

# **Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

## **Financial Statements**

For the Year Ended 31 January 2021

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

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For the Year Ended 31 January 2021

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# Macksville District Ex-Servicemen's Club Ltd

ABN3600902170

## Directors' Report 31 January 2021

Your directors present their report on Macksville District Ex-Servicemen's Club Ltd for the financial year ended 31 January 2021.

### Directors

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

<b>Names</b>	<b>Qualifications / Experience</b>	<b>Appointed / Resigned</b>
Robert J. Laird	Retired, Chairman, Previous Vice Chairman & Director	Full Period
Kenneth W. Walker	Retired, Vice Chairman & Previous Director	Full Period
Trevor Ledger	Business Owner, Current & Previous Director	Full Period
Ian Flarrey	Business Owner, Current & Previous Director	Full Period
Neville Dykes	Business Owner, Current & Previous Director	Full Period
Petah Russell	Manager, Current & Previous Director	Full Period
Helen Reibel	RSL Sub Branch VP, Director	Full Period

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

### Principal activities

The principal activities of Macksville District Ex-Servicemen's Club Ltd during the financial year were the conduct of a Registered Licensed Club.

No significant changes in the nature of the entity's activity occurred during the financial year. However, the operations were significantly impacted by the mandatory restricted trading as a result of the COVID-19 Pandemic. This is reflected in the reduced revenue and expenses from trading activities in the Financial Statements.

The objectives of the club are to operate in a responsible and financially sensible manner with the aim to continue to provide all our members and our local community with a venue to meet their needs. The Macksville Ex-Services Club continues to support the Macksville RSL Sub Branch in their work with serving and ex-service men and women and their families.

### Short term objectives

The Company's short-term objectives are to:

- Provide a place of enjoyment for all members by continuing the standard of entertainment now provided.
- Continue to offer members the current facilities available and to welcome new members to our Club.
- Support local individuals and groups – educational, sporting & community.

### Long term objectives

The Company's long-term objectives are to:

- Continue to provide an up to date Club with facilities to meet members' needs.
- Maintain financial stability of the Club.
- Repay the debt incurred in modernising the Club premises.

# Macksville District Ex-Servicemen's Club Ltd

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## Directors' Report

31 January 2021

### Strategy for achieving the objectives

To achieve these objectives, the Company has adopted the following strategies:

- Provide the best possible facilities to members.
- Provide entertainment and activities to attract patronage to the Club.
- Offer quality meals and beverages.
- Annual development of a financial budget and monthly monitoring of financial performance to ensure the Club operates within its financial capabilities.

### How principal activities assisted in achieving the objectives

The principal activities assisted the Company in achieving its objectives by providing reasonably priced food and beverages, entertainment, responsible approved gambling including TAB, Keno and Poker Machines, and meeting venues as required.

### Performance measures

The following measures are used within the Company to monitor performance:

- Monitoring performance by comparing actual results to past performance.
- Reviewing key performance indicators such as gross profit margins, wages to turnover ratios, net returns from trading and average return per poker machine.

### Members guarantee

Macksville District Ex-Servicemen's Club Ltd is a company limited by guarantee. In the event of, and for the purpose of winding up of the company, the amount capable of being called up from each members and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$1, subject to the provisions of the company's constitution.

At 31 January 2021 the collective liability of members was \$2,110 (2020: \$ 3,085).

### Property Classification

Members are advised that in accordance with section 41J (2) of the Registered Clubs Act, the Board has determined the property classification as follows: -

#### “Core” Property – 16 Cooper Street Macksville

Lots 2-4	Section C	in DP6045	Club House and Grounds
Lots 4-5		in DP23202	Car Park

#### “Non-Core” Property

Lots 2-3		in DP22302	29 Princess Street
Lots 5-9	Section C	in DP6045	18-22 Cooper Street
Lot 11	Section C	in DP6045	18-22 Cooper Street
Lot 12		in DP55012	18-22 Cooper Street

### Notes to Members on Property Classification

1. Section 41J (2) of the Registered Clubs Act requires the annual 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.
2. 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.
3. 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.

# Macksville District Ex-Servicemen's Club Ltd

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## Directors' Report

31 January 2021

### Notes to Property Classification

4. 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 an independent real estate agent or auctioneer.

5. These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the Registered Clubs Act and by Section 41J itself. For example, the requirements in paragraph 4 above, amongst other things, 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; or
- Core property that is leased or licensed to a telecommunications provider for the purposes of a telecommunication tower.

6. Non-core property is not subject to the limitations referred to in paragraph 4 and 5 above and can be disposed of without the Club having to follow the procedure referred to in paragraph 4 above.

### Meetings of directors

During the financial year, 8 meetings of directors were held. It is noted that no formal meetings were held during the months March, April and May 2020 due to the restrictions enforced during the first few months of the COVID-19 pandemic. Attendances by each director during the year were as follows:

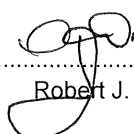
	Directors' Meetings	
	Number eligible to attend	Number attended
Robert J. Laird	8	8
Kenneth W. Walker	8	7
Ian Flarrey	8	7
Trevor Ledger	8	8
Neville Dykes	8	8
Petah Russell	8	4
Helen Reibel	8	6

### Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 31 January 2021 has been received and can be found on page 4 of the financial report.

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

Director: .....

  
Robert J. Laird

Director: .....

  
Kenneth W. Walker

Dated: 31 May 2021



Macksville District Ex- Servicemen's Club Limited  
16 Cooper Street,  
Macksville, NSW 2448

**Auditors Independence Declaration under Section 307C of the Corporations Act 2001  
To the Directors of Macksville District Ex-Servicemen's Club Ltd:**

I declare that, to the best of my knowledge and belief, during the year ended 31 January 2021, 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.

HLV Audit Pty Ltd

Angela Holladay

31 May 2021

Macksville, NSW

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**Macksville District Ex-Servicemen's Club Ltd**

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**Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 January 2021**

	2021	2020
	\$	\$
	Note	
<b>Income</b>		
Poker Machine Revenue	1,280,932	1,661,912
Bar Sales	310,500	605,556
Bistro Sales	655,602	1,018,868
Meals on Wheels	131,215	107,571
ATO - JobKeeper	557,700	-
ATO - Cash Flow Boost	100,000	-
Commission	49,363	82,299
Entertainment & Promotions	69,385	151,698
Membership Subscriptions	11,244	13,063
Rental Income from Investment Property	52,836	50,029
Bank Interest	112	117
Insurance Recoveries	-	19,962
Other Income	31,699	36,940
<b>Total Income</b>	<b>3,250,588</b>	<b>3,748,015</b>
<b>Expenses</b>		
Cost of Goods Sold	(609,955)	(866,813)
Employee Benefits Expense	(1,216,087)	(1,531,575)
Depreciation and Amortisation Expense	(236,069)	(257,262)
Repairs & Maintenance	(56,138)	(96,933)
Entertainment & Promotions	(125,731)	(299,598)
Loss on Disposal of Assets	(8,242)	(5,942)
Finance Costs	(30,809)	(29,712)
Poker Machine Duty	(111,956)	(222,418)
Other Operating Expenses	(445,311)	(608,417)
<b>Total Expenses</b>	<b>(2,840,298)</b>	<b>(3,918,670)</b>
<b>Profit before income tax</b>	<b>410,290</b>	<b>(170,655)</b>
Income Tax (Expense) / Benefit	1(f) -	-
<b>Profit from continuing operations</b>	<b>410,290</b>	<b>(170,655)</b>
Other Comprehensive Income	-	-
<b>Total comprehensive income for the year</b>	<b>410,290</b>	<b>(170,655)</b>

The accompanying notes form part of these financial statements.

**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Statement of Financial Position****As at 31 January 2021**

	Note	2021 \$	2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	2	726,614	324,380
Trade and other receivables	3	31,152	34,851
Inventories	4	42,633	49,512
Other assets	8	32,611	25,260
<b>TOTAL CURRENT ASSETS</b>		<b>833,010</b>	<b>434,003</b>
<b>NON-CURRENT ASSETS</b>			
Financial assets		-	10
Property, plant and equipment	5	2,004,768	2,056,959
Investment property	6	421,091	428,366
Intangible assets	7	151,065	151,065
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,576,924</b>	<b>2,636,400</b>
<b>TOTAL ASSETS</b>		<b>3,409,934</b>	<b>3,070,403</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	9	328,463	457,449
Borrowings	10	146,225	161,159
Lease liabilities	11	81,788	90,722
Employee benefits	13	251,844	248,960
Deferred income	12	25,814	28,220
<b>TOTAL CURRENT LIABILITIES</b>		<b>834,134</b>	<b>986,510</b>
<b>NON-CURRENT LIABILITIES</b>			
Trade and other payables	9	47,000	-
Borrowings	10	362,778	423,492
Lease liabilities	11	142,151	46,791
Employee benefits	13	21,215	21,244
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>573,144</b>	<b>491,527</b>
<b>TOTAL LIABILITIES</b>		<b>1,407,278</b>	<b>1,478,037</b>
<b>NET ASSETS</b>		<b>2,002,656</b>	<b>1,592,366</b>
<b>EQUITY</b>			
Reserves		51,632	51,632
Retained earnings		1,951,024	1,540,734
<b>TOTAL EQUITY</b>		<b>2,002,656</b>	<b>1,592,366</b>

The accompanying notes form part of these financial statements.



**Macksville District Ex-Servicemen's Club Ltd**

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**Statement of Changes in Equity  
For the Year Ended 31 January 2021**

2021

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 February 2020	1,540,734	51,632	1,592,366
Profit / (Loss) for the year	410,290	-	410,290
Balance at 31 January 2021	<u>1,951,024</u>	<u>51,632</u>	<u>2,002,656</u>

2020

	Retained Earnings	Reserves	Total
	\$	\$	\$
Balance at 1 February 2019	1,711,389	51,632	1,763,021
Profit / (Loss) for the year	(170,655)	-	(170,655)
Balance at 31 January 2020	<u>1,540,734</u>	<u>51,632</u>	<u>1,592,366</u>

The accompanying notes form part of these financial statements.

**Macksville District Ex-Servicemen's Club Ltd**

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**Statement of Cash Flows****For the Year Ended 31 January 2021**

	2021	2020
Note	\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Receipts from members and visitors	2,754,463	4,043,327
Payments to suppliers and employees	(2,882,149)	(3,879,040)
Rent received	52,836	50,029
Receipts from government subsidies and rebates	681,946	21,180
Interest received	112	117
Interest paid	(30,809)	(29,712)
Net cash provided by/ (used in) operating activities	18 <u>576,399</u>	<u>205,901</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property, plant and equipment	<u>(25,624)</u>	(192,291)
Net cash used by investing activities	<u>(25,624)</u>	(192,291)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from borrowings	-	325,000
Repayment of borrowings	10 <u>(75,648)</u>	(173,230)
Payment of principal portion of lease liabilities	<u>(72,793)</u>	(117,755)
Net cash used by financing activities	<u>(148,441)</u>	34,015
Net increase/(decrease) in cash and cash equivalents held	402,334	47,625
Cash and cash equivalents at beginning of year	<u>324,380</u>	276,755
Cash and cash equivalents at end of financial year	2 <u><u>726,714</u></u>	<u>324,380</u>

The accompanying notes form part of these financial statements.

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

### For the Year Ended 31 January 2021

The financial report covers Macksville District Ex-Servicemen's Club Ltd as an individual entity. Macksville District Ex-Servicemen's Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Macksville District Ex-Servicemen's Club Ltd is Australian dollars.

The financial report was authorised for issue by the Directors on 31 May 2021.

Comparatives are consistent with prior years, unless otherwise stated.

#### 1 Summary of Significant Accounting Policies

##### (a) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

##### (b) Going concern

The financial report has been prepared on a going concern basis which assumes the company intends to and will be able to continue its operations in the foreseeable future. The Company has recognised a net profit after income tax of \$410,290 for the current year ended 31 January 2021 and recorded a current ratio of 0.998.

The Directors and Management have considered the uncertainties surrounding the impact that the COVID-19 Pandemic has had on their operations and cashflow, including past Government mandated closures, in determining the appropriate use of the going concern basis.

##### (c) Comparative figures

Comparatives are consistent with prior years, unless otherwise stated.

##### (d) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value.

# Macksville District Ex-Servicemen's Club Ltd

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## Notes to the Financial Statements

### For the Year Ended 31 January 2021

#### 1 Summary of Significant Accounting Policies

##### (e) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

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

##### (f) Income tax

Income tax is not levied on the operations of the Club as they pertain to members (exempt from income tax under Div. 50 of the *Income Tax Assessment Act 1997*), but only in regard to activities concerning visitors, as well as the Club's investment income. Therefore, normal company rates of tax are not based on the operating results for the year, but on the portion applicable to visitors, and investment income. This is known as the principle of mutuality.

As at balance date, the club has carried forward income tax losses of \$149,029. Although the club may trade profitably in future years, after applying the principal of mutuality for taxation purposes, the probability of absorbing the entire balance of carried forward income tax losses is considered to be very low. Therefore, no deferred tax asset has been recognised in the Financial Report as there is no certainty that the taxation losses will provide an economic benefit in the future.

##### (g) Revenue and other income

###### Revenue from contracts with customers

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.

# Macksville District Ex-Servicemen's Club Ltd

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## Notes to the Financial Statements

### For the Year Ended 31 January 2021

#### 1 Summary of Significant Accounting Policies

##### (g) Revenue and other income

###### Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

###### Specific revenue streams

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

###### Sale of goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement with the goods.

###### Rendering of services

Revenue in relating to rendering of services is recognised upon delivery of the service to customers.

###### Government grants and subsidies

Income derived from Government grants and subsidies are either recognised in accordance with AASB 15 *Revenue from Contracts with Customers* (discussed above) or AASB 1058 *Income for Not-for-Profit Entities*.

###### Donations

Donations and bequests are recognised as revenue when received.

###### Other income

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

##### (h) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts.

##### (i) 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).

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

### For the Year Ended 31 January 2021

#### 1 Summary of Significant Accounting Policies

##### (i) Financial instruments

###### Financial assets

On initial recognition, the Company classifies its financial assets into the following categories, those measured at amortised cost.

Assets measured at amortised cost are financial assets where the business model is to hold assets to collect contractual cash flows; and the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

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 less provision for impairment.

###### 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.

###### Financial liabilities

The Company measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost.

The financial liabilities of the Company comprise trade payables, bank and other loans and lease liabilities.

##### (j) Property, plant and equipment

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

Land and buildings are measured at cost less accumulated depreciation and impairment losses. Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

###### Depreciation

The depreciable amount of Plant and Equipment and Furniture and Fittings is depreciated on a diminishing value basis over the asset's useful life to the Company commencing from the time the asset is held ready for use. Buildings are depreciated on a straight-line basis and land is not depreciated.

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

<b>Class of Fixed Asset</b>	<b>Depreciation Rate</b>
Buildings	2.5% - 4.0%
Plant and Equipment	7.5% - 40.0%
Furniture, Fixtures and Fittings	7.5% - 40.0%

# Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

## Notes to the Financial Statements

### For the Year Ended 31 January 2021

#### 1 Summary of Significant Accounting Policies

##### (j) Property, plant and equipment

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income.

##### (k) Investment property

Investment property is held at cost which includes expenditure that is directly attributable to the acquisition of the investment property. The buildings that form investment properties are depreciated on a straight-line basis over 33 years.

##### (l) Impairment of non-financial assets

At the end of each reporting year, 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. Value in use is either the discounted cash flows relating to the asset or depreciated replacement cost if the criteria in AASB 136 'Impairment of Assets' are met. 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.

##### (m) Leases

At the lease commencement, the Company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension period where the Company believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received. The right-of-use asset is depreciated over the lease term on a straight-line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however, where this cannot be readily determined then the Company's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured where there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Company's assessment of the lease term. Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the measurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### *Exceptions to lease accounting*

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term. The Company does not apply short-term lease exceptions to agreements that contain purchase options or those expected to subsequently be classified as property, plant and equipment.

## **Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

### **Notes to the Financial Statements**

#### **For the Year Ended 31 January 2021**

##### **(n) 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 recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

##### **(o) Critical accounting estimates and judgments**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

##### **Employee Benefits Provision**

The Company records a provision for employee benefits for future cash flows expected to be incurred by the Company due to employer obligations for long service. In assessing the Company's potential obligation, management apply a consistent probability factor to non-vested entitlements as at reporting date. Management classify employee benefits as current where personnel have satisfied all eligibility, whilst those with a continuous length of service of greater than five years, but less than ten, have been provided for in full and classified as non-current. Personnel with a continuous length of service of less than five years as at reporting date have not been provided for. Management have utilised current individual rates and pay to determine the value of liability as at reporting date on this basis.

##### **Property, Plant & Equipment – Estimated Useful Lives**

The Company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant & equipment and finite or indefinite life of any intangible assets held. The useful lives could change as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or down.

##### **Impairment**

The Company assesses impairment at the end of each reporting period by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using fair value less cost to sell or value-in-use calculations which incorporate various key estimates and assumptions.



**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Notes to the Financial Statements**

**For the Year Ended 31 January 2021**

**2 Cash and Cash Equivalents**

	2021	2020
	\$	\$
Cash at bank and on hand	726,614	324,380
<b>Total cash and cash equivalents</b>	<u>726,614</u>	<u>324,380</u>

**3 Trade and Other Receivables**

	2021	2020
	\$	\$
Trade receivables	31,152	29,851
Deposits	-	5,000
<b>Total current trade and other receivables</b>	<u>31,152</u>	<u>34,851</u>

**4 Inventories**

	2021	2020
	\$	\$
Bar Stock	23,134	34,683
Bistro Stock	19,499	14,829
<b>Total Inventory</b>	<u>42,633</u>	<u>49,512</u>

**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Notes to the Financial Statements**

**For the Year Ended 31 January 2021**

**5 Property, Plant and Equipment**

	2021	2020
	\$	\$
LAND AND BUILDINGS		
Freehold Land At cost	183,011	183,011
Total land	<u>183,011</u>	<u>183,011</u>
Buildings At cost	2,400,574	2,400,574
Accumulated depreciation	(1,313,245)	(1,242,385)
Total buildings	<u>1,087,329</u>	<u>1,158,189</u>
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	2,002,304	2,147,927
Accumulated depreciation	(1,357,619)	(1,545,149)
Total plant and equipment	<u>644,685</u>	<u>602,778</u>
Furniture, fixtures and fittings		
At cost	593,853	593,853
Accumulated depreciation	(504,110)	(480,872)
Total furniture, fixtures and fittings	<u>89,743</u>	<u>112,981</u>
Total property, plant and equipment	<u><u>2,004,768</u></u>	<u><u>2,056,959</u></u>

**(a) Movements in Carrying Amounts**

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

	Land	Buildings	Plant and Equipment	Furniture, Fixtures and Fittings	Total
	\$	\$	\$	\$	\$
Balance at the beginning of year	183,011	1,158,189	602,778	112,981	2,056,959
Additions	-	-	184,844	-	184,844
Disposals - written down value	-	-	(8,242)	-	(8,242)
Depreciation expense	-	(70,860)	(134,695)	(23,238)	(228,793)
Balance at 31 January 2021	<u>183,011</u>	<u>1,087,329</u>	<u>644,685</u>	<u>89,743</u>	<u>2,004,768</u>

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements

#### For the Year Ended 31 January 2021

#### 6 Investment Property

Investment property consists of land and buildings adjacent to the club's premises. These properties are not used for the club's operations but are rental properties held for investment purposes. These properties are non-core properties as prescribed by the Registered Clubs Act.

	2021	2020
	\$	\$
At Cost	585,966	585,966
Accumulated Depreciation	(164,875)	(157,600)
<b>Total Investment Property</b>	<b>421,091</b>	<b>435,844</b>

At balance date, the investment property located at 18-22 Cooper Street reflected a lease for a 5-year term from May 2016 until April 2021. At the date of this report, a new lease is being negotiated with the current lessee. The property at 29 Princess Street reflected a lease for a 1-year term which expired on in February 2021. This lease has been renewed and will expire in February 2022.

The investment properties were independently valued in June 2016. The valuation was based on the fair market value based on similar properties. The critical assumptions adopted in determining the valuation included the location of the land and buildings, sales data for similar properties and capitalisation of an assessed net annual rental return. The fair value of these investment properties determined by the independent valuer in 2016 as follows:

	2021	2020
	\$	\$
18 Cooper Street, Macksville	650,000	650,000
29 Princess Street, Macksville	140,000	140,000
<b>Total Fair Value</b>	<b>790,000</b>	<b>790,000</b>

#### 7 Intangible Assets

The intangible assets represent the poker machine entitlements that have been purchased by the Club in previous years. It is considered that the life of the entitlements is indefinite so the cost cannot be amortised. Under the applicable accounting standards intangible assets must be tested for impairment at least annually. Impairment occurs on an asset where the carrying amount exceeds the recoverable amount. When this occurs, the value of the asset must be reduced to the lower amount with the resulting loss being shown in the statement of comprehensive income. Where the recoverable amount exceeds the carrying amount a recovery of previously recognised impairment loss is allowed.

The company has performed value in use calculations based on estimated cashflows and the directors believe the carrying amount of the entitlements are not impaired at 31 January 2021.

	2021	2020
	\$	\$
Poker Machine Entitlements at Cost	194,998	194,998
Accumulated impairment	(43,933)	(43,933)
<b>Net carrying amount</b>	<b>151,065</b>	<b>151,065</b>

**Macksville District Ex-Servicemen's Club Ltd**

ABN36000902170

**Notes to the Financial Statements****For the Year Ended 31 January 2021****8 Other Assets**

	2021	2020
	\$	\$
Prepayments	32,611	25,260
<b>Total other assets</b>	<b>32,611</b>	<b>25,770</b>

**9 Trade and Other Payables**

	2021	2019
	\$	\$
CURRENT		
Trade payables	137,800	244,250
Accrued expenses	79,171	84,881
ATO Liabilities	111,492	128,318
<b>Total current trade and other payables</b>	<b>328,463</b>	<b>457,449</b>
	2021	2019
	\$	\$
NON-CURRENT		
ATO Liabilities	47,000	-
<b>Total non-current trade and other payables</b>	<b>47,000</b>	<b>-</b>

The Company has reclassified annual leave payable from Trade and Other Payables to Employee Benefits (Refer to Note 13) in the current year and have applied this change retrospectively for consistent comparatives in presentation and disclosure.

**10 Borrowings**

	2021	2020
	\$	\$
CURRENT		
Bank loans	146,225	161,159
<b>Total current borrowings</b>	<b>146,225</b>	<b>161,159</b>
	2021	2020
	\$	\$
NON-CURRENT		
Bank loans	362,778	423,492
<b>Total non-current borrowings</b>	<b>362,778</b>	<b>423,492</b>

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements

#### For the Year Ended 31 January 2021

#### 10 Financial liabilities

##### Summary of Borrowing Arrangements:

i) In March 2018, the Club secured a business loan facility totalling \$800,000 for the purposes of future upgrades and maintenance of the Club. The term of the loan is for six years with fortnightly repayments of principal and interest with a final payment of any residual balance at the end of the loan term. As at 31 January 2021, the respective loan's variable interest rate was 4.24% with a minimum fortnightly repayment of \$5,343.42. The terms of the loan allow progressive drawing and as at 31 January 2021 the loan balance was \$483,694.

ii) In April 2016, a loan was established with ANZ Finance for \$163,836 to fund the replacement of the club's air-conditioning system. The loan has a term of 5 years with monthly principal and interest repayments of \$3,140 commencing in April 2016. As at 31 January 2021 the loan balance was \$25,308.

Both loans described above were varied during the financial year as the Club engaged in deferral options to assist with cashflow management as a result of the COVID-19 Pandemic. As a result, monthly repayments were deferred for a six-month period between April 2020 and October 2020. The terms of each loan agreement have been updated to reflect the extended term and associated repayments.

#### 11 Right of Use Assets and Lease Liabilities

The Company retains right of use assets and associated lease liabilities reflecting poker machine equipment and their related licenses for terms between 2 and 3 years with monthly repayments in addition to a Multiscreen Communication Equipment Agreement with a total lease term of 60 months commencing May 2017. The lease liabilities are secured by the underlying right of use assets and are presented within Property, Plant and Equipment in the Statement of Financial Position and Note 5 of these Financial Statements.

The Company has elected to apply the exemptions for short-term and low-value leases as described in Note 1(m).

The minimum lease payments for the associated right of use assets at 31 January 2021 are:

	2021	2020
	\$	\$
Minimum lease payments:		
- not later than one year	82,505	90,722
- between one year and five years	146,446	46,791
Less: Unexpired interest	(5,012)	-
<b>Minimum lease payments</b>	<b>223,939</b>	<b>137,513</b>

The carrying amounts of the right of use assets that are included in plant and equipment at 31 January 2021 are:

	2021	2020
	\$	\$
Poker Machines and their licences	235,604	90,722
Multiscreen Communication System	1,388	46,791
<b>Total right-of-use carrying amount recognised in plant and equipment</b>	<b>236,992</b>	<b>137,513</b>

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements For the Year Ended 31 January 2021

#### 12 Deferred Income

	2021	2020
	\$	\$
Subscriptions in Advance	20,087	16,865
Gaming Tax Rebate in Advance	5,727	5,727
Functions Deposits in Advance	-	5,628
<b>Total deferred income</b>	<b>25,814</b>	<b>28,220</b>

#### 13 Employee Benefits

	2021	2019
	\$	\$
<b>CURRENT</b>		
Annual leave payable	153,025	146,271
Long service leave - current	98,819	102,689
<b>Total current employee benefits</b>	<b>251,844</b>	<b>248,960</b>
	2021	2019
	\$	\$
<b>NON-CURRENT</b>		
Long service leave	21,215	21,244
<b>Total non-current employee benefits</b>	<b>21,215</b>	<b>21,244</b>

The Company has reclassified annual leave payable from Trade and Other Payables (Refer to Note 9) to Employee Benefits in the current year and have applied this change retrospectively for consistent comparatives in presentation and disclosure.

#### 14 Members' Guarantee

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of \$1 each towards meeting any outstanding debts and obligations of the Company.

At 31 January 2021 the number of members was 2,110 (2020: 3,085).

#### 15 Interests of Key Management Personnel

The total remuneration paid to key management personnel of the Company is \$96,063 (2020: \$ 109,880).

#### 16 Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Company did not have any contingencies at 31 January 2021 (31 January 2020: None).

#### 17 Related Party Transactions

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. During the financial year, there were no related party transactions.

## Macksville District Ex-Servicemen's Club Ltd

ABN36000902170

### Notes to the Financial Statements

#### For the Year Ended 31 January 2021

#### 18 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities:

	2021	2020
	\$	\$
Profit for the year	410,290	(170,655)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	236,069	257,262
- net gain on disposal of property, plant and equipment	8,242	5,942
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	3,699	(21,806)
- (increase)/decrease in prepayments	(7,341)	510
- (increase)/decrease in inventories	6,879	(6,480)
- increase/(decrease) in income in advance	(2,406)	3,456
- increase/(decrease) in trade and other payables	(81,889)	158,935
- increase/(decrease) in provisions	-	(20,813)
- increase/(decrease) in employee benefits	2,856	(450)
Cashflows from operations	<u>576,399</u>	<u>205,901</u>

#### 19 Events after the end of the Reporting Period

The financial report was authorised for issue on 31 May 2021 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

**Macksville District Ex-Servicemen's Club Ltd**

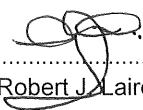
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**Directors' Declaration**

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 21 are in accordance with the *Corporations Act 2001* and:
  - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
  - b. give a true and fair view of the financial position as at 31 January 2021 and of the performance for the year ended on that date of the Company.
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 a resolution of the Board of Directors.

Director .....  
  
Robert J. Laird

Director .....  
  
Kenneth W. Walker

Dated: 31 May 2021



## Independent Audit Report

### To the members of Macksville District Ex-Servicemen's Club Ltd

#### Report on the Audit of the Financial Report

#### Opinion

We have audited the general purpose financial report of Macksville District Ex-Servicemen's Club Ltd (the Company), which comprises the statement of financial position as at 31 January 2021, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 January 2021 and of its financial performance for the year 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 Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### Other Information

The directors are responsible for the other information. At the date of this auditor's report, no other information has been prepared by the Directors.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## Responsibilities of 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 Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 transactions and events in a manner that achieves fair presentation.

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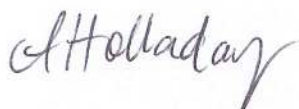
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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

HLV Audit Pty Ltd



Angela Holladay

31 May 2021

Macksville, NSW

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