



**Central Charlestown
Leagues Club Limited**

ACN 000 964 849

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

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Annual financial report for the year ended 30 June 2020

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These financial statements are the financial statements of Central Charlestown Leagues Club Limited. The financial statements are presented in the Australian currency.

The financial statements were authorised for issue by the Directors on 1 September 2020. The Directors have the power to amend and reissue the financial statements.

Director's report

Your Directors present their report on Central Charlestown Leagues Club Limited (the Club) for the year ended 30 June 2020.

Directors details

The following persons were Directors of Central Charlestown Leagues Club Limited during the financial year, and up to the date of this report:

Mr J Rayner

President appointed 28 July 2020
Director since 2014
Businessman

Mr P Blackford

Vice President
Director since 2019
Operations and Finance Manager

Mr T Colquhoun

Director
Director since 2014
Businessman

Mr P Schmarr

Director
Director since 2017
Retired

Mr F Coull

President until 28 July 2020
Director since 2013
Retired

Mr T Bryden

Vice President
Director since 2016
Retired

Mr W Munro

Director
Director since 2006
Retired

Mr A Blackwell

Director
Director since 2016
Teacher

Mrs D Pascoe

Director
Director since 2019
Retired

Company secretary

Dane Seymour is the Chief Executive Officer of the Club. He has worked within the clubs industry since 2001 and has been in executive management positions within clubs since 2010. Dane has been Chief Executive Officer of Central Charlestown Leagues Club Limited since September 2019.

Director's meetings

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

Board members	Board meetings	
	A	B
Mr J Rayner	15	12
Mr T Bryden	15	15
Mr P Blackford	15	15
Mr W Munro	15	15
Mr T Colquhoun	15	13
Mr A Blackwell	15	15
Mr P Schmarr	15	13
Mrs D Pascoe	15	15
Mr F Coull	15	14

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

Core - Land and building in which the Club and carpark are located being 8 Bula Street, Charlestown NSW 2290.

Non-Core - 2 Wales Street, Charlestown NSW 2290
- 4 Wales Street, Charlestown NSW 2290
- 6 Wales Street, Charlestown NSW 2290

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.

Principal activities

During the year, the principal activities of the Club was the running of the Club in accordance with its objectives for the benefit of its members and promoting the game of rugby league.

Short-term and long-term objectives

The Club's objectives are to:

- Continue to remain COVID-19 Safe for the health and safety of members and their guests by abiding to all relevant rules and regulations.
- Provide the best facilities available to members and their guests; and
- Facilitate and promote the game of rugby league.

Strategy for achieving short and long-term objectives

During the year the principal activities of the Club consisted of:

- (a) In line with the Strategic Plan, maintain or increase existing revenue levels and control costs to improve profitability which will allow the Club's premises to be continually improved.

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

Performance measurement

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

Environmental regulation

The Club's operations are not regulated by any significant environmental regulations under the law of the Commonwealth or of a state or territory of Australia.

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.



John Rayner - President



Fenton Coull - Director

Dated: 1 September 2020

Auditor's independence declaration

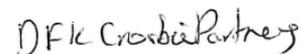
To the Directors of Central Charlestown Leagues Club Limited

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

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



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

Dated: 1 September 2020
Newcastle

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Revenue from continuing operations	2	4,740,115	6,303,801
Other Income	3	434,915	199,796
Bar cost of goods sold		(534,320)	(718,543)
Bar direct expenses		(462,612)	(564,679)
Gaming direct expenses		(652,208)	(808,711)
Bistro cost of goods sold		(542,057)	(712,495)
Bistro direct expenses		(708,243)	(839,472)
Rental operations		(21,955)	(20,546)
Members amenities		(684,266)	(957,580)
Clubhouse expenses		(640,158)	(603,301)
Administrative expenses		(1,092,467)	(1,016,443)
Propogation of Sport		(127,691)	(160,425)
		(5,465,977)	(6,402,195)
Profit / (loss) before income tax		(290,947)	101,402
Income tax expense		(1,432)	13,752
Profit / (loss) for the year		(292,379)	115,154
Other comprehensive income		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income / (loss) for the year		(292,379)	115,154

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

Central Charlestown Leagues Club Limited
Statement of financial position
For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
ASSETS			
Current assets			
Cash and cash equivalents	5	437,815	369,525
Inventories	6	64,488	47,860
Financial assets at amortised cost	7	136,625	21,786
Other assets	8	48,056	58,228
Total current assets		686,984	497,399
Non-current assets			
Property, plant and equipment	9	8,522,101	8,304,473
Investment properties	10	1,730,000	1,730,000
Intangible assets	11	217,689	217,689
Deferred tax assets	12	78,934	85,308
Total non-current assets		10,548,724	10,337,470
Total assets		11,235,708	10,834,869
LIABILITIES			
Current liabilities			
Trade and other payables	13	555,631	590,362
Financial liabilities	14	575,746	326,542
Provisions	15	218,603	186,330
Other liabilities	16	24,392	38,901
Total current liabilities		1,374,372	1,142,135
Non-current liabilities			
Financial liabilities	14	1,271,148	793,138
Provisions	15	12,450	21,550
Other liabilities	16	14,095	17,082
Deferred tax liabilities	12	395,254	400,196
Total non-current liabilities		1,692,947	1,231,966
Total liabilities		3,067,319	2,374,101
Net assets		8,168,389	8,460,768
MEMBERS FUNDS			
Reserves	17	2,208,189	2,243,952
Retained profits		5,960,200	6,216,816
Total members funds		8,168,389	8,460,768

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

Statement of changes in equity

For the year ended 30 June 2020

	Reserves	Retained	Total
	\$	\$	\$
Balance at 1 July 2018	2,279,715	6,065,899	8,345,614
Profit for the year	-	115,154	115,154
Depreciation transfer	(35,763)	35,763	-
Total comprehensive income for the year	(35,763)	150,917	115,154
Balance at 30 June 2019	2,243,952	6,216,816	8,460,768
Profit for the year	-	(292,379)	(292,379)
Depreciation transfer	(35,763)	35,763	-
Total comprehensive income for the year	(35,763)	(256,616)	(292,379)
Balance at 30 June 2020	2,208,189	5,960,200	8,168,389

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

Statement of cash flows

For the year ended 30 June 2020

	Notes	2020 \$	2019 \$
Cash flows from operating activities			
Receipts from members and customers		5,294,491	7,082,446
Payments to suppliers and employees		(5,489,465)	(6,435,073)
Interest received		452	756
Interest paid		(74,012)	(73,143)
Government stimulus received		182,000	-
Net cash inflow (outflow) from operating activities		<u>(86,534)</u>	<u>574,986</u>
Cash flows from investing activities			
Payments for property, plant and equipment		(588,208)	(447,381)
Proceeds from sale of property, plant and equipment		15,819	30,000
Net cash inflow (outflow) from investing activities		<u>(572,389)</u>	<u>(417,381)</u>
Cash flows from financing activities			
Proceeds from borrowings		1,062,157	249,145
Repayment of borrowings		(334,944)	(420,683)
Net cash inflow (outflow) from financing activities		<u>727,213</u>	<u>(171,538)</u>
Net increase in cash and cash equivalents		68,290	(13,933)
Cash and cash equivalents at the beginning of the financial year		<u>369,525</u>	<u>383,458</u>
Cash and cash equivalents at the end of the financial year		<u>437,815</u>	<u>369,525</u>

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

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies

(a) Basis of preparation

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Central Charlestown Leagues 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 and land and buildings 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 July 2019:

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

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

AASB 15 Revenue from Contracts with Customers

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

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

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

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

The adoption has impacted the annual financial statements as follows:

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

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

AASB 16 Leases

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

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)

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

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

The adoption has impacted the annual financial statements as follows:

There has been no impact on the Statement of Financial Position or Statement of Profit or Loss and Other Comprehensive Income of the Club on adoption of AASB 16.

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

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

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

(d) Going concern

As at 30 June 2020, Central Charlestown Leagues Club Limited has a working capital deficiency of \$687,388, represented by current assets of \$686,984 and current liabilities of \$1,374,372.

Current liabilities includes:

- (a) the Greater Bank line of credit being \$344,645 which is included as a current liability, however the Directors do not expect to be required to repay the full drawn amount on the facility within the next 12 months.
- (b) employee leave entitlements of \$188,793 which is included as a current liability, however, the Directors do not expect to be required to settle the full amount owing to employees within the next 12 months.

The Directors have determined that the going concern basis is appropriate given:

- (a) The Club has a cash balance at 30 June 2020 of \$437,815.
- (b) The Club do not foresee any issues in continuing to meet the terms and conditions of its loans with the Bank.
- (c) The Clubs operating cashflow for the year end 30 June 2020 was significantly impacted by the COVID-19 pandemic and related shutdown of the industry from 23rd March to 1 June. The Club expects future cashflows to improve and return to more normal levels based on trading performance since reopening in June 2020 (notwithstanding that restrictions remain in place which limit a return to pre-COVID operating conditions).
- (d) The Club has prepared a cashflow budget for 2021 and based on the forecasts, which include revenue from continued government stimulus support, expect the Club to continue to trade with sufficient positive operating cashflows in order to meet its obligations to financiers, suppliers, employees and other creditors.
- (e) The underlying operating cashflow of the Club for the period to 31 March 2020 (prior to the shutdown) indicated that the Club had continued to generate positive cashflows under normal trading conditions.
- (f) The Club expects to continue to receive the support from Government stimulus measures including the Jobkeeper and Cashflow Boost programs for at least the period until 30 September 2020.
- (g) The Club has an unused Business Line of Credit facility of \$55,355 as at 30 June 2020.
- (h) The Club expects to continue to receive support from its suppliers and members.

The Directors are of the opinion the above will be achieved and the Club will continue as a going concern and meet its debts and commitments as they fall due. As a result, the Directors have prepared the financial report on a going concern basis.

(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.

Notes to the financial statements

For the year ended 30 June 2020

1 Summary of significant accounting policies (continued)**(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.

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:

	Food and beverage revenue	Gaming revenue	Membership revenue	Raffle and bingo revenue	Other revenue	Total
2020	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	2,593,888	1,835,869	59,384	160,872	72,922	4,722,935
Other revenue (not covered by AASB15)	-	17,180	-	-	-	17,180
	<u>2,593,888</u>	<u>1,853,049</u>	<u>59,384</u>	<u>160,872</u>	<u>72,922</u>	<u>4,740,115</u>

Timing of revenue recognition

At a point in time	2,593,888	1,853,049	-	160,872	72,922	4,680,731
Over time	-	-	59,384	-	-	59,384
	<u>2,593,888</u>	<u>1,853,049</u>	<u>59,384</u>	<u>160,872</u>	<u>72,922</u>	<u>4,740,115</u>

	Food and beverage revenue	Gaming revenue	Membership revenue	Raffle and bingo revenue	Other revenue	Total
2019	\$	\$	\$	\$	\$	\$
Revenue from contracts with customers	3,518,315	2,425,437	60,235	223,122	59,512	6,286,621
Other revenue (not covered by AASB15)	-	17,180	-	-	-	17,180
	<u>3,518,315</u>	<u>2,442,617</u>	<u>60,235</u>	<u>223,122</u>	<u>59,512</u>	<u>6,303,801</u>

Timing of revenue recognition

At a point in time	3,518,315	2,442,617	-	223,122	59,512	6,243,566
Over time	-	-	60,235	-	-	60,235
	<u>3,518,315</u>	<u>2,442,617</u>	<u>60,235</u>	<u>223,122</u>	<u>59,512</u>	<u>6,303,801</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) Food and Beverage Revenue

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

(ii) Gaming Revenue

Revenue from rendering services from gaming facilities to members and other patrons of the Club is recognised when the services are provided. Gaming revenue is measured at the fair value of the consideration received from the net position of the wagers placed less customer winnings paid out. Commission 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.

Notes to the financial statements

For the year ended 30 June 2020

2 Revenue (continued)

(b) Accounting policies and significant judgements (continued)

(iii) *Membership Revenue*

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

(iv) *Raffle and Bingo Revenue*

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

(v) *Other Revenue*

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

3 Other income and expense items

	2020	2019
	\$	\$
(a) Other income		
Rental income	82,439	80,827
Interest Income	452	772
Government stimulus payment - JobKeeper	225,161	-
Government stimulus payment - Cashflow Boost	62,500	-
Insurance recoveries	51,734	88,197
Gain on disposal of fixed assets	12,629	30,000
	<u>434,915</u>	<u>199,796</u>

(i) *Rental income*

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.

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.

(ii) *Interest income*

Interest income is recognised on an accruals basis.

(iii) *Government Stimulus Funding*

The Club recognises stimulus funding from the Australian Taxation Office when it is considered to be receivable.

(iv) *Insurance recoveries*

The Club recognises income from insurance claims when an insured event has occurred and the realisation of the insurance recovery is virtually certain.

(v) *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.

(b) Other expenses

Employee Benefits Expense	1,721,389	1,881,758
Loss on disposal of Assets	13,955	650
Interest costs	74,012	73,143

Notes to the financial statements

For the year ended 30 June 2020

4 Income tax expense

2020 **2019**
\$ \$

(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	(290,947)	101,402
Tax at the Australian tax rate at 27.5% (2019: 27.5%)	(80,010)	27,886
Opening tax balances adjusted for change in members percentages	(341)	(19,269)
Apportionment adjustment members income and expenses	98,971	(22,369)
Non assessable income	(17,188)	-
Income tax expense / (benefit)	1,432	(13,752)

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.

Notes to the financial statements

For the year ended 30 June 2020

5 Cash and cash equivalents

	2020	2019
	\$	\$
Current		
Cash and Cash Equivalents	437,815	369,525
	<u>437,815</u>	<u>369,525</u>

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 Inventories

Current		
Stock on hand	64,488	47,860
	<u>64,488</u>	<u>47,860</u>

Accounting policy

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

7 Financial assets at amortised cost

Current		
Other receivables	120,704	21,786
GST receivable	15,921	-
	<u>136,625</u>	<u>21,786</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.

8 Other assets

Current		
Prepayments	48,056	58,228
	<u>48,056</u>	<u>58,228</u>

Accounting policy

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

Notes to the financial statements

For the year ended 30 June 2020

9 Property, plant and equipment

	Land and buildings	Plant and equipment	Poker machines	Capital WIP	Total
	\$	\$	\$	\$	\$
Non-current assets					
At 1 July 2019					
Cost	6,940,000	1,885,574	1,243,294	229,222	10,298,090
Accumulated depreciation	122,956	1,330,272	540,389	-	1,993,617
Net book amount	6,817,044	555,302	702,905	229,222	8,304,473
Year ended 30 June 2020					
Opening net book amount	6,817,044	555,302	702,905	229,222	8,304,473
Additions	374,837	212,987	91,798	-	679,622
Disposals	-	13,719	3,426	-	17,145
Transfers from work in progress	179,229	49,346	-	(228,575)	-
Depreciation charge	124,523	164,292	156,034	-	444,849
Closing net book amount	7,246,587	639,624	635,243	647	8,522,101
At 30 June 2020					
Cost	7,494,060	2,092,191	1,329,424	647	10,916,322
Accumulated depreciation	247,473	1,452,567	694,181	-	2,394,221
Net book amount	7,246,587	639,624	635,243	647	8,522,101

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

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Freehold land and buildings were revalued on 30 June 2018 by Tew Property Consultants. Tew Property Consultants frequently assess 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.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the asset revaluation reserve in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income and reduce the asset revaluation reserve in equity. All other decreases are charged to the statement of profit or loss and other comprehensive income and reflected in retained profits.

As the revalued buildings are depreciated, the difference between depreciation recognised in the income statement, which is based on the revalued carrying amount of the asset, and the depreciation based on the assets original cost is transferred from the revaluation surplus to retained earnings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

(b) Plant and equipment and poker machines

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

(c) Depreciation

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

Buildings	20 - 50 years
Plant & Equipment	2.5 - 20 years
Poker Machines	2.5 - 5 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.

9 Property, plant and equipment (continued)

(d) Impairment (continued)

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

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

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

10 Investment properties

	2020	2019
	\$	\$
Non-current assets		
Opening balance at 1 July	1,730,000	1,730,000
Closing balance at 30 June	<u>1,730,000</u>	<u>1,730,000</u>

Accounting policy

Initially, investment properties are measured at cost including transaction costs. Subsequent to initial recognition investment properties are stated at fair value. 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.

To obtain the fair value, an independent valuation is obtained by the Club from external valuers once every 3 years. Independent valuations are obtained in the intervening periods if necessary. A market valuation was performed by Tew Property Consultants as at 30 June 2018. A market appraisal was also performed by Chapman Property as at 12 August 2020. The independent valuer and 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.

11 Intangible assets

	Poker machine entitlements	Total
	\$	\$
Non-current assets		
As at 30 June 2019		
Cost	217,689	217,689
Net book amount	<u>217,689</u>	<u>217,689</u>
As at 30 June 2020		
Cost	217,689	217,689
Net book amount	<u>217,689</u>	<u>217,689</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.

Notes to the financial statements

For the year ended 30 June 2020

12	Deferred tax balances	2020	2019
		\$	\$
<i>(i)</i>	<i>Deferred tax assets</i>		
	The balance comprises temporary differences attributable to:		
	Provisions	11,806	11,208
	Other	3,795	8,430
	Carried forward tax losses	63,333	65,670
		<u>78,934</u>	<u>85,308</u>
	Movements		
	At 1 July	85,308	100,417
	(Charged)/credited to statement of profit or loss and other comprehensive income	(6,374)	(15,109)
	At 30 June	<u>78,934</u>	<u>85,308</u>
<i>(i)</i>	<i>Deferred tax liabilities</i>		
	The balance comprises temporary differences attributable to:		
	Investment properties	320,007	320,007
	Depreciation	71,677	72,806
	Other	3,570	7,383
		<u>395,254</u>	<u>400,196</u>
	Movements		
	At 1 July	400,196	429,057
	(Charged)/credited to statement of comprehensive income	(4,942)	(28,681)
	At 30 June	<u>395,254</u>	<u>400,196</u>

Accounting policy

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

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

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

Notes to the financial statements

For the year ended 30 June 2020

13 Trade and other payables

	2020	2019
	\$	\$
Current		
Trade payables	293,670	346,749
Other payables and accruals	261,961	161,983
GST payable	-	81,630
	<u>555,631</u>	<u>590,362</u>

Accounting policy

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

14 Financial liabilities**Current***Secured*

Line of credit (i)	344,645	139,569
Bank loans (i)	189,200	155,250
Other loans (ii)	30,627	21,168
Total secured financial liabilities	<u>564,472</u>	<u>315,987</u>

Unsecured

Other loans	11,274	10,555
Total unsecured financial liabilities	<u>11,274</u>	<u>10,555</u>
	<u>575,746</u>	<u>326,542</u>

Non-current*Secured*

Bank loans (i)	1,271,148	793,138
Total secured financial liabilities	<u>1,271,148</u>	<u>793,138</u>

(i) Secured liabilities

The above loans and lines of credit with Greater Bank are secured by the following:

- Registered Mortgage over real property at 8 Bula Street Charlestown NSW 2290
- Registered Mortgage over real property at 2, 4 and 6 Wales Street Charlestown NSW 2290

(ii) Other secured liabilities

The other loans are secured by a fixed charge over the specific assets that are financed.

Accounting policy

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

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

Notes to the financial statements

For the year ended 30 June 2020

15 Provisions	2020	2019
	\$	\$
Current		
Employee entitlements (i) & (ii)	188,793	170,139
Club grants	5,460	(532)
Jackpots	24,350	16,723
	<u>218,603</u>	<u>186,330</u>
Non-current		
Employee entitlements (ii)	12,450	21,550
	<u>12,450</u>	<u>21,550</u>

Accounting policy(i) *Annual leave*

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

(ii) *Long service leave*

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

16 Other liabilities**Current**

Contract liabilities - membership income	16,978	25,335
Other liabilities	7,414	13,566
	<u>24,392</u>	<u>38,901</u>

Non-current

Contract Liabilities - membership income	14,095	17,082
Other liabilities	-	-
	<u>14,095</u>	<u>17,082</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.

17 Reserves

	General	Capital Redemption	Asset revaluation	Total
	\$	\$	\$	\$
Balance at 1 July 2019	30,007	10,724	2,203,221	2,243,952
Release of depreciation	-	-	(35,763)	(35,763)
Balance at 30 June 2020	<u>30,007</u>	<u>10,724</u>	<u>2,167,458</u>	<u>2,208,189</u>

(i) *Nature and purpose of reserves**Asset revaluation*

The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. In the event of a sale of an asset, any balance in the reserve in relation to the asset is transferred to retained earnings.

Notes to the financial statements

For the year ended 30 June 2020

18	Commitments	2020	2019
		\$	\$
(i)	<i>Capital Commitments</i>		
	Replacement CCTV Cameras	-	9,650
	Playground	-	24,988
		<u>-</u>	<u>34,638</u>

19	Contingent liabilities	2020	2019
		\$	\$
	Bank guarantee substituting for a security deposit for TAB facilities	<u>5,000</u>	<u>5,000</u>
		5,000	5,000

20 Related parties

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

(a)	<i>Key management personnel compensation</i>	2020	2019
		\$	\$
	Total key management personnel benefits	<u>131,871</u>	<u>166,310</u>

21 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 9 and 11) - The useful life of property, plant and equipment and intangible assets 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.
- Estimated fair value of investment properties (note 10) - 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.
- Estimated fair value of land and buildings (note 9) - The fair value of land and buildings is estimated at each reporting date, based on independent assessments of the market value of the property conducted at least every three years and other 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 the Corporations Act 2001, including:
- (i) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Club's financial position as at 30 June 2020 and of its performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

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



John Rayner - President



Fenton Coull - Director

Charlestown
1 September 2020

Independent auditor's report **to the members of Central Charlestown Leagues Club Limited**

Opinion

We have audited the financial report of Central Charlestown Leagues Club Limited (the Club) which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

- (i) giving a true and fair view of the Clubs financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial report section of our report. We are independent of the Club in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Responsibilities of the Directors for the financial report

The Directors of the Club are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001 and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Club's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Club or to cease operations, or have no realistic alternative but to do so.

Matters relating to the electronic presentation of the audited financial report

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

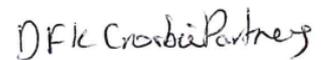
Auditor's responsibilities for the audit of the financial report

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

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



Shaun Mahony - Partner



DFK Crosbie Partners
Chartered Accountants

1 September 2020
Newcastle