



Financial Statements

For the Year Ended 31 December 2019

Moss Vale Services Club Ltd

Contents

For the Year Ended 31 December 2019

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Directors' Report

31 December 2019

The directors present their report on Moss Vale Services Club Ltd for the financial year ended 31 December 2019.

1. General information

Directors

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

Names	Position	
Frank G Shepherd	President	
Eric Campbell	Vice President	Resigned 14/04/19
Des Bentley	Treasurer	
Janice E Grunsell	Director	
Roger McAndrew	Vice President	
Lorraine C Matthews	Director	
John Williams	Vice President	
Colin Emerson	Director	Appointed 14/04/19

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

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

Frank G Shepherd

Qualifications Self-employed
Experience 32 years

Eric Campbell

Qualifications Retired
Experience 22 years

Des Bentley

Qualifications Retail
Experience 19 years (non-continuous)

Janice E Grunsell

Qualifications Retired
Experience 9 years

Roger McAndrew

Qualifications Retired
Experience 6 years

Lorraine C Matthews

Qualifications Office Manager
Experience 2 years

Directors' Report

31 December 2019

1. General information

Information on directors

John Williams

Qualifications	Retired
Experience	7 years (non-continuous)

Colin Emerson

Qualifications	TAFE Teacher
Experience	8 months

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 activity of Moss Vale Services Club Ltd during the financial year was that of operating a licenced club.

No significant changes in the nature of the Company's activity occurred during the financial year.

Short term and long term objectives

The Club has identified the following objectives:

- The principal objectives of the Club are that of a Licenced Club being a Services Club, to assist the RSL Sub Branch, schools, cultural and charitiy organisations as well as establishing a viable community partnership with other businesses in Moss Vale.
- To provide services to members commensurate with industry needs and regulatory requirements

Strategy for achieving the objectives

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

- Provide members with a Club that meets todays expectations of Facilities and Services
- To meet financial viability and accountability requirements
- To provide a workplace that is compliant with industry and legislative requirements

Performance measures

The Board, together with management use Critical Success Factors analysis in the areas of:

- Finance
- Customer Service
- Internal Business Processes
- Innovation

Using key performance indicators (KPIs) in the above areas provides the board with information needed to react to opportunities or concerns. Industry benchmarking data comparison reports provide up to date relative information specifically to the Club industry.

Directors' Report

31 December 2019

2. Operating results and review of operations for the year

Operating results

The loss of the Company after providing for income tax amounted to \$ (526,498) (2018: \$ 65,709 profit).

Review of operations

3. Other items

Significant changes in state of affairs

There have been no significant changes in the state of affairs of the Company during the year.

Matters or circumstances arising after the end of the year

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.

Dividends paid or recommended

In accordance with the Memorandum of Association no dividend is payable.

Company secretary

The following person held the position of Company secretary at the end of the financial year:

Mr Phillip Hill has worked for Moss Vale Services Club Ltd for the past 16 years, performing management roles. Mr Hill was appointed company secretary on 1 September 2003.

Moss Vale Services Club Ltd

Directors' Report
31 December 2019

Meetings of directors

During the financial year, 13 meetings of directors were held. Attendances by each director during the year were as follows:

Directors' Meetings		
	Number eligible to attend	Number attended
Frank G Shepherd	13	13
Eric Campbell	3	3
Des Bentley	13	13
Janice E Grunsell	13	13
Roger McAndrew	13	13
Lorraine C Matthews	13	13
John Williams	13	11
Colin Emerson	10	6

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of Moss Vale Services Club Ltd.

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 December 2019 has been received and can be found on page 5 of the financial report.

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

Director: 
Frank G Shepherd

Director: 
Des Bentley

Dated this 17th day of September 2020

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Moss Vale Services Club Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, 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.

Kelly Partners (South West Sydney) Partnership



Daniel Kuchta
Registered Auditor Number 335565
Campbelltown

Dated this 17th day of September 2020

Statement of Profit or Loss and Other Comprehensive Income
For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
Sales revenue		758,865	746,568
Cost of sales		<u>(322,944)</u>	<u>(323,753)</u>
Gross profit		435,921	422,815
Poker machine revenue	3	2,468,948	2,886,844
Club Keno revenue	3	45,121	50,986
Promotions revenue	3	127,777	136,338
TAB revenue	3	27,596	33,395
Interest received	3	3,544	5,156
Other income	3	112,669	134,748
Marketing expenses		(106,678)	(125,674)
Occupancy costs		(41,543)	(37,647)
Administrative expenses		(1,153,063)	(1,012,707)
Finance costs		(92,737)	(14,584)
Bar expenses		(383,937)	(370,483)
Poker machine expenses		(678,819)	(786,293)
Club Keno expenses		(26,947)	(28,099)
Promotions expenses		(352,137)	(361,153)
TAB expenses		(47,315)	(48,198)
Other expenses		<u>(132,284)</u>	<u>(104,851)</u>
Profit before depreciation and income tax		206,116	780,593
Income tax expense		-	-
Depreciation	4	<u>(732,614)</u>	<u>(714,884)</u>
(Loss)/Profit for the year		<u>(526,498)</u>	<u>65,709</u>
Other comprehensive income, net of income tax			
Items that will not be reclassified subsequently to profit or loss			
Revaluation changes for land and building		<u>(313,484)</u>	-
Other comprehensive income for the year, net of tax		<u>(313,484)</u>	-
Total comprehensive income for the year		<u>(839,982)</u>	<u>65,709</u>

The accompanying notes form part of these financial statements.

Moss Vale Services Club Ltd

Statement of Financial Position

As At 31 December 2019

	Note	2019 \$	2018 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	900,111	1,119,442
Inventories	8	46,748	37,194
Other assets	11	32,302	31,035
TOTAL CURRENT ASSETS		<u>979,161</u>	1,187,671
NON-CURRENT ASSETS			
Property, plant and equipment	9	14,937,712	14,877,325
Intangible assets	10	180,000	180,000
TOTAL NON-CURRENT ASSETS		<u>15,117,712</u>	15,057,325
TOTAL ASSETS		<u>16,096,873</u>	16,244,996
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	236,971	217,335
Borrowings	13	340,360	282,524
Short-term provisions	14	50,978	63,582
Other liabilities	15	35,200	39,409
TOTAL CURRENT LIABILITIES		<u>663,509</u>	602,850
NON-CURRENT LIABILITIES			
Borrowings	13	1,525,125	882,036
Long-term provisions	14	78,611	90,500
TOTAL NON-CURRENT LIABILITIES		<u>1,603,736</u>	972,536
TOTAL LIABILITIES		<u>2,267,245</u>	1,575,386
NET ASSETS		<u>13,829,628</u>	14,669,610
EQUITY			
Reserves		10,296,420	10,609,903
Retained earnings		3,533,208	4,059,707
TOTAL EQUITY		<u>13,829,628</u>	14,669,610

The accompanying notes form part of these financial statements.

Statement of Changes in Equity
For the Year Ended 31 December 2019

2019

	Retained Earnings	Asset Revaluation Surplus	Total
Note	\$	\$	\$
Balance at 1 January 2019	4,059,707	10,609,903	14,669,610
Loss attributable to members of the entity	(526,498)	-	(526,498)
Revaluation decrement	-	(313,484)	(313,484)
Balance at 31 December 2019	3,533,209	10,296,419	13,829,628
Balance at 1 January 2018	3,993,998	10,609,903	14,603,901
Profit attributable to members of the entity	65,709	-	65,709
Balance at 31 December 2018	4,059,707	10,609,903	14,669,610

Statement of Cash Flows
For the Year Ended 31 December 2019

	2019	2018
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts in the course of operations	3,864,805	3,948,687
Payments to suppliers and employees	(3,597,990)	(3,263,558)
Interest received	3,544	5,156
Interest paid	(92,737)	(14,584)
Net cash provided by/(used in) operating activities	18 <u>177,622</u>	<u>675,701</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of property, plant and equipment	9,000	45,920
Purchase of property, plant and equipment	(1,106,878)	(1,701,621)
Net cash provided by/(used in) investing activities	<u>(1,097,878)</u>	<u>(1,655,701)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds/(repayments) of borrowings	509,111	924,671
Net proceeds/(repayments) of finance lease liabilities	191,794	(20,648)
Net cash provided by/(used in) financing activities	<u>700,905</u>	<u>904,023</u>
Net increase/(decrease) in cash and cash equivalents held	(219,351)	(75,977)
Cash and cash equivalents at beginning of year	<u>1,119,442</u>	<u>1,195,419</u>
Cash and cash equivalents at end of financial year	7 <u><u>900,091</u></u>	<u><u>1,119,442</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

The financial report covers Moss Vale Services Club Ltd as an individual entity. Moss Vale Services Club Ltd is a not-for-profit Company limited by guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Moss Vale Services Club Ltd is Australian dollars.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

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

2 Summary of Significant Accounting Policies

(a) Revenue and other income

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

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

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Interest revenue

Interest is recognised using the effective interest method.

Subscriptions

Revenue from the provision of membership subscriptions is recognised on a straight line basis over the financial year.

Other income

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

All revenue is stated net of the amount of good and services tax (GST).

(b) Income Tax

The principle of mutuality has been applied in calculating the taxable income of the company. Subscriptions and other amounts received from members are excluded from the assessable income of the company. The company is assessed for income tax purposes on income from non-members (including other investment income such as interest and rent.) Operating expenses are apportioned between member and non-member income. Accordingly, taxable income is not directly related to the operating result and can vary substantially from year to year.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(c) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(d) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(f) Property, plant and equipment

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

Items of property, plant and equipment acquired for nil or nominal consideration have been recorded at the acquisition date fair value.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a straight-line basis over the assets useful life to the Company, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	20%
Leased plant and equipment	20%
Poker machines	20%
Poker machine conversions	50%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(g) Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is an evidence of an impairment indicator for non-financial assets.

Where an indicator exists and regardless for indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash-generating unit (CGU) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss.

(h) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the Company are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Notes to the Financial Statements

For the Year Ended 31 December 2019

2 Summary of Significant Accounting Policies

(h) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

(i) Intangible Assets

Poker Machine Entitlements

Poker machine entitlements are considered as intangible assets as per AASB 138 and have been bought to account at cost. They are considered to have an indefinite life and as such are not amortised.

Social impact assessment study costs incurred in order to obtain additional entitlements have been accounted for as prepayments until the entitlements are acquired. The prepayment is then capitalised together with the cost of the entitlements.

(j) Employee benefits

Provision is made for the Company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(k) Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements

For the Year Ended 31 December 2019

3 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	\$	\$
Sales revenue		
- Bar	758,865	746,568
- Poker machine revenue	2,468,948	2,886,844
- Club Keno revenue	45,121	50,986
- Promotions revenue	127,777	136,338
- TAB revenue	27,596	33,395
	<u>3,428,307</u>	<u>3,854,131</u>
Other revenue		
- Interest received	3,544	5,156
- Commission received	28,065	31,284
- Members' subscriptions	30,000	30,000
- Poker machine rebate	17,180	17,180
- Rental income	11,500	11,412
- Sundry revenue	17,319	4,682
- Profit/(loss) on sale of assets	8,605	40,191
	<u>116,213</u>	<u>139,905</u>
Total Revenue	<u><u>3,544,520</u></u>	<u><u>3,994,036</u></u>

4 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

- Interest paid	92,737	14,584
	<u><u>92,737</u></u>	<u><u>14,584</u></u>

The result for the year includes the following specific expenses:

Other expenses:

Depreciation	732,614	714,884
	<u><u>732,614</u></u>	<u><u>714,884</u></u>

5 Auditors' Remuneration

Remuneration of the auditor [Kelly + Partners], for:

- auditing or reviewing the financial statements	26,300	26,300
- financials preparation	4,500	4,500
- taxation services	2,250	2,000
Total	<u><u>33,050</u></u>	<u><u>32,800</u></u>

Notes to the Financial Statements

For the Year Ended 31 December 2019

6 Income Tax Expense

(a) Reconciliation of income tax expense to operating profit before income tax:

	2019	2018
	\$	\$
Operating profit/(loss) before income tax	(526,498)	65,709
Adjustments due to the mutuality principle		
Exempt income from members	(30,000)	(30,000)
Wholly assessable income	(60,818)	(72,804)
Exempt expenditure	271,805	315,456
Wholly deductible expenditure	143,114	137,785
	<u>(202,397)</u>	416,146
Proportion applicable to non-member 2.70% (2018: 2.62%)	<u>(5,470)</u>	10,889
Change in unrecognised deductible temporary difference :		
Prima facie income tax expense	(1,504)	3,267
Increase in income tax expense due to wholly assessable income :		
Interest, rent, commissions and GST rebate on gaining machines	16,725	21,842
Decrease in income tax expense due to wholly assessable income :		
Superannuation, rates and taxes and investment property expenses	<u>(38,710)</u>	(39,632)
	<u>(23,489)</u>	(14,523)
Amount transferred to future income tax benefit not brought to account	<u>23,489</u>	14,523
Income tax expense attributable to profit from ordinary activities	<u>-</u>	-
Tax losses carried forward	<u>804,690</u>	719,273

7 Cash and Cash Equivalents

Cash on hand	163,540	142,330
Bank balances	736,571	977,112
	<u>900,111</u>	1,119,442

8 Inventories

CURRENT		
At cost: Stock on hand	<u>46,748</u>	37,194

Notes to the Financial Statements
For the Year Ended 31 December 2019

9 Property, plant and equipment

	2019	2018
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At independent valuation	3,440,000	3,250,000
Buildings		
At independent valuation	10,640,000	9,570,000
Accumulated depreciation	-	(325,722)
Total buildings	10,640,000	9,244,278
Total land and buildings	14,080,000	12,494,278
PLANT AND EQUIPMENT		
Capital works in progress		
At cost	-	1,508,065
Plant and equipment		
At cost	2,090,731	2,029,732
Accumulated depreciation	(1,913,095)	(1,806,268)
Total plant and equipment	177,636	223,464
Poker machines		
At cost	2,271,464	2,079,317
Accumulated depreciation	(1,591,388)	(1,427,799)
Total poker machines	680,076	651,518
Total plant and equipment	857,712	2,383,047
Total property, plant and equipment	14,937,712	14,877,325

Notes to the Financial Statements

For the Year Ended 31 December 2019

9 Property, plant and equipment

The company's land and buildings were revalued at 30 October 2019 by independent valuers. The 2019 valuation was used to assist the directors in determining a valuation of land and buildings as at 31 December 2019. Valuations were made using the price that would be received to sell the asset in an orderly transaction between market participants at the the measurement date. The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation reserve in shareholders' equity.

The valuation was carried out by Global Valuation Services Pty Ltd. These valuations were based on the unencumbered use value of the buildings and market value of the land owned and occupied by the Company.

(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	Poker machines	Capital Works in Progress	Total
	\$	\$	\$	\$	\$	\$
Year ended 31 December 2019						
Balance at the beginning of year	3,250,000	9,244,278	223,464	651,519	1,508,065	14,877,326
Additions	-	-	60,999	283,644	762,235	1,106,878
Disposals - written down value	-	-	-	(395)	-	(395)
Reclassification	-	2,270,300	-	-	(2,270,300)	-
Depreciation expense	-	(371,094)	(106,828)	(254,692)	-	(732,614)
Revaluation recognised in equity	190,000	(503,484)	-	-	-	(313,484)
Balance at the end of the year	3,440,000	10,640,000	177,636	680,076	-	14,937,712

10 Intangible Assets

	2019	2018
	\$	\$
Poker Machine Licenses - At cost	180,000	180,000
Accumulated amortisation and impairment	-	-
Total Intangibles	180,000	180,000

11 Other Assets

CURRENT		
Prepayments	32,302	31,035

Notes to the Financial Statements

For the Year Ended 31 December 2019

12 Trade and Other Payables

	2019	2018
	\$	\$
CURRENT		
Trade payables	103,678	98,579
Sundry payables and accrued expenses	79,376	84,305
GST liability	34,252	10,973
Other payables	19,665	23,478
	<u>236,971</u>	<u>217,335</u>

Trade and other payables are unsecured, non-interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short-term nature of the balances.

13 Borrowings

	2019	2018
	\$	\$
CURRENT		
Bank overdraft	20	-
Bank loans	282,524	282,524
Lease liability	57,816	-
Total current borrowings	<u>340,360</u>	<u>282,524</u>
NON-CURRENT		
Bank loans	1,391,147	882,036
Lease liability	133,978	-
Total non-current borrowings	<u>1,525,125</u>	<u>882,036</u>
Total borrowings	<u>1,865,485</u>	<u>1,164,560</u>

The following securities have been pledged by the Club in relation to the borrowings:

- a first registered mortgage over all land and improvement currently owned by the Club;
- a first registered fixed and floating charge over all present and future assets of the Club; and
- a bill of sale charge over the Club's Liquor and Gaming Licences

Notes to the Financial Statements

For the Year Ended 31 December 2019

14 Provisions

	2019 \$	2018 \$
CURRENT		
Employee entitlements	50,978	63,582
NON-CURRENT		
Employee entitlements	78,611	90,500
	Employee entitlements \$	Total \$
Total provisions		
Opening balance at 1 January 2019	154,082	154,082
Additional provisions	(24,493)	(24,493)
Balance at 31 December 2019	129,589	129,589

15 Other Liabilities

CURRENT		
Subscription in advance	15,679	17,347
Member points liability	19,521	22,062
	35,200	39,409

16 Key Management Personnel Remuneration

The total remuneration paid to key management personnel of the Company is \$ 142,179 (2018: \$ 139,984).

17 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 31 December 2019 (31 December 2018:None).

18 Cash Flow Information

(a) Reconciliation of cash

	2019 \$	2018 \$
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	900,111	1,119,442
Bank overdrafts	(20)	-
	900,091	1,119,442

Notes to the Financial Statements

For the Year Ended 31 December 2019

18 Cash Flow Information

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

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	\$	\$
Profit for the year	(1,039,982)	65,709
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation	732,614	714,884
- net gain on disposal of property, plant and equipment	(8,605)	(40,191)
- revaluation of property, plant and equipment	513,484	-
Changes in assets and liabilities:		
- (increase)/decrease in prepayments	(1,267)	1,091
- (increase)/decrease in inventories	(9,554)	3,609
- increase/(decrease) in trade and other payables	19,634	(96,846)
- increase/(decrease) in other liabilities	(4,209)	(2,705)
- increase/(decrease) in provisions	(24,493)	30,150
Cashflows from operations	<u>177,622</u>	<u>675,701</u>

19 Events Occurring After the Reporting Date

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

20 Bank Guarantee

At the request of the Company, the Company's bank is holding bank guarantees in favour of the Totalisator Agency Board of NSW at the value of \$5,000.

21 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 \$ 5 each towards meeting any outstanding obligations of the Company. At 31 December 2019 the number of members was 4,288 (2018: 4,585).

22 Statutory Information

The registered office and principal place of business of the company is:

Moss Vale Services Club Ltd
15 Yarrowa Street
MOSS VALE NSW 2577

Moss Vale Services Club Ltd

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 20, 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 December 2019 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

Frank G Shepherd

Director

Des Bentley

Dated this 17th day of September 2020

Independent Audit Report to the members of Moss Vale Services Club Ltd

Opinion

We have audited the financial report of Moss Vale Services Club Ltd (the Company), which comprises the statement of financial position as at 31 December 2019, 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, and 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 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 December 2019 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. The other information comprises the directors' report for the year ended 31 December 2019, but does not include the financial report and our auditor's report thereon.

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

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

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

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.

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.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Kelly Partners (South West Sydney) Partnership



Daniel Kuchta
Registered Auditor Number 335565
Campbelltown

Dated this 17th day of September 2020.

Disclaimer

For the Year Ended 31 December 2019

The additional financial data presented on pages 26 - 30 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 31 December 2019. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than Moss Vale Services Club Ltd) in respect of such data, including any errors or omissions therein however caused.

Kelly Partners (South West Sydney) Partnership



Daniel Kuchta
Registered Auditor Number 335565
Campbelltown

Dated this 17th day of September2020.

Moss Vale Services Club Ltd
For the Year Ended 31 December 2019

Detailed trading account

	2019	2018
	\$	\$
Bar		
Sales revenue		
Sales	758,865	746,568
Cost of sales		
Opening stock	35,558	39,310
Purchases	332,472	320,001
Closing stock	(45,085)	(35,558)
Cost of goods sold	<u>322,945</u>	<u>323,753</u>
Gross profit	<u>435,920</u>	<u>422,815</u>
Less: Direct expenses		
Depreciation	2,389	3,856
Employee entitlements	(5,760)	7,704
General expenses	13,809	10,848
Repairs and maintenance	3,857	1,678
Replacements	3,492	1,479
Salaries and wages	327,885	313,514
Stocktaking expenses	6,616	6,249
Superannuation contributions	34,038	29,011
	<u>386,326</u>	<u>374,339</u>
Net profit / (loss)	<u><u>49,594</u></u>	<u><u>48,476</u></u>

Moss Vale Services Club Ltd
For the Year Ended 31 December 2019

Detailed trading account

	2019	2018
	\$	\$
Poker Machines		
Income		
Poker machines - net	<u>2,468,948</u>	2,886,844
Less: Direct expenses		
Depreciation	254,692	249,377
Employee entitlements	(1,084)	1,450
Monitoring	39,607	42,305
Link fees	68,195	87,859
Repairs and maintenance	31,283	34,983
Stationery	590	630
Salaries and wages	116,694	110,457
Superannuation contributions	9,649	9,554
Turnover tax	387,870	466,804
Community welfare expenditure	<u>26,015</u>	32,251
	<u>933,511</u>	<u>1,035,670</u>
Net profit / (loss)	<u><u>1,535,437</u></u>	<u><u>1,851,174</u></u>

Moss Vale Services Club Ltd
For the Year Ended 31 December 2019

Detailed trading account

	2019 \$	2018 \$
Club Keno		
Income		
Commissions received	45,121	50,986
Less: Direct expenses		
Employee entitlement	(290)	388
Promotions	3,060	2,934
Printing, postage and stationery	1,020	1,757
Repairs and maintenance	4,988	4,772
Salaries and wages	16,694	16,788
Superannuation contributions	1,476	1,460
	<u>26,948</u>	<u>28,099</u>
Net profit / (loss)	<u><u>18,173</u></u>	<u><u>22,887</u></u>

Moss Vale Services Club Ltd
For the Year Ended 31 December 2019

Detailed trading account

	2019	2018
	\$	\$
Promotions		
Income		
Bingo	35,214	34,658
Meat market	62,633	64,005
Raffles	4,536	6,851
Commissions received	19,310	22,317
Gift shop sales	6,084	8,508
	<hr/>	<hr/>
	127,777	136,339
Less: Direct expenses		
Bingo	100,610	105,476
Meat market	65,808	59,973
Lucky badge draw	77,627	75,755
Raffles	5,496	5,021
Sundry promotions	74,574	84,140
Super Sunday expenses	22,650	24,537
Gift shop purchases - net	5,371	6,250
	<hr/>	<hr/>
	352,136	361,152
	<hr/>	<hr/>
Net profit / (loss)	(224,359)	(224,813)

Moss Vale Services Club Ltd
For the Year Ended 31 December 2019

Detailed trading account

	2019	2018
	\$	\$
TAB		
Income		
Commissions received	<u>27,596</u>	33,395
Less: Direct expenses		
Depreciation	1,978	3,814
Employee entitlements	(252)	337
Flexifast fees	2,836	2,836
Promotions	2,650	2,591
Salaries and wages	14,431	15,173
Stationery	7,500	7,091
Sky channel rental	18,853	18,853
Superannuation contributions	<u>1,297</u>	1,317
	<u>49,293</u>	52,012
Net profit / (loss)	<u><u>(21,697)</u></u>	<u>(18,617)</u>

Moss Vale Services Club Ltd

Profit and Loss Account

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Net profit from bar	49,594	48,476
Net profit from poker machines	1,535,437	1,851,174
Net profit from Club Keno	18,173	22,887
Net (loss) from promotions	(224,359)	(224,813)
Net (loss) from TAB	(21,697)	(18,617)
Net profit from trading	1,357,148	1,679,107
Other income		
Interest received	3,544	5,156
Poker machine rebate	17,180	17,180
Rental income	11,500	11,412
Commission received	28,065	31,284
Sundry revenue	17,319	4,682
Members' subscriptions	30,000	30,000
Profit/(loss) on sale of assets	8,605	40,191
Total other income	116,213	139,905
Total operating income	1,473,361	1,819,012
Less: Expenses		
Advertising	106,678	125,674
Auditors remuneration	33,050	32,800
Austar	26,023	23,603
Bank charges	6,983	11,407
Cash shortages	145	1,290
Cleaning	36,310	34,040
Computer expenses	26,429	23,580
Contract cleaning	81,672	79,324
Depreciation	473,555	457,837
Dining, snack and beverage expenses	5,252	4,812
Directors' benefits	5,748	6,680
Donations	950	1,800
Electricity & gas	157,531	131,608
Employee entitlements	(17,107)	20,272
Fees and Permits	34,042	28,656
Insurance	75,832	70,968
Interest paid	92,737	14,584
Internet	1,842	1,373
Kitchen equipment	9,277	3,931
Lease rentals on operating lease	6,142	7,195
Legal expenses	1,015	140
Member expenses	67,435	68,075
Mortality	300	700
Payroll tax	4,830	4,818
Printing, postage and stationery	12,663	8,514
Promotions, functions and activities	46,512	24,720
Rates and taxes	41,543	37,647
Repairs and maintenance	198,968	118,133
Salaries and wages	377,142	327,388

Moss Vale Services Club Ltd

Profit and Loss Account

For the Year Ended 31 December 2019

	2019	2018
	\$	\$
Security	18,076	16,487
Staff expenses	10,442	8,928
Superannuation contributions	49,652	49,053
Telephone and fax	3,526	3,894
Training	4,124	3,182
Wreaths/flowers	542	186
Net profit / (loss)	(526,498)	65,709

Declaration of Core and Non-Core Property

Declaration of Core Property pursuant to Section 41J(2) of the Registered Clubs Act 1976 for the Club's financial year ended December 2019

The following properties are Core Property of the Club:

1. The land (forming part of Lot 100 DP 1037724 at the corner of Argyle and Yarrowa Streets, Moss Vale) on which the Club's licensed premises is situated including the bitumen-sealed car park surrounding the Club's licensed premises but excluding the vacant (non-sealed) land adjoining the exit lane from the car park on the western side of the Club's licensed premises.
2. The bitumen-sealed car park (Lot 34 DP 1046863) at the corner of Dixon and Yarrowa Streets, Moss Vale.

The following properties are Non-Core Property of the Club:

- Lot B DP 161550 (residential property) on Yarrowa Street, Moss Vale.
- Lot 1 DP 37492 (residential property) on Yarrowa Street, Moss Vale.
- the vacant (non-sealed) land (forming part of Lot 100 DP 1037724) adjoining the exit lane from the car park on the western side of the Club's licensed premises at the corner of Argyle and Yarrowa Streets, Moss Vale.

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

Director: 

Frank G Shepherd

Director: 

Des Bentley

Dated this 17th day of September 2020