



**Wallsend RSL and Community  
Club Limited**

ACN 000 958 136

**Annual Financial Report  
for the year ended 31 May 2020**

**Wallsend RSL and Community Club Limited** ACN 000 958 136  
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These financial statements are the financial statements of Wallsend RSL and Community Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 4 August 2020. The Directors have the power to amend and reissue the financial statements.

# Director's report

Your Directors present their report on Wallsend RSL and Community Club Limited (the Club) for the year ended 31 May 2020.

## Directors details

The following persons were Directors of Wallsend RSL and Community Club Limited during the financial year, and up to the date of this report:

### Peter Moore

President  
Director since 1986

B. Comm, Dip Ed & JP. Retired Senior Education Officer of 26 years.

### Barry Twomey

Director  
Director since 1983

Retired Industry Supervisor. Worked 12 years in the Steel Industry.

### Ian Healey

Director  
Director since 1996

Retired Sales Executive with Breweries and Bank Officer

### Jason Dunn

Director  
Director since 2019

B Comm, B Laws, Dip Legal Practice. Solicitor since 2003.

### Terence Morgan

Vice President  
Director since 2009

Dip Comm, Dip Law. Solicitor since 1982.

### Sonia Hornery

Director  
Director since 2018

BA (Hons). Politician, Member for Wallsend.

### Allan Crumpton

Director  
Director since 2013

Cert Mgt. Retired Senior Police Officer.

## Company secretary

Mr John Hume has been the Chief Executive Officer and Company Secretary of Wallsend RSL and Community Club Limited for 18 years. Prior to this Mr Hume has held management positions in other large registered Clubs in the Sydney area.

## 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
Peter Moore	11	11
Barry Twomey	11	11
Ian Healey	11	9
Terence Morgan	11	11
Sonia Hornery	11	8
Allan Crumpton	11	9
Jason Dunn	9	8

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 31 May 2020, the following land and buildings are considered to be core property and non-core property:

### Core Property

- 5-13 Tyrrell Street, Wallsend
- 1A Lowe Street Wallsend
- 5 Fogo Street, Wallsend

### Non-Core Property

- 12-16 Charles Street, Wallsend
- 15-17 Tyrrell Street, Wallsend
- 4 Tyrrell Street, Wallsend
- 6 Kemp Street, Wallsend

# Director's report (Continued)

## Principal activities

During the year, the principal activities of the Club was the running of the Club in accordance with its objectives for the benefits of its members.

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

## 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 and re-commenced trading from 1 June 2020 with restrictions in place.

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 any 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.

## Short and long-term objectives

The Club's short and long-term objectives are to:

- Provide the best facilities available to members and guests with a special interest in the welfare of the returned service men and women.

## Strategy for achieving short and long-term objectives

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

- Increase existing revenue levels and control costs to return to profitability which will allow the Club's premises to be continually improved.

## Performance measurement

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

## 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 31 May 2020 the total amount that members of the Club are liable to contribute if the Club wound up is \$78,190 (2019: \$95,095).

## 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.



Peter Moore - Director



Terence Morgan - Director

**Dated: 4 August 2020**

## Auditor's independence declaration

To the Directors of Wallsend RSL and Community Club Limited

In accordance with the requirements of Corporations Act 2001, as lead auditor for the audit of Wallsend RSL and Community Club Limited for the year ended 31 May 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.

*Kirsty Porteous*

Kirsty Porteous - Partner

*DFK Crosbie Partners*

DFK Crosbie Partners  
Chartered Accountants

Dated: 4 August 2020  
**Newcastle West**

**Statement of profit or loss and other comprehensive income**

For the year ended 31 May 2020

	Notes	2020 \$	2019 \$
<b>Revenue from continuing operations</b>	2	<b>15,559,031</b>	19,979,040
Other Income	3	<b>734,997</b>	197,890
Bar cost of goods sold		<b>(940,998)</b>	(1,284,803)
Bar direct expenses		<b>(783,377)</b>	(893,498)
Bistro cost of goods sold		<b>(942,478)</b>	(1,143,348)
Bistro direct expenses		<b>(1,699,661)</b>	(1,885,091)
Gaming direct expenses		<b>(5,033,885)</b>	(5,899,859)
Rental operations		<b>(19,873)</b>	(11,438)
TAB and Keno Direct Expenses		<b>(223,518)</b>	(257,016)
Promotional expenses		<b>(718,018)</b>	(900,154)
Administration expenses		<b>(6,608,817)</b>	(7,029,430)
Finance costs		<b>(120,260)</b>	(157,815)
Bowls Expenses		<b>(201,340)</b>	(205,937)
		<b>(17,292,225)</b>	(19,668,389)
<b>Profit / (loss) before income tax</b>		<b>(998,197)</b>	508,541
Income tax expense	4	-	-
<b>Profit / (loss) for the year</b>		<b>(998,197)</b>	508,541
Other comprehensive income		-	-
<i>Items that will not be subsequently reclassified to Profit or Loss</i>			
Gain on Amalgamation with Wallsend Bowling Club Co-Operative Limited		-	3,479,649
<b>Total comprehensive income / (loss) for the year</b>		<b>(998,197)</b>	3,988,190

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

Wallsend RSL and Community Club Limited  
**Statement of financial position**  
For the year ended 31 May 2020

	Notes	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	2,953,787	4,160,832
Trade receivables	6	10,167	23,431
Inventories	7	196,055	218,020
Financial assets at amortised cost	8	282,000	-
Other assets	9	242,453	218,569
<b>Total current assets</b>		<b>3,684,462</b>	<b>4,620,852</b>
<b>Non-current assets</b>			
Property, plant and equipment	10	22,862,056	28,134,175
Investment properties	11	1,495,000	1,495,000
Investments - equity method	12	4,093,090	-
Intangible assets	13	2,780,580	2,780,580
Right-of-use asset	14	494,336	-
<b>Total non-current assets</b>		<b>31,725,062</b>	<b>32,409,755</b>
<b>Total assets</b>		<b>35,409,524</b>	<b>37,030,607</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	15	1,416,979	1,807,592
Financial liabilities	16	3,088,688	3,619,038
Provisions	17	621,459	600,493
Other liabilities	18	67,317	87,225
Lease liabilities	14	91,281	-
<b>Total current liabilities</b>		<b>5,285,724</b>	<b>6,114,348</b>
<b>Non-current liabilities</b>			
Financial liabilities	16	-	33,008
Provisions	17	180,205	104,440
Other liabilities	18	59,014	80,387
Lease liabilities	14	184,354	-
<b>Total non-current liabilities</b>		<b>423,573</b>	<b>217,835</b>
<b>Total liabilities</b>		<b>5,709,297</b>	<b>6,332,183</b>
<b>Net assets</b>		<b>29,700,227</b>	<b>30,698,424</b>
<b>MEMBERS FUNDS</b>			
Reserves	19	517,757	517,757
Retained profits		29,182,470	30,180,667
<b>Total members funds</b>		<b>29,700,227</b>	<b>30,698,424</b>

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

Wallsend RSL and Community Club Limited  
**Statement of changes in equity**  
 For the year ended 31 May 2020

	Reserves \$	Retained Profits \$	Total \$
<b>Balance at 1 June 2018</b>	<b>517,757</b>	<b>26,192,477</b>	<b>26,710,234</b>
Profit for the year	-	508,541	508,541
Other comprehensive income	-	3,479,649	3,479,649
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,988,190</b>	<b>3,988,190</b>
<b>Balance at 31 May 2019</b>	<b>517,757</b>	<b>30,180,667</b>	<b>30,698,424</b>
Profit for the year	-	(998,197)	(998,197)
Other comprehensive income	-	-	-
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>(998,197)</b>	<b>(998,197)</b>
<b>Balance at 31 May 2020</b>	<b>517,757</b>	<b>29,182,470</b>	<b>29,700,227</b>

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



## Statement of cash flows

For the year ended 31 May 2020

Notes	2020 \$	2019 \$
<b>Cash flows from operating activities</b>		
Receipts from members and customers	17,508,386	22,185,117
Payments to suppliers and employees	(16,683,214)	(19,091,722)
Interest received	9,033	17,400
Interest paid	(120,260)	(157,812)
Government stimulus funding	283,500	-
<b>Net cash inflow (outflow) from operating activities</b>	<b>997,445</b>	<b>2,952,983</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(991,001)	(3,866,744)
Proceeds from sale of property, plant and equipment	120,781	125,560
Proceeds from amalgamation	-	89,092
Payments for amalgamation	-	(280,532)
Payments for investments	(815,779)	(247,752)
<b>Net cash inflow (outflow) from investing activities</b>	<b>(1,685,999)</b>	<b>(4,180,376)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(118,491)	-
Proceeds from borrowings	-	1,411,228
Repayment of borrowings	(400,000)	(677,707)
<b>Net cash inflow (outflow) from financing activities</b>	<b>(518,491)</b>	<b>733,521</b>
<b>Net increase in cash and cash equivalents</b>	<b>(1,207,045)</b>	<b>(493,872)</b>
Cash and cash equivalents at the beginning of the financial year	4,160,832	4,654,704
<b>Cash and cash equivalents at the end of the financial year</b>	<b>2,953,787</b>	<b>4,160,832</b>

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

## Notes to the financial statements

For the year ended 31 May 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. Wallsend RSL and Community 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, except for investment properties which have been measured at fair value. 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 June 2019:

- AASB 15 *Revenue from Contracts with Customers*
- AASB 16 *Leases*

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 June 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 June 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 issues vouchers where the customer can redeem the vouchers for discounted or free goods. The Club also has a customer loyalty program which allows customers to earn points from selected purchases which are redeemable on future purchases. It was determined that the impact of both the vouchers and loyalty program on 1 June 2019 to 31 May 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 June 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.

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.

## Notes to the financial statements

For the year ended 31 May 2020

### 1 Summary of significant accounting policies (continued)

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

*The adoption has impacted the annual financial statements as follows:*

As a result of the adoption of AASB 16, the Club has recognised right-of-use assets and lease liabilities with the following effects on the statement of financial position:

- The recognition of right-of-use assets of \$137,798;
- The recognition of lease liabilities of \$87,798;
- The recognition of provision for make good of \$50,000;
- The reclassification to right-of-use assets from property, plant and equipment of \$324,086.
- The reclassification to lease liabilities from financial liabilities of \$163,358.

#### (d) Working capital deficiency

As at 31 May 2020, Wallsend RSL and Community Club Limited has a working capital deficiency of \$1,601,262

The working capital deficiency includes the entire balance of the CBA market loan of \$3,088,688 as a current liability as the Club does not have an unconditional right to defer payment, as well as the Club breaching one of the covenants in the loan agreement.

Despite this deficiency and the net loss of \$998,197 incurred for the year, the Directors are of the opinion that:

- (a) The repayment terms of the loan facility will continue to be met, with no further action expected to be taken by the Bank for the breach in terms.
- (b) The Club has existing cash reserves of \$2,593,787 and investment properties with a fair value of \$1,495,000 which, if required, could be used to settle the existing debt outstanding.
- (c) Despite the challenging trading conditions which saw the Club close on 23 March 2020 due to Covid-19, the Club has generated \$997,445 in operating cashflows and continues to invest in its facilities. Post balance date trading since the Club has been able to re-open from 1 June 2020 has been cashflow positive, despite significant trading restrictions.

Based on the above, the Directors have determined that the going concern basis of accounting is appropriate.

#### (e) 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.

#### (f) 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 31 May 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 Revenue	Raffle and Bingo Revenue	Gaming Revenue	Food Revenue	Bowls Revenue	Other Revenue	Total
2020	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	2,583,192	314,867	9,934,933	2,329,148	75,486	288,477	15,526,103
Other revenue (not covered by AASB15)	-	-	32,928	-	-	-	32,928
	<u>2,583,192</u>	<u>314,867</u>	<u>9,967,861</u>	<u>2,329,148</u>	<u>75,486</u>	<u>288,477</u>	<u>15,559,031</u>

*Timing of revenue recognition*

At a point in time	2,583,192	314,867	9,952,823	2,329,148	75,486	233,471	15,488,987
Over time	-	-	-	-	-	70,044	70,044
	<u>2,583,192</u>	<u>314,867</u>	<u>9,952,823</u>	<u>2,329,148</u>	<u>75,486</u>	<u>303,515</u>	<u>15,559,031</u>

	Beverage Revenue	Raffle and Bingo Revenue	Gaming Revenue	Food Revenue	Bowls Revenue	Other Revenue	Total
2019	\$	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	3,494,173	430,454	12,608,479	2,963,661	71,577	376,336	19,944,680
Other revenue (not covered by AASB15)	-	-	34,360	-	-	-	34,360
	<u>3,494,173</u>	<u>430,454</u>	<u>12,642,839</u>	<u>2,963,661</u>	<u>71,577</u>	<u>376,336</u>	<u>19,979,040</u>

*Timing of revenue recognition*

At a point in time	3,494,173	430,454	12,642,839	2,963,661	71,577	299,436	19,902,140
Over time	-	-	-	-	-	76,900	76,900
	<u>3,494,173</u>	<u>430,454</u>	<u>12,642,839</u>	<u>2,963,661</u>	<u>71,577</u>	<u>376,336</u>	<u>19,979,040</u>

**(b) 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*

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

*(iv) Provision of services - raffle and bingo income*

Raffle and bingo income 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.

*(iii) Provision of services - gaming income*

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 revenue 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 transaction has been completed.

TAB and Keno: 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 transaction has been completed

## Notes to the financial statements

For the year ended 31 May 2020

### 2 Revenue (continued)

#### (b) Accounting policies and significant judgements (continued)

(iv) *Sale of goods - food*

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

(v) *Provision of services - bowls revenue*

Revenue from rendering services from bowling activities to members and other patrons of the Club is recognised when the service are provided.

(ii) *Other revenue*

Included within other revenue is 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.

The balance of other revenue is recognised at a point in time when the performance obligation has been satisfied.

### 3 Other income and expense items

	2020	2019
	\$	\$
<b>(a) Other income</b>		
Rental income	72,606	71,135
Interest income	9,033	17,400
Insurance recoveries	9,755	-
Government stimulus income - Jobkeeper	565,500	-
Gain on disposal of fixed assets	78,103	109,355
	<u>734,997</u>	<u>197,890</u>

(i) *Rental income (investment property)*

Rental income is recognised in the statement of profit or loss and other comprehensive income on a straight line basis over the term of the lease. The Club recognises rental revenue on a straight line basis with reference to the applicable CPI increases, discount rates and any relevant rental incentives.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *Gain on disposal of fixed assets*

The Club recognised gains and losses on disposal of property, plant and equipment by comparing proceeds received on sale with the carrying amount of the asset being sold.

(iv) *Other income*

The Club recognises stimulus funding from the Australian Taxation Office when this is received as there is no specific performance obligation in relation to this funding. The Club recognises income from JobKeeper stimulus payments when these accrue. The Club is eligible for payment when eligible employees have been paid.

#### (b) Other expenses

Employee Benefits Expense	5,478,627	5,870,390
Interest costs	120,260	157,815

## Notes to the financial statements

For the year ended 31 May 2020

4	2020	2019
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:

Operating profit/(loss) before income tax	(998,197)	508,541
Tax at the Australian tax rate at 27.5% (2018: 27.5%)	(274,504)	139,849
Non deductible expenses	14,464	14,424
Apportionment adjustment members income and expenses	203,310	(252,909)
Temporary differences	16,063	51,473
Deferred tax asset for tax losses not brought to account	40,667	47,163
Income tax expense	<u>-</u>	<u>-</u>

(b) The Directors estimate that the potential deferred tax asset as at 31 May 2020 not brought to account is as follows:

Tax losses at 27.5%	<u>486,487</u>	<u>445,820</u>
	486,487	445,820

### 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 on hand and at bank	<u>2,953,787</u>	<u>4,160,832</u>
	2,953,787	4,160,832

### 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.

## 6 Trade receivables

### Current

Trade receivables	<u>10,167</u>	<u>23,431</u>
	10,167	23,431

### 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.

## Notes to the financial statements

For the year ended 31 May 2020

### 7 Inventories

	2020	2019
	\$	\$
<b>Current</b>		
Stock on hand - bar	104,865	106,242
Stock on hand - bistro	90,612	111,455
Stock on hand - other	578	323
	<u>196,055</u>	<u>218,020</u>

#### Accounting policy

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

### 8 Financial assets at amortised cost

#### Current

Other receivables - jobkeeper	282,000	-
	<u>282,000</u>	<u>-</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	242,453	218,569
	<u>242,453</u>	<u>218,569</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 31 May 2020

**10 Property, plant and equipment**

	Land and buildings \$	Capital work in progress \$	Plant and equipment \$	Total \$
<b>Non-current assets</b>				
<b>At 1 June 2019</b>				
Cost	30,153,394	327,588	13,493,184	43,974,166
Accumulated depreciation	7,397,943	-	8,442,048	15,839,991
Net book amount	<u>22,755,451</u>	<u>327,588</u>	<u>5,051,136</u>	<u>28,134,175</u>
<b>Year ended 31 May 2020</b>				
Opening net book amount	22,755,451	327,588	5,051,136	28,134,175
Transfer to Investments -Equity	(3,010,559)	(266,752)	-	(3,277,311)
Reallocation to Right-of-use assets on AASB 16 implementation	-	-	(324,086)	(324,086)
Additions	6,516	30,570	747,996	785,082
Disposals	-	-	(42,678)	(42,678)
Depreciation charge	(880,682)	-	(1,532,444)	(2,413,126)
Closing net book amount	<u>18,870,726</u>	<u>91,406</u>	<u>3,899,924</u>	<u>22,862,056</u>
<b>Year ended 31 May 2020</b>				
Cost	27,017,236	91,406	13,287,483	40,396,125
Accumulated depreciation	8,146,510	-	9,387,559	17,534,069
Net book amount	<u>18,870,726</u>	<u>91,406</u>	<u>3,899,924</u>	<u>22,862,056</u>

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

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

**(b) Plant and equipment**

Each class of plant and equipment is 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:

Land and buildings	21 - 50 years
Plant & Equipment	3 - 11 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 comprehensive income as a separate line item.



## Notes to the financial statements

For the year ended 31 May 2020

### 11 Investment properties

	2020 \$	2019 \$
<b>Non-current assets - at fair value</b>		
Opening balance at 1 June	1,495,000	1,495,000
Closing balance at 31 May	<u>1,495,000</u>	<u>1,495,000</u>

#### Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. To obtain the fair value, a market appraisal is obtained by the Club from its real estate agent at least once every 3 years. A market valuation was performed by Raine and Horne real estate as at 31 May 2020. The real estate agent frequently assesses the market values for properties similar to those held by the Club in the same areas, having regard to past sales prices of other properties and current market conditions. Gains or losses arising from changes in the fair values of the investment properties are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties are no longer recognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal. Any gains or losses on the derecognising of an investment property are recognised in the statement of profit or loss and other comprehensive income in that year.

### 12 Investments - Equity Method

#### Non-current assets - at cost

Investment in joint venture (Springs Wallsend Pty Ltd)	4,093,090	
	<u>4,093,090</u>	-

#### Accounting policy

The investment in Springs Wallsend Pty Ltd is a joint venture accounted for using the equity method. The club has joint control and 25% ownership interest. Springs Wallsend Pty Ltd is currently undertaking the development of a 50 room motel which is expected to be operational from late 2020.

A joint venture is an arrangement that the Club controls jointly with one or more other investors, and over which the Club has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Interests in joint ventures are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Club's share of the profit or loss and other comprehensive income of the joint venture, until the date on which significant influence or joint control ceases.

The following table summarises the financial information of Springs Wallsend Pty Ltd as included in its own financial statements.

	2020 \$	2019 \$
<b>Current Assets</b>		
Cash and Cash Equivalents	138,347	-
GST Receivable	36,567	-
Total Current Assets	<u>174,914</u>	-
<b>Non Current Assets</b>		
Capital Works in Progress	5,068,174	-
Total Assets	<u>5,243,088</u>	-
Liabilities	-	-
Net Assets	<u>5,418,002</u>	-
As the Company is yet to commence trading, there are no revenue or expenses to report.		
Commitment to provide additional equity capital	<u>176,000</u>	<u>625,000</u>

**Notes to the financial statements**

For the year ended 31 May 2020

**13 Intangible assets**

	<b>Poker machine entitlements</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Non-current assets</b>		
<b>As at 31 May 2019</b>		
Cost	2,780,580	2,780,580
Net book amount	<u>2,780,580</u>	<u>2,780,580</u>
<b>As at 31 May 2020</b>		
Cost	<u>2,780,580</u>	<u>2,780,580</u>
Net book amount	<u>2,780,580</u>	<u>2,780,580</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.

**14 Leases**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>

The Club leases various equipment, poker machines and the air space between Club buildings and Club carpark.

**a) Right-of-use asset****Non-current**

Right-of-use assets	<u>494,336</u>	-
---------------------	----------------	---

	<b>Photocopier</b>	<b>Poker Machines</b>	<b>Club Airspace</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Reconciliation of right-of-use assets</b>					
<b>2020</b>					
At 1 June 2019	-	324,086	137,798	461,884	-
Additions	142,970	-	-	142,970	-
Amortisation	9,018	97,447	4,053	110,518	-
<b>31 May 2020</b>	<u>133,952</u>	<u>226,639</u>	<u>133,745</u>	<u>494,336</u>	<u>-</u>

**b) Lease liabilities****Current**

Lease liabilities	35,021	54,919	1,341	91,281	-
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**Non-current**

Lease liabilities	99,188	-	85,166	184,354	-
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**Total**

	<u>134,209</u>	<u>54,919</u>	<u>86,507</u>	<u>275,635</u>	<u>-</u>
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	<b>Photocopier</b>	<b>Poker Machines</b>	<b>Club Airspace</b>	<b>Total</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Reconciliation of lease liabilities</b>					
<b>2020</b>					
At 1 June 2019	-	163,358	87,798	251,156	-
Additions	142,970	-	-	142,970	-
Interest expense	4,239	1,965	3,389	9,593	-
Lease payments	13,000	110,404	4,680	128,084	-
<b>Net movement during year</b>					
<b>31 May 2020</b>	<u>134,209</u>	<u>54,919</u>	<u>86,507</u>	<u>275,635</u>	<u>-</u>

**Accounting policy**

A lease is a contract, or part of a contract, that conveys the right to use an asset for a period of time in exchange for consideration. If the terms and conditions of a contract are changed, it is reassessed to once again determine if the contract is still, or now contains, a lease.

The term of a lease is determined as the non-cancellable period of the lease, together with the periods covered by an option to extend the lease where there is reasonable certainty that the option will be exercised, and periods covered by an option to terminate the lease if there is reasonable certainty that the option will not be exercised.

At inception, a right-of-use asset and a lease liability is recognised. Right-of-use assets are included in the statement of financial position and grouped in classes of similar underlying assets.

**Notes to the financial statements**

For the year ended 31 May 2020

**14 Leases (continued)**

Right-of-use assets are initially measured at cost, comprising the following:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- an estimate of costs to be incurred in dismantling and removing the underlying asset;
- any initial direct costs incurred;

At the commencement date of the lease, the lease liability is initially recognised for the present value of non-cancellable lease payments discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Club's incremental borrowing rate. The weighted average incremental borrowing rate is 4.0%.

The lease payment used in the calculation of the lease liabilities includes variable payments when they relate to an index or rate. Where leases contain variable lease payments based on an index or rate at a future point in time, the Club has only included the known CPI increases to date and not estimated future CPI-related increases.

The Club does not recognise leases that have a lease term of 12 months or less or are of low value as a right of use asset or lease liability. The lease payments associated with these leases are recognised as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

<b>Reconciliation of lease liabilities at 1 June 2019</b>	<b>Poker</b>		<b>Club</b>	<b>Total</b>
	<b>Photocopier</b>	<b>Machines</b>	<b>Airspace</b>	
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Operating lease commitments as at 31 May 2019	124,080	-	96,502	220,582
Financial liabilities as at 31 May 2019	-	163,358	-	163,358
Items not within scope of AASB 16 leases	(124,080)	-	-	(124,080)
Gross lease liabilities as at 1 June 2019	-	163,358	96,502	259,860
Discounting	-	-	8,704	8,704
<b>Lease liabilities as a result of the initial application of AASB 16</b>	<b>-</b>	<b>163,358</b>	<b>87,798</b>	<b>251,156</b>

**Lessor**

Leases for which the Club is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

As lessor for operating leases, the Club recognises lease payments as income. The underlying asset is depreciated on a straight line basis over its expected useful life.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**15 Trade and other payables**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Trade payables	1,416,979	1,807,592
	<u>1,416,979</u>	<u>1,807,592</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.

**Notes to the financial statements**

For the year ended 31 May 2020

**16 Financial liabilities****Current***Secured*

Bank loans (i)	3,088,688	3,488,688
Other loans (ii)	-	130,350
Total secured financial liabilities	<u>3,088,688</u>	<u>3,619,038</u>

**Non-current***Secured*

Other loans (ii)	-	33,008
Total secured financial liabilities	<u>-</u>	<u>33,008</u>

*(i) Secured liabilities*

The above bank loans and undrawn loan facilities are secured by first mortgages over the Club's non-residential properties located at 6 Kemp St, 4 Tyrrell St, 5 Tyrrell St, 1A Low St and first registered equitable mortgage over the whole of the Company's assets and undertakings including uncalled capital.

*(ii) Unused financing facilities*

The total of the bank loan facility is \$4,290,000. At 31 May 2020 the Club could draw an additional \$1,201,312 on this facility.

The bank loan contains a number of covenants under the terms of the agreement with the bank. During the year the Club was unable to meet one of the requirements of the agreement, being an EBITDA of \$2,600,000 following the forced closure of the Club in March 2020 due to COVID-19. This default has been disclosed to the Bank, and the Bank has formally advised the Club that no action will be taken.

**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 current liabilities unless the Club has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**17 Provisions**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Employee entitlements (i) & (ii)	568,406	600,493
Bonus point redemptions	53,053	-
	<u>621,459</u>	<u>600,493</u>
<b>Non-current</b>		
Employee entitlements (ii)	130,205	104,440
Provision for make good	50,000	-
	<u>180,205</u>	<u>104,440</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.

*(iii) Provision for Make Good*

The Club (lessee) is required to restore the leased premises which it occupies at the end of the lease term to the condition at the beginning of the lease subject to fair wear and tear. A provision has been recognised for the estimated expenditure required to meet the requirements of the lease in relation to "make good". These costs have been included in the calculation of the right-of-use assets and are amortised over the term of the lease.

**Notes to the financial statements**

For the year ended 31 May 2020

<b>18 Other liabilities</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Contract liabilities - membership revenue	42,953	63,036
Contract liabilities - function revenue	24,364	24,189
	<u>67,317</u>	<u>87,225</u>
<b>Non-current</b>		
Contract Liabilities - membership revenue	59,014	80,387
	<u>59,014</u>	<u>80,387</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.

<b>19 Reserves</b>	<b>General</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>
<b>Balance at 1 June 2019</b>	517,757	517,757
Changes to reserves	-	-
<b>Balance at 31 May 2020</b>	<u>517,757</u>	<u>517,757</u>

(i) *Nature and purpose of reserves**General reserve*

Accumulated funds taken over on incorporation.

<b>20 Commitments</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
(i) <i>Investment Commitments</i>		
Investment Property - to be expended within 1 year	860,000	-
	<u>860,000</u>	
(ii) <i>Expenditure Commitments</i>		
Plant & Equipment - to be expended within 1 year	219,000	-
	<u>219,000</u>	
<b>21 Contingent liabilities</b>		
Bank guarantee substituting for a security deposit for TAB facilities	<u>10,000</u>	<u>10,000</u>

**22 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.

<b>(a) Key management personnel remuneration</b>	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
Total key management personnel benefits	<u>426,541</u>	<u>443,441</u>

(b) *Transactions with other related parties*

A Director, Mr B. Twomey and a relative of Director Mr P. Moore, lease investment properties from the Club under normal terms and conditions.

A Director, Mr T. Morgan provides legal services to the Club as required on normal terms and conditions with the total paid/payable by the Club being \$6,037 (2019: \$13,226)

## Notes to the financial statements

For the year ended 31 May 2020

### 23 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:

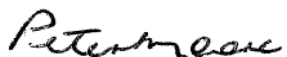
- Estimation of useful lives of non-current assets (notes 10, 13 and 14) - The useful life of property, plant and equipment and right-of-use assets (where useful life is greater than the lease term) is initially assessed at the date the asset is ready for use and reassessed at each reporting date based 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.
- Estimation of provision for make good (note 17) - there is estimation uncertainty in relation to a number of components when assessing the measurement of the provision for make good including but not limited to the condition required to restore the premises to, the extent of assets required to be removed and the timing of the cash outflows to satisfy these. The current measurement of the provision for make good represents the Club's best estimate of these components.
- Estimated fair value of investment properties (note 11) - the fair value of investment properties is estimated at each reporting date, based on independent assessments of the market value of the properties and the best available knowledge of current market prices. Estimation uncertainty exists and is related to the various assumptions used in determining the fair value.


## Directors' declaration

### In the Directors' opinion:

- (a) the financial statements and notes set out on pages 6 to 22 are in accordance with the Corporations Act 2001, including:
  - (i) complying with 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 31 May 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

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

  
Peter Moore - Director

  
Terence Morgan - Director

Wallsend  
4 August 2020

## **Independent auditor's report** **to the members of Wallsend RSL and Community Club Limited**

### **Opinion**

We have audited the financial report of Wallsend RSL and Community Club Limited (the Club) which comprises the statement of financial position as at 31 May 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 31 May 2020 and of its financial performance for the year then ended; and
- (ii) complying with Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and

### **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.



## Independent auditor's report ( continued)

### 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 31 May 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.

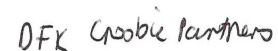
### Auditor's responsibilities for the audit of the financial report

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](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf). This description forms part of our audit report.



Kirsty Porteous - Partner



DFK Crosbie Partners  
Chartered Accountants

4 August 2020  
Newcastle West