet date impact.

Members' Details and Guarantee:

The number of registered members of the Club as at the 30th June, 2020 is 7,514 (last year 7,715) consisting of 133 Service Members, 7,380 Club Members and 1 Honorary Life Members.

As a Company Limited by guarantee, every member of the Company has undertaken to contribute an amount not exceeding \$2.00 on the event of the Company being wound up. Such contribution will only be required in the event that assets of the Company are insufficient to meet the payments of the debt and liabilities of the Company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date.

Additional Information on Directors:

Mr Allan F. Browning: Garden Centre Owner, member of House and Catering Committees, Service Board member since 30/8/10, no other Directorships held.

Mr Philip J. Cheek: Retired, member of the Finance and Catering Committees, Service Board Member since 24/10/12, no other Directorships held.

Mr John F. Finn: Retired, member of Finance and Strategic Planning Committees, Service Board member since 29/10/08, no other Directorships held.

Mr Ian J. Powell: Retired, member of the Finance and House Committees, Club Board Member since 25/10/17, no other Directorships held.

Mr David J. Rankin: Retired, member of the House and Catering Committees, Club Board Member since 28/7/14, no other Directorships held.

Ms Hannah L. Rossi: Manager for The Commonwealth Bank, member of the House and Strategic Planning Committees, Club Board Member since 28/8/17, no other Directorships held.

Mr Graeme N. Williams: CPA, Retired, President and member of the Finance and Strategic Planning Committees, Service Board Member since 27/10/99, no other Directorships held.

Each Director is a financial Member of the Merimbula RSL Club Limited.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DIRECTORS' REPORT *(continued)*

Meetings of Directors:

During the financial year 27 meetings of Directors (including committees) were held. Attendances were:

	Directors' Meetings:		Committee Meetings:	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
Allan F. Browning	12	12	6	4
Philip J. Cheek	12	10	15	12
John F. Finn	12	11	9	8
Ian J. Powell	12	12	11	10
David J. Rankin	12	12	6	6
Hannah L. Rossi	12	8	4	3
Graeme N. Williams	12	10	10	8

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 in the following page of the financial report.

This report is made in accordance with a resolution of the directors on 28th September, 2020.

G.N. WILLIAMS, Director

P.J. CHEEK, Director

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The Financial Statements and Notes for the year ended 30th June, 2020 are in accordance with the Corporations Act 2001.
 - (a) Comply with Australian Accounting Standards – Reduced Disclosure Requirements; and
 - (b) Give a true and fair view of the financial position of the Company as at 30th 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 Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors and is signed for and on behalf of the Directors by:

G.N. WILLIAMS, Director
P.J. CHEEK, Director

*Dated at Merimbula,
28th September, 2020*

BOARD OF DIRECTORS 2019/20



Back from left: Hannah Rossi, Dave Rankin, Michael Mutsch (Secretary Manager), John Finn, Ian Powell; front from left: Phil Cheek (Vice-President), Graeme Williams (President), Allan Browning (Vice-President)

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

AUDITOR'S INDEPENDENCE DECLARATION

Under Section 307C of the Corporations Act 2001 to the Directors of Merimbula RSL Club Limited. I declare that, to the best of my knowledge and belief, during the year ended 30th June, 2020, there have been:

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

RICHARD C PARBERY FCPA

Registered Company Auditor (1864)

28th September, 2020

101 Main Street, Merimbula, NSW 2548

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

**STATEMENT OF PROFIT OR LOSS AND
OTHER COMPREHENSIVE INCOME***For the year ended 30th June, 2020*

2019 \$		Note	2020 \$
11,857,532	Revenue	1(c)	9,817,149
14,498	Finance Income		21,594
(2,454,284)	Cost of Sales		(1,863,702)
(4,605,630)	Employees Expenses		(4,337,090)
(32,191)	Financial Expenses		(26,112)
(14,622)	Members' Amenities		(12,865)
(72,528)	Property Expenses		(69,555)
(857,185)	Depreciation		(834,062)
(1,047,693)	Poker Machine Tax		(714,084)
(497,934)	Promotions		(360,889)
(316,539)	Electricity and Gas		(250,423)
(93,608)	General Insurance		(144,555)
(33,550)	Printing, Postage and Stationery		(39,720)
(228,894)	Repairs and Maintenance		(180,995)
(162,699)	TAB Expense		(151,520)
(893,992)	Other Expenses		(745,680)
560,681	Operating Profit before Income Tax	2	107,491
0	Other Comprehensive Income		0
61,783	Insurance Recovery (Hail damage 16/12/18)		0
622,464	Profit for the Year		107,491
(12,569)	Income Tax Attributable to Profit	4	840
609,895	Profit Attributable to Members of the Company		108,331

The accompanying Notes form part of the above Statement

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

STATEMENT OF FINANCIAL POSITION*As at 30th June, 2020*

2019 \$		Note	2020 \$
	Current Assets:		
2,428,464	Cash	6	2,747,521
8,100	Receivables	7	305,195
13,116	Deferred Tax	4A	13,956
149,729	Inventories	8	157,249
154,578	Other	9	175,650
2,753,987	Total Current Assets		3,399,571
	Non Current Assets:		
12,015,426	Property, Plant and Equipment	10	11,583,816
12,015,426	Total Non Current Assets		11,583,816
14,769,413	Total Assets		14,983,387
	Current Liabilities:		
489,188	Payables	11	421,788
719,071	Provisions	12 & 12a	815,920
29,160	Income in Advance	13	23,464
348,389	Current Tax Liabilities	14	434,632
1,585,808	Total Current Liabilities		1,695,804
	Non Current Liabilities:		
61,659	Provisions	12	69,634
48,084	Income in Advance	13	35,756
109,743	Total Non Current Liabilities		105,390
1,695,551	Total Liabilities		1,801,194
13,073,862	Net Assets		13,182,193
	Members' Funds:		
336,242	Reserves	17	336,242
12,737,620	Retained Profits		12,845,951
13,073,862	Total Members' Funds		13,182,193

The accompanying Notes form part of the above Statement of Financial Position

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

STATEMENT OF CHANGES IN EQUITY

For the year ended 30th June, 2020

2019 \$		2020 \$
12,463,967	Total Equity at the beginning of the Financial Year	13,073,862
609,895	Operating surplus attributable to the members of the Company	108,331
13,073,862	Total Equity at the end of the Financial Year	13,182,193

STATEMENT OF CASH FLOWS

For the year ended 30th June, 2020

2019 \$		Note	2020 \$
	Cash Flow from Operating Activities:		
11,729,768	Receipts from Customers		9,746,308
(10,429,457)	Payments to Suppliers and Employees		(9,105,117)
39,132	Members' Subscriptions		18,070
16,426	Interest Received		22,552
1,355,869	Net Cash provided by Operating Activities	5	681,813
	Cash Flow from Investing Activities:		
(196,185)	Payment for Property, Plant and Equipment		(357,631)
(21,090)	Payment for Property Club Renovations		(5,125)
61,783	Insurance Recovery		0
(155,492)	Net Cash used in Investing Activities		(362,756)
	Cash Flow from Financing Activities:		
0	Repayments of Borrowings		0
0	Net Cash used in Financing Activities		0
1,200,377	Net (Decrease)/Increase in Cash held		319,057
1,228,087	Cash at Beginning of Financial Year		2,428,464
2,428,464	Cash at End of Financial Year	6	2,747,521

The accompanying Notes form part of the above Cash Flow Statement

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation:

The Merimbula RSL Club Limited applies Australian Accounting Standards – Reduced Disclosure Requirements as set 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 company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

The financial statements were authorised for issue on 28th September, 2020 by the directors of the company.

Accounting Policies:

(a) **Inventories:** Inventories are measured at the lower of cost and net realisable value.

(b) **Property, Plant and Equipment:**

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

1. **Property:**

Freehold land and buildings are shown at cost less subsequent depreciation for buildings. It is the policy of the economic entity to have an independent valuation every three years, by external independent valuer, with annual appraisals being made by Directors – refer Note 10.

2. **Plant and Equipment:**

Plant and Equipment are measured on the cost basis and are therefore carried at cost, less where applicable, accumulated depreciation and any accumulated impairment.

In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount. A formal assessment of recoverable amount is made when impairment indicators are present – refer Note 1(m).

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

3. **Depreciation:**

The depreciable amount of all fixed assets including building and capitalised lease assets but excluding freehold land, is depreciated on a straight line basis over the asset's useful life to the entity commencing from the time the asset is available for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Accounting Policies: *(continued)*

3. Depreciation: *(continued)*

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

Class of Fixed Asset:	Depreciation Rate:
Buildings	2.5% to 5%
Plant and Equipment	10% to 22.5%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or 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.

(c) Revenue Recognition:

The Entity has applied AASB 15: Revenue from Contracts with Customers (AASB15) and (AASB 1058): *Income of Not-For-Profit Entities* (AASB 1058) using the cumulative effective method. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: *Revenue and AASB 1004*. There were no prior year adjustments on adoption of AASB 15 and AASB 1058 to any account balances, only changes in the presentation in the financial statements.

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Company and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Donations:

Donations and bequests are recognised as revenue when received.

Revenue from contracts with customers:

For current year:

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred.

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

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

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(c) **Revenue Recognition:** *(continued)*

Revenue and other income:

Specific revenue streams:

The revenue recognition policies for the principal revenue streams of the Company are:

Sales Revenue:

Sale revenue includes bar sales, poker machine income, catering income, Keno and TAB income. All of the services and goods for these revenue items are provided to customers at the time of the sale and income is accounted for at that time. If deposits are held for any of these revenue items a liability is booked until the service or goods have been provided to the customer and then for as income.

Membership Income:

Membership income is received in advance for the period of membership paid for. A liability is booked for membership income if received in advance with the income spread over the membership period paid for.

Other Income:

Other income is recognised on an accruals basis when the Company is entitled to it.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(1c) Revenue from continuing operations:

2019 \$	Revenue from contracts with customers (AASB 15)	2020 \$
5,561,657	Poker Machine Takings	4,022,818
3,643,606	Catering	2,729,415
2,324,939	Bar and Bottleshop	1,724,029
40,915	Members' Subscriptions	36,095
129,145	Keno	96,713
1,040	Vending Commission	630
72,646	Other Income	51,565
47,950	TAB Commission	34,664
11,821,898	Total Operating Revenue	8,695,929
	Revenue recognised on receipt (not enforceable or no sufficiently specific performance obligations – AASB 1058)	
7,303	Rent Received	7,034
28,331	Sale of Assets	49,860
0	Insurance from Bush Fires	354,960
0	Cashflow Boost	62,866
0	Job Keepers Subsidy	646,500
35,634	Total Non Operating Revenue	1,121,220
11,857,532	TOTAL REVENUE	9,817,149

Disaggregation of Revenue from Contracts with Customers:

Revenue from contracts with customers has been disaggregated into revenue recognised at a point in time and over time which is only applicable to membership subscriptions, and the following table shows this breakdown:

Timing of Revenue Recognition

– At a point in time	8,659,834
– Over time – membership Subscriptions	36,095

Revenue from Contracts with Customers **8,695,929**

Finance Income:

14,498	Interest received	21,594
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(d) Employee Provisions:

Short-term employee provisions:

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

Other long-term employee provisions:

Provision is made for employees long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payment to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) **Employee Provisions:** *(continued)*

Upon the remeasurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss as a part of employee benefits expense.

The company's obligations for long-term employee benefits are presented as non-current employee provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlements for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Provisions:

Provisions are recognised when the Company 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 are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(e) **Income Tax:**

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

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are 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 (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss. Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability 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 and 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.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of offset exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of offsets exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities, where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(f) **Cash and Cash Equivalents:**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdraft.

Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(g) Trade Receivables:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 30 days from the date of recognition. Collectability of trade debtors is reviewed on an on-going basis. Debts which are known to be uncollectable are written off. A provision for doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in the statement of comprehensive income.

When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

(h) Trade and other Payables:

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(i) Members' Subscriptions in Advance:

Subscriptions received in advance for the financial year have been carried forward as a current or non-current liability.

(j) Comparative Figures:

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

(k) Goods and Services Tax (GST):

Revenue, 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 are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the taxation authority 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 taxation authority are presented as operating cash flows.

(l) Financial Instruments:

Financial instruments are recognised initially on the date that the Company becomes party to the contractual provisions of the instrument. On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets:

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

Classification:

On initial recognition, the Company has only ever held financial assets categorised as at "amortised cost" financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Amortised cost:

Assets measured at amortised cost are financial assets where:

- the business 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 interest on the principal amount outstanding.

The company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position. Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provisions for impairment.

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

Impairment of financial assets:

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

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held).

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

Trade receivables:

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default. The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expenses. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost:

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

Financial Liabilities:

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised costs using the effective rate method. The financial liabilities of the Company comprise trade payables, bank and other loans and finance lease liabilities.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(m) **Impairment of Assets:**

At each reporting date, the company reviews the carrying values 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 to sell and value in use, is compared 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.

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

(n) **Retirement Benefit Obligations:**

Defined contribution superannuation benefits:

All employees of the company receive defined contribution superannuation entitlements, for which the company pays the fixed superannuation guarantee contribution (currently 9.5% of the employees average ordinary salary) to the employees superannuation fund of choice. All contributions in respect of employees' defined contribution entitlements are recognised as an expense when they become payable.

The company's obligation with respect to employees' defined contribution entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the company's statement of financial position.

(o) **New and amended accounting standards:**

The entity has applied AASB 15: Revenue from contracts with customers AASB1058 income from not-for-profit entities using the accumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB118 AASB1004 and related interpretations.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION

2019 \$	(a) Profit/(Loss) from ordinary activities before Income Tax expense:	2020 \$
2,930,976	Poker Machines	1,959,005
593,992	Bar and Bottle Shop	306,974
78,674	Catering and Coffee Shop	(355,884)
341,828	Other Income	1,362,751
3,945,470		3,272,846
	(b) Operating Profit has been determined after charging as expenses:	
1,823,279	Indirect Labour and Overheads	1,685,483
32,191	Financial Expenses	26,112
14,622	Members' Amenities	12,865
215,077	Property Expenses	186,934
403,948	Depreciation	411,545
895,672	Administration Expenses	842,416
3,384,789		3,165,355
560,681	Profit from ordinary activities before Income Tax Expense	107,491
	(c) Trading Profit from Poker Machines has been determined after:	
5,561,657	Crediting as Income	4,022,818
	Charging as Expenses:	
67,653	CMS Costs	55,668
1,047,693	Poker Machine Tax	714,084
423,019	Direct Labour	407,743
17,525	Payroll Tax	10,057
8,697	Workers' Compensation	6,653
34,415	Superannuation	31,088
63,050	Electricity	55,100
81,123	Repairs and Maintenance	60,923
497,934	Promotions	360,889
389,572	Depreciation	361,608
2,630,681		2,063,813
2,930,976	Trading Profit from Bar and Bottle Shop has been determined after:	1,959,005
2,324,939	Crediting as Income	1,724,029
	Charging as Expenses:	
961,581	Cost of Goods Sold	720,005
552,426	Direct Labour	525,127
24,391	Payroll Tax	14,824
9,111	Workers' Compensation	8,842
47,928	Superannuation	42,184
55,000	Electricity	48,300
26,230	Discounts and Promotions	17,361
31,343	Bar Requirements	20,703
1,475	Bar Laundry	899
2,544	Freight Inwards	4,208
18,918	Staff Uniforms	14,602
1,730,947		1,417,055
593,992		306,974

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2019 \$	Trading Profit/(Loss) from Catering and Coffee Shop has been determined after:	2020 \$
3,643,606	Crediting as Income	2,729,415
3,643,606		2,729,415
	Charging as Expenses:	
1,492,704	Cost of Goods Sold	1,143,697
1,574,354	Direct Labour	1,536,923
22,322	Cleaning	18,163
78,495	Electricity and Gas	64,124
3,942	Freight inwards	3,622
5,222	General	2,693
1,965	Laundry	2,910
19,190	Discounts and Promotions	11,166
75,859	Payroll Tax	46,861
47,212	Replacements	40,776
148,743	Superannuation	129,089
29,819	Workers' Compensation	23,087
1,440	Telephone	1,280
63,665	Depreciation	60,908
3,564,932		3,085,299
78,674		(355,884)
	Other Income:	
40,915	Members' Subscriptions	36,095
7,303	Rent Received	7,304
14,498	Interest Received	21,594
129,145	Keno Commission	96,713
47,950	TAB Commission	34,664
73,686	Other Income	52,195
28,331	Profit on Sale of Fixed Asset	49,860
0	Insurance from Bush Fires	354,960
0	Cashflow Boost	62,866
0	Job Keepers Subsidy	646,500
341,828		1,362,751

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2019 \$	(d) Indirect Labour and Overheads:	2020 \$
633,580	Administration Wages	592,450
261,193	Door Wages	263,409
67,430	Security Wages	65,565
201,951	Cleaning Wages	205,568
133,960	Childminding Wages	126,446
72,310	Courtesy Bus Wages	57,763
81,485	Payroll Tax	51,253
35,787	Workers' Compensation	43,580
98,910	Staff and Directors' Training	80,058
65,025	Staff Meals	50,814
171,648	Superannuation	148,577
1,823,279		1,685,483
	Financial Expenses:	
32,191	Bank Charges	26,112
32,191		26,112
	Members' Amenities:	
1,458	ANZAC Day Expenses	0
1,815	Members' Cards	1,504
2,218	Members' Reports	1,707
9,131	Members' Nights	9,654
14,622		12,865
	Property Expenses:	
142,549	General Maintenance and Repairs	117,379
72,528	Rates – Bega Valley Shire	69,555
215,077		186,934
	Depreciation:	
286,752	Freehold Buildings and Carpark	282,591
117,196	Plant and Equipment	128,954
403,948		411,545
	Administration Expenses:	
3,095	Accountancy	3,095
62,232	Advertising	50,810
42,525	Audit	42,525
29,461	General Cleaning	28,381
18,574	Consulting	13,993
3,840	Courtesy Bus	4,343
6,358	Directors' Expenses	6,529
124	Discounts and Promotions	45
69,945	Donations	61,278
119,995	Electricity and Gas	82,899
1,691	Float Variances	1,198
2,591	Freight Inwards	2,239
3,001	Fringe Benefits Tax	2,250

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 2: CLASSIFICATION OF INCOME AND EXPENSES BY FUNCTION *(continued)*

2019 \$	Adminstration Expenses (continued):	2020 \$
27,094	General Expenses	27,848
93,453	General Insurance	144,401
2,250	Legal Expenses	3,834
31,298	Licences and Permits	23,977
33,549	Printing, Postage and Stationery	39,720
23,250	President's and Directors' Allowance	23,622
46,235	Security	39,846
70,172	Sky Channel/Foxtel	45,605
162,699	TAB Expenses	151,520
6,631	Telephones	9,311
35,609	Waste Removal	33,147
895,672		842,416

NOTE 3: AUDITOR'S REMUNERATION

Amounts received or due and receivable by the Auditor for:

42,525	Audit	42,525
3,095	Other Services	3,095
45,620		45,620

NOTE 4: INCOME TAX EXPENSE

The components of tax expense comprises:

0	Current Tax	0
12,569	Deferred Tax	(840)
12,569		(840)

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

Prima facie tax payable on profit from ordinary activities, after adjusting for the non-taxable components attributed to members, before income tax at 27.5% (2019: 27.5%).

622,464	Operating Profit before Tax	107,491
(40,915)	Less: Members' Subscriptions	(36,095)
(155,955)	Direct Members' Income	(163,280)
(314,746)	Non Apportionable Items	(500,532)
110,848		(592,416)
1,171,764	Add: Non Allowable, Non Apportionable and Part Apportionable Expenses	1,147,196
1,282,612		554,780
787,652	Portion attributable Non Members	275,670
286,400	Add: Non Apportionable Items	165,425
1,074,052		441,095
(838,737)	Less: Non Apportionable and Part Apportionable Expense	(651,688)
(300,386)	Tax Loss Prior Years	(65,071)
(65,071)	Tax Loss Carried Forward	(275,664)

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 4A: DEFERRED TAX ASSET

2019 \$	The amount and nature of the deferred tax asset for the financial year ended 30th June, 2020, is:	2020 \$
<u>Deferred tax assets and liabilities for each type of temporary difference</u>		
Deferred Tax Assets:		
412,617	Provision for Annual Leave and Sick Leave	481,062
364,972	Provision for Long Service Leave	397,046
87,946	Audit Accrual and Wage Accrual	42,525
865,535		920,633
(334,010)	Adjustment for Member Component	(463,170)
531,525		457,463
Deferred Tax Liabilities:		
787,867	Property, Plant and Equipment	818,498
787,867		818,498
(304,038)	Adjustment for Member Component	(411,786)
483,829		406,712
<u>Deferred tax amounts recognised in income tax expense</u>		
Deferred Tax Assets:		
113,470	Provision for Annual Leave and Sick Leave	132,292
100,367	Provision for Long Service Leave	109,188
24,185	Audit Accrual and Wage Accrual	11,694
238,022		253,174
(91,853)	Adjustment for Member Component	(127,372)
146,169		125,802
Deferred Tax Liabilities:		
216,663	Property, Plant and Equipment	225,087
216,663		225,087
(83,610)	Adjustment for Member Component	(113,241)
133,053		111,846
13,116	Net Deferred Tax Asset	13,956

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 5: CASH FLOW INFORMATION

2019 \$		2020 \$
	1. Reconciliation of Cash Flow from Operations with Profit from Ordinary Activities after Income Tax:	
548,112	Profit from Ordinary Activities after Income Tax	107,491
	Non-Cash Flows in Operating Profit:	
857,185	Depreciation	834,062
(28,331)	(Profit)/Loss on Sale of Asset	(49,860)
	Changes in Assets and Liabilities:	
(6,483)	(Increase)/Decrease in Debtors	6,229
(12,677)	(Increase)/Decrease in Other Assets	(21,073)
67	(Increase)/Decrease in Inventories	(7,519)
(50,729)	Increase/(Decrease) in Creditors, Accruals and Tax Liabilities	(567,025)
52,453	Increase/(Decrease) in Provisions	397,532
(3,728)	Increase/(Decrease) in Advance Subscriptions	(18,024)
1,355,869		681,813

At the date of this report all the mortgages have been discharged and the Club is unencumbered.

NOTE 6: CASH

120,000	Cash on Hand	120,000
354,260	Cash at Bank – Current Account	427,005
29,331	– TAB Account	15,138
19,427	– Keno Account	9,143
900,446	– 'At Call' Cash Deposit Account	1,155,853
1,005,000	– Term Deposit	1,020,382
2,428,464		2,747,521

Reconciliation of Cash:

Cash at the end of the Financial Year as shown in the Statement of Cash Flows is reconciled to items in the **Statement of Financial Position** as follows:

2,428,464	Cash	2,747,521
2,428,464		2,747,521

NOTE 7: RECEIVABLES

8,100	Trade Debtors	1,871
0	Sundry Debtors	303,324
8,100		305,195

NOTE 8: INVENTORIES

75,292	Trading Stock – Bar	83,523
64,175	– Dining Room	66,136
10,262	Staff Uniforms	7,590
149,729		157,249

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 9: OTHER

2019 \$		2020 \$
154,578	Prepayments	175,650
154,578		175,650

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

13,917,680	Freehold Land and Improvements at cost 52-54 Main Street, Merimbula	13,922,805
(5,032,687)	Less: Depreciation	(5,298,786)
8,884,993		8,624,019
1,534,849	Freehold Carpark	1,534,849
(106,338)	Less: Depreciation	(122,491)
1,428,511		1,412,358
64,402	Motor Vehicle at cost	64,402
(43,292)	Less: Depreciation	(51,708)
21,110		12,694
6,807,150	Plant and Equipment at cost	7,018,141
(5,126,338)	Less: Depreciation	(5,483,396)
1,680,812		1,534,745
12,015,426		11,583,816

1. Movements in Carrying Amounts:

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

Economic Entity:	Freehold Land and Buildings		Plant and Equipment		Total	
	\$'000		\$'000		\$'000	
	2019	2020	2019	2020	2019	2020
Balance at the beginning of year	10,579	10,313	2,038	1,702	12,617	12,015
Add: Additions	21	5	48	397	69	402
Less: Depreciation	(287)	(282)	(365)	(365)	(652)	(647)
Disposals	0	0	(19)	(186)	(19)	(186)
Carrying amount at the end of year	10,313	10,036	1,702	1,548	12,015	11,584

An independent revaluation of land and buildings was undertaken on 30th June, 2018, by Mr M.E. Rix A.PI. Registered Valuer No. 67215. The revaluation was undertaken as part of a policy to value land and buildings every three years and was based on fair value as part of a going concern basis. The valuation revealed a fair value as a going concern of \$10,450,000.

NOTE 11: PAYABLES

Unsecured Liabilities

489,188	Creditors – Trade	382,817
0	Bonus Points Unredeemed	38,971
489,188		421,788

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 12: EMPLOYEE PROVISIONS

2019 \$		2020 \$
742,437	Opening Balance at the beginning of the Financial Year	777,589
418,676	Additional provisions raised during year	403,839
(383,524)	Amount used	(303,321)
777,589	Balance at the finish of the Financial Year	878,107
Analysis of Total Provisions:		
(a) Current		
412,617	Annual Leave and Sick Leave Entitlements	457,838
303,313	Long Service Leave Entitlements	350,635
715,930		808,473
(b) Non-Current		
61,659	Long Service Leave Entitlements	69,634
61,659		69,634

Employee Provision:

Employee Provisions represent amounts accrued for annual leave, sick leave and long service leave. The current portion for this provision includes the total amount accrued for annual leave entitlements, sick leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service.

Based on past experiences, the company does not expect the full amount of annual leave, sick leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

NOTE 12a: LINK PROVISION

3,141	Link Provision	7,447
3,141		7,447

NOTE 13: INCOME IN ADVANCE

(a) Current		
29,160	Members' Fees	23,464
29,160		23,464
(b) Non Current		
48,084	Members' Fees for future years after 2020/21	35,756
48,084		35,756

NOTE 14: CURRENT TAX LIABILITIES

263,651	Goods and Services Tax and Withholding Tax	96,157
84,738	Poker Machine Tax	338,475
348,389		434,632

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 15: FINANCIAL RISK MANAGEMENT

2019 \$

2020 \$

(a) Financial Risk Management:

The entity's financial instruments consist mainly of deposits with the banks, accounts receivable and payables. The entity relies on this working capital as its source of funds. The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial reports, are as follows:

	Financial Assets	Note	
403,018	Cash at Bank	6	451,286
1,905,446	Short Term Deposit	6	2,176,235
120,000	Cash on Hand	6	120,000
8,100	Trade Debtors	7	305,195
2,436,564	Total Financial Assets		3,052,716
	Financial Liabilities:		
489,188	Trade Creditors	11	421,788
348,389	Current Tax Liabilities	14	434,632
837,577	Total Financial Liabilities		856,420

NOTE 16: FAIR VALUE MEASUREMENTS

The company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their initial recognition. The company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

Recurring fair value measurements:			
Property, Plant and Equipment			
10,313,504	Freehold Land and Improvements		10,036,377
1,701,922	Plant and Equipment		1,547,439
12,015,426			11,583,816

For freehold land and buildings, the fair values are based on a directors' valuation taking into account an external independent valuation performed in previous years, which used comparable market data for similar properties.

NOTE 17: RESERVES

43,413	Revaluation Reserve	43,413
292,829	Capital Profit Reserve	292,829
336,242		336,242

NOTE 18: MEMBERS' LIABILITY

The number of registered members of the Club as at the 30th June, 2020 is 7,514 (last year 7,715) consisting of 133 Service Members, 7,380 Club Members and 1 Honorary Life Members.

As a Company Limited by Guarantee, every member of the Company has undertaken to contribute an amount not exceeding \$2.00 on the event of the Company being wound up. Such contribution will only be required in the event that assets of the Company are insufficient to meet the payments of the debt and liabilities of the Company at the time of winding up, including the costs, charges and expenses of the winding up. The amount will be payable by all existing members at the time of winding up and those members ceasing membership one year prior to that date.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 19: RELATED PARTY TRANSACTIONS

(a) **Directors:**

The names of persons who were directors of the company at any time during the year are: Mr Allan F. Browning, Mr Philip J. Cheek, Mr John F. Finn, Mr Ian J. Powell, Mr David J. Rankin, Ms Hannah L. Rossi and Mr Graeme N. Williams.

(b) **Director Remuneration:**

The directors did not receive any remuneration from the company during the year other than any approved honorarium and reimbursement of out of pocket expenses that have been fully substantiated except for Mr David Rankin who received benefits for the provision of Accounting Services.

(c) **Transactions with directors and director related entities:**

There were no transactions with directors, other than those at normal commercial terms and conditions, and other benefits approved by the members at the annual general meeting.

(d) **Other transactions with related parties:**

There were no other transactions with related parties.

NOTE 20: BANK GUARANTEE

At the request of the company, the Merimbula RSL Club Ltds bank is holding a bank guarantee in favour of the Totalisator Agency Board of NSW to the value of \$5,000.

NOTE 21: KEY MANAGEMENT PERSONNEL

The Company is run by the Board of Directors. All major business decisions are made by the Board. The day to day business of the Company is run by the employees of the Company. As all major business decisions are made by the Board, no key management personnel disclosure are deemed appropriate.

NOTE 22: CAPITAL MANAGEMENT

Management controls the capital of the entity to ensure that adequate cash flows are generated to fund its mentoring programs and that returns from investments are maximised within tolerable risk parameters. The finance committee ensures that the overall risk management strategy is in line with this objective.

The finance committee operates under policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis. These include credit risk policies and future cash flow requirements.

The entity's capital consists of financial liabilities, supported by financial assets.

Management effectively manages the entity's capital by assessing the entity's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

There have been no changes to the strategy adopted by management to control the capital of the entity since the previous year. The strategy of the entity is to maintain a gearing ratio below 10%.

At the years ending 30th June, 2019 and 30th June, 2020 there was no net debt.

NOTE 23: STATEMENT OF OPERATIONS BY SEGMENTS

The company operates in the Licensed Registered Clubs' sector within New South Wales.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

NOTE 24: COMPANY DETAILS

The registered office of the company is:

Merimbula RSL Club Limited, 52-54 Main Street, MERIMBULA NSW 2548

Unlisted Company Limited by Guarantee.

NOTE 25: DISPOSAL OF CLUB PROPERTY – CORE OR NON CORE

That pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 30th June, 2020:

- (a) The following properties are core property of the Club:
 - (i) 52-54 Main Street
 - (ii) Carpark corner Alice and Main Street
- (b) The following properties are non-core property of the Club:
 - Nil
 - (i) Section 41J(2) of the Registered Clubs Act requires the Financial Report to specify the core property and non core property of the Club as at the end of the financial year to which the report relates.
 - (ii) Core property is any real property owned or occupied by the Club that comprises
 - (a) the defined premises of the Club; or
 - (b) any facility provided by the Club for use of its members and their guests; or
 - (c) any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.
 - (iii) Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.
 - (iv) The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:
 - (a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
 - (b) the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval;
 - (c) any sale is by way of public auction or open tender conducted by any independent real estate agent or auctioneer.
 - (v) These disposal provisions and what constitutes a disposal for the purpose of section 41J are to some extent modified by regulation made under the Registered Clubs Act and by section 41J itself. For example, the requirements in paragraph 4 above do not apply to:
 - Core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer; Core property that is leased or licensed to a telecommunications provider for the purpose of a telecommunication tower.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MERIMBULA RSL CLUB LIMITED

Report on the Audit of the Financial Report

Opinion:

We have audited the financial report of the Merimbula RSL Club Limited (the company), which comprises the statement of financial position as at 30th June, 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Merimbula RSL Club Limited is in accordance with the Corporations Act 2001, including:

- (i) Giving a true and fair view of the company's financial position as at the 30th 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 company 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 Merimbula RSL Club Limited, 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 Audit opinion. However, our statutory audit does not cover all details of dissection of financial data.

Emphasis of Matter:

The restrictions relating to the COVID 19 virus since 23 March 2020 have had a significant effect on the Company's operations. The financial effect of these continuing disruptions to operations has resulted in significant declines in operating revenue after 23 March 2020. The financial report has been prepared on the basis that the company is a going concern however due to the uncertainty of the effects of the ongoing COVID 19 virus disruptions the future financial viability of the company may be significantly affected.

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 company's financial report for the year ended 30th 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.

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

INDEPENDENT AUDITOR'S REPORT *(continued)*

To the Members of the Merimbula RSL Club Ltd.

Responsibilities of the Directors' for the Financial Report:

The directors of the company 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility 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, misrepresentation, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transaction and events in a manner that achieves fair presentation.

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

Richard C. Parbery FCPA
Registered Company Auditor (1864)

101 Main Street
Merimbula, NSW 2548
28th September, 2020

MERIMBULA RSL CLUB LIMITED

ABN 66 000 965 560

DONATIONS

For the year ended 30th June, 2020

Bega Mens Shed	Merimbula & District Garden Club
Bega Valley Archers Inc	Merimbula BG & LA Club
Bega Valley Bridge Club	Merimbula Chamber of Commerce
Bega Valley Evening View Club	Merimbula Mens Shed
Bega Valley Regional Gallery	Merimbula Pambula Minor Rugby League
Bega Valley Shire Council	Merimbula Pambula Rugby League Inc
Bega Valley Shire Library Intergration	Merimbula Public School
Bemboka Sports and Recreation	Merimbula Tourism
Bermagui & District Seniors Social Club	Motor Neurone Disease NSW
Bermagui Mens Shed	Pambula Pre School
Bowicare Australia	PCYC NSW Ltd
Cobargo Scout Group	Quaama Mens Shed Inc
Cobargo School of Arts Hall Committee	Road Safety Education Limited
Country Womens Association	S Son (Merimbula Public School Award)
Eden Chamber of Commerce Inc	Sapphire Coast Turf Club
Eden Whale Festival Inc	Social Justice Advocates of the Sapphire Coast
Evans Park Sporting Complex Inc	Southern Womens Group Inc
Far South Coast Family Support Service	St Vincent De Paul Society Bega
Fling Physical Theatre Inc	St Vincent De Paul Society Merimbula
Imlay House Auxiliary	The Disability Trust
L Volkovn (Merimbula Public School Award)	Wolumla Football Club
Lions Club of Pambula	
Marine Rescue Bermagui	
Merimbula Basketball Association	
	Total: \$61,278.00



MERIMBULA 
RSL CLUB

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