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Roseville Returned Servicemen's Memorial Club Limited  
ABN 51 001 071 138

Annual Financial Report  
31 December 2019

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# Roseville Returned Servicemen's Memorial Club Limited

## Directors' Report

### Directors

The directors present their report together with the financial statements of Roseville Returned Servicemen's Memorial Club Limited (the company) for the year ended 31 December 2019.

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

**Mr John Whitworth**

President since 2003

Qualifications: Business Development Manager.

Experience: Life Member and Member of the board for 25 years. Member of the club for 27 years.

**Mr Christopher R Walsh**

Deputy President

Qualifications: Company Director

Experience: Current board member for 6 years. Member of the club for 21 years

**Mr Michael J Conroy**

Honorary Treasurer

Qualifications: Company Director

Experience: Life Member and Member of the board for 26 years.

Treasurer of the club for 24 years. Member of the club for 37 years.

**Mr Ian P Graham**

Qualifications: Marketing Director

Experience: Member of the board for 16 years. Member of the club for 47 years.

**Mr Gregory R Johnson OAM (retired 14<sup>th</sup> May 2019)**

Qualifications: Company Director

Experience: Member of the board for 12 years. Member of the club for 21 years.

**Mr Arthur C Willis**

Qualifications: Consultant

Experience: Current board member for 6 years. Member of the club for 39 years.

**Mr Timothy M Watts**

Qualifications: Company Director

Experience: Current board member for 6 years. Member of the club for 15 years.

**Mr Mark Nyman**

Qualifications: Company Director

Experience: Current board member for 3 years. Member of the club for 7 years.

**Mr Alex Roth (appointed 14<sup>th</sup> May 2019)**

Qualifications: Legal Practitioner

Experience: Current board member for 1 year. Member of the Club for 7 years

# Roseville Returned Servicemen's Memorial Club Limited

## Directors' Report

### Directors' meetings

The number of meetings of the company's Board of Directors (the Board) held during the year ended 31 December 2019, and the number of meetings attended by each director were:

Director	Number of meetings attended	Number of meetings held *
Mr J Whitworth	13	13
Mr C Walsh	9	13
Mr M Conroy	12	13
Mr I Graham	7	13
Mr G Johnson OAM	2	4
Mr T Watts	12	13
Mr A Willis	7	13
Mr M Nyman	10	13
Mr A Roth	8	9

\* Number of meetings held during the time the director held office during the year.

### Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 31 December 2019 and the comparison with last year is as follows:

	2019	2018
Ordinary	812	934
Life	5	5
Country	Nil	2
	<hr/>	<hr/>
	817	941
	<hr/>	<hr/>

### Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter. The total member's limited liability is \$1,634 (2018:\$1,882)

### Operating result

The table below shows a reconciliation of earnings before interest, income tax, depreciation and amortisation. This is referred to as EBITDA

	2019 \$	2018 \$
Operating loss	(208,821)	(224,789)
Add: Depreciation & amortisation	111,490	133,148
Add: Club redevelopment expense	28,680	28,796
	<hr/>	<hr/>
Net loss before depreciation and club redevelopment expense	(68,651)	(62,845)
	<hr/>	<hr/>

# Roseville Returned Servicemen's Memorial Club Limited

## Directors' Report

### Objectives

Our mission at the Roseville Memorial Club is to conduct business in a responsible and financially prudent manner with the primary aims of enhancing membership benefits and contributing to the local community. We acknowledge and emphasise the important role the club plays in honouring present and returned servicemen and servicewomen, whilst continuing to be relevant and forwarding looking for future generations.

### Strategy for achieving the objectives

To achieve our mission at Roseville Memorial Club our immediate focus is to maintain a well-managed, prosperous operation which offers high quality amenities and services provided by dedicated staff who have been entrusted to care for our valued members and their guests. At the same time, we understand that to ensure success over the long term, we must be flexible and adapt to the changing club and economic environments plus the demographic characteristics of the membership. To that end we seek to introduce new promotions and activities for members. To continually review and upgrade facilities of the club is important and the plans under way for development of the Club site, providing a new, fully fitted out club on the ground floor, is a reflection of that objective.

### Principal activity

The principal activity of the company during the year has continued to be that of a licensed social club.

### How this activity assists in achieving the objectives

The Board of Directors works within a Strategic Plan which was formulated late 2009. That plan sets specific aims and guidelines for the various Board sub committees - notably finance, membership, marketing, compliance, capital works and sponsorship.

### Performance measurement and key performance indicator

A number of KPIs are employed by the Club in order to measure and improve the Club's performance; these include the use of bar gross profit percentage and wages to sales percentages compared to industry averages.

The Club also uses the EBITDA percentage to measure its financial performance so as to ensure that the Club's assets are being used to their optimum level of return.

#### Key Performance Indicators

	2019	2018
<b>Bar</b>		
Gross profit percentage	78.90%	77.10%
Wages to sales percentage	38.31%	36.05%
<b>EBITDA percentage</b> <b>(Earnings/(losses) before Interest, Tax, Development costs and Depreciation and Amortisation)</b>	<b>(7.86%)</b>	<b>(7.43%)</b>

Roseville Returned Servicemen's Memorial Club Limited  
Directors' Report

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.

Signed in accordance with a resolution of the directors.

Dated at Roseville this 25th day of June 2020.

A handwritten signature in black ink, appearing to read 'John Whitworth', is written over a faint, illegible stamp or watermark.

John Whitworth  
Director

**DECLARATION OF INDEPENDENCE BY PAUL CHEESEMAN TO THE DIRECTORS OF ROSEVILLE RETURNED SERVICEMEN'S MEMORIAL CLUB LIMITED**

As lead auditor of Roseville Returned Servicemen's Memorial Club Limited for the year ended 31 December 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.



Paul Cheeseman  
Partner

**BDO East Coast Partnership**

Sydney, 25 June 2020

To the members of Roseville Returned Servicemen's Memorial Club Limited

## Report on the Audit of the Financial Report

### Opinion

We have audited the financial report of Roseville Returned Servicemen's Memorial Club (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 members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Roseville Returned Servicemen's Memorial Club, 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 on that date; 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 *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.

### Material uncertainty related to going concern

We draw attention to Note 15(h) in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business. Our opinion is not modified in respect of this matter.



## Other information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the director's report and trading profit and loss accounts 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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 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 (<http://www.auasb.gov.au/Home.aspx>) at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

## BDO East Coast Partnership

Paul Cheeseman  
Partner

Sydney, 25 June 2020



# Roseville Returned Servicemen's Memorial Club Limited

## Directors' Declaration

The directors of Roseville Returned Servicemen's Memorial Club Limited declare that:

- (a) In the Directors' opinion the financial statements and notes set out on pages 9 to 28, are 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 performance, for the financial year ended on that date; and
  - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*.
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors.

Dated at Roseville this 25<sup>th</sup> day of June 2020



John Whitworth  
Director

Roseville Returned Servicemen's Memorial Club Limited  
Statement of Profit or Loss and Other Comprehensive Income  
For the Year Ended 31 December 2019

	Note	2019 \$	2018 \$
<b>Revenue</b>			
Sale of goods		379,929	400,906
Rendering of services		433,678	367,753
Other revenue		59,904	76,843
		<hr/>	<hr/>
Total revenue	1	873,511	845,502
		<hr/>	<hr/>
<b>Expenses</b>			
Bar purchases		(164,342)	(167,076)
Employee benefits expense		(334,560)	(304,780)
Entertainment, marketing and promotional costs		(62,780)	(70,471)
Professional fees		(25,700)	(29,413)
Property expenses		(254,833)	(246,138)
Membership expenses		(1,574)	(2,735)
Depreciation and amortisation	2	(111,490)	(133,148)
Other expenses		(98,373)	(87,734)
Club redevelopment expenses	2	(28,680)	(28,796)
		<hr/>	<hr/>
Total Expenses		(1,082,332)	(1,070,291)
		<hr/>	<hr/>
<b>Loss before income tax</b>		(208,821)	(224,789)
Income tax expense	3(a)	-	-
		<hr/>	<hr/>
<b>Net loss after income tax</b>		(208,821)	(224,789)
		<hr/>	<hr/>
<b>Other comprehensive income</b> <i>(items which will not be reclassified to profit/loss in the future)</i>		-	-
		<hr/>	<hr/>
<b>Total comprehensive income for the year net of tax attributable to members</b>		(208,821)	(224,789)
		<hr/> <hr/>	<hr/> <hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited  
Statement of Financial Position  
As at 31 December 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,069,757	199,985
Other financial assets		-	1,050,250
Inventories		15,872	16,886
Other assets		4,679	104
GST receivable		-	2,009
<b>Total Current Assets</b>		<b>1,090,308</b>	<b>1,269,234</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	5	7,607,300	7,705,686
Intangible assets	6	24,000	24,000
<b>Total Non-Current Assets</b>		<b>7,631,300</b>	<b>7,729,686</b>
<b>Total Assets</b>		<b>8,721,608</b>	<b>8,998,920</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables	7	84,119	110,804
Financial liabilities	8	-	4,136
Employee benefits	9	5,101	44,568
Income paid in advance		26,182	22,798
GST payable		1,491	-
Deferred development income	15(f)	3,297,027	3,300,105
<b>Total Current Liabilities</b>		<b>3,413,920</b>	<b>3,482,411</b>
<b>Total Liabilities</b>		<b>3,413,920</b>	<b>3,482,411</b>
<b>Net Assets</b>		<b>5,307,688</b>	<b>5,516,509</b>
<b>Members' Funds</b>			
Accumulated losses		(868,360)	(659,539)
Asset revaluation reserve		6,176,048	6,176,048
<b>Total Members' Funds</b>		<b>5,307,688</b>	<b>5,516,509</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited  
Statement of Changes in Member's Funds  
For the Year Ended 31 December 2019

	Asset Revaluation Reserve \$	Accumulated Losses \$	Total Equity \$
<b>Balance at 1 January 2018</b>	6,176,048	(434,750)	5,741,298
Net loss for the year after income tax	-	(224,789)	(224,789)
Other comprehensive income for the year net of tax	-	-	-
	-----	-----	-----
Total comprehensive income for the year	-	(224,789)	(224,789)
	-----	-----	-----
<b>Balance at 31 December 2018</b>	6,176,048	(659,539)	5,516,509
	-----	-----	-----
Net loss for the year after income tax	-	(208,821)	(208,821)
Other comprehensive income for the year net of tax	-	-	-
	-----	-----	-----
Total comprehensive income for the year	-	(208,821)	(208,821)
	-----	-----	-----
<b>Balance at 31 December 2019</b>	6,176,048	(868,360)	5,307,688
	=====	=====	=====

The Statement of Changes in Member's Funds should be read in conjunction with the accompanying notes.

Roseville Returned Servicemen's Memorial Club Limited  
Statement of Cash Flows  
For the Year Ended 31 December 2019

	2019 \$	2018 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers and members (inclusive of GST)	930,706	808,806
Payments to suppliers and employees (inclusive of GST)	(1,118,281)	(952,278)
Interest received	24,337	29,743
Income taxes paid	-	-
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(163,238)</b>	<b>(113,729)</b>
	<hr/>	<hr/>
<b>Cash Flows From Investing Activities</b>		
Acquisition of property, plant & equipment	(13,104)	-
	<hr/>	<hr/>
<b>Net cash inflow from investing activities</b>	<b>(13,104)</b>	<b>-</b>
	<hr/>	<hr/>
<b>Cash Flows From Financing Activities</b>		
Finance lease payments	(4,136)	(24,816)
	<hr/>	<hr/>
<b>Net cash outflow from financing activities</b>	<b>(4,136)</b>	<b>(24,816)</b>
	<hr/>	<hr/>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(180,478)</b>	<b>(138,545)</b>
Reclassification of term deposits to cash and cash equivalents during the year	1,050,000	-
Cash and cash equivalents at the beginning of the financial year	199,985	338,530
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,069,507</b>	<b>199,985</b>
	<hr/> <hr/>	<hr/> <hr/>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

# Roseville Returned Servicemen's Memorial Club Limited

## Notes to the Financial Statements

### For the Year Ended 31 December 2019

## About this report

Roseville Returned Servicemen's Memorial Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Roseville Returned Servicemen's Memorial Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 25 June 2020

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars;
- Where necessary comparative information has been restated to conform with changes in presentation in the current year; and
- Have been prepared on an ongoing concern basis.

## The Notes to the Financial Statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the company. Information is considered material and relevant if, for example:

- The amount in question is significant because of its size or nature;
- It is important for understanding the results of the company;
- It helps to explain the impact of significant changes in the company's business - for example, acquisitions and impairment write downs; and
- It relates to an aspect of the Company's operations that is important to its future performance.

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

## Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Impairment of non-financial assets	Note 15(e)
Estimation of useful lives of assets	Note 5
Long service leave liability	Note 9
Intangible Assets	Note 6

Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

	2019 \$	2018 \$
<b>1 Revenue</b>		
<b>Sale of Goods Revenue</b>		
Bar sales	379,929	400,906
	<hr/>	<hr/>
	379,929	400,906
	<hr/>	<hr/>
<b>Rendering of Services Revenue</b>		
Poker machines - net clearances	398,142	328,810
Members' subscriptions	16,905	17,380
Keno sales	1,287	3,522
ATM commission received	4,526	494
Sundry income	12,818	17,547
	<hr/>	<hr/>
	433,678	367,753
	<hr/>	<hr/>
<b>Other Revenues</b>		
Bistro rent	32,010	39,753
Interest received	24,337	29,743
Other Income	3,557	7,347
	<hr/>	<hr/>
Total other revenue	59,904	76,843
	<hr/>	<hr/>
<b>Total revenue</b>	873,511	845,502
	<hr/> <hr/>	<hr/> <hr/>

**Recognition and Measurement**

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Transfer of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

**Sale of Goods**

Revenue from the sale of goods comprises of revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) at a point in time when the performance obligation is satisfied, that is, on delivery of goods to the customer.

**Rendering of Services**

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised at a point in time when the services are provided.

**Interest Revenue**

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

# Roseville Returned Servicemen's Memorial Club Limited

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

### 1 Revenue (continued)

#### Rent Revenue

Rent revenue from operating leases is recognised on a straight-line basis over the term of the relevant lease.

#### Other Income

Other revenue is recognised when it is received or when the right to receive payment is established.

### 2 Expenses

	2019 \$	2018 \$
Loss before income tax includes the following specific items:		
<b>Depreciation</b>		
Buildings and improvements	92,833	93,250
Plant and equipment	8,241	8,809
Poker machines	7,425	27,682
<b>Amortisation</b>		
Leased plant and equipment	2,991	3,407
Total depreciation and amortisation	<hr/> 111,490	<hr/> 133,148
Defined contribution superannuation expense	<hr/> 26,019	<hr/> 25,048
<b>Club re-development expense</b>		
Legal expenses	-	1,440
Project management fees	28,680	27,356
Total club re-development expenses	<hr/> 28,680	<hr/> 28,796

The Development Management Agreement was signed on 30 March 2017. The club redevelopment expense represents legal costs and establishment fees incurred in relation to the proposed redevelopment of the Club.



Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

3 Income Tax

(a) Income Tax Expense

The Income Tax Assessment Act, 1997 (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.

	2019 \$	2018 \$
The amount set aside for income tax in the Statement of Profit or Loss and Other Comprehensive Income has been calculated as follows:		
Proportion of income attributable to non-members	(85,237)	(159,071)
Other taxable income	62,160	43,789
	<hr/>	<hr/>
Other deductible expenses	(23,077)	(115,282)
Tax loss not recognised	(114,841)	(114,346)
	137,918	229,628
	<hr/>	<hr/>
Net income subject to tax	<hr/> <hr/> -	<hr/> <hr/> -

(b) Deferred Tax Assets Not Recognised in the Account

Deferred tax assets attributable to tax losses carried forward and timing differences have not been recognised as an asset because recovery is not probable.

Tax losses carried forward	344,158	287,026
Loss for the year	37,928	63,148
Timing differences	900	8,396
	<hr/>	<hr/>
Net deferred tax assets	<hr/> <hr/> 382,986	<hr/> <hr/> 358,570

These benefits will only be obtained if:

- i) the company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- ii) the company continues to comply with the conditions for deductibility imposed by law; and
- iii) no changes in tax legislation adversely affect the company in realising the benefit.

Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

3 Income Tax (continued)

**Recognition and Measurement**

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

4 Cash Flow Information

**Non-Cash Investment Activities**

During the financial year the company did not acquire any property, plant and equipment (2018: Nil) by means of finance leases. No acquisitions are reflected in the Statement of Cash Flows.

Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

	2019 \$	2018 \$
<b>5 Property, Plant and Equipment</b>		
Land and buildings		
<i>At valuation</i>	8,000,000	8,000,000
<i>Accumulated depreciation</i>	(485,191)	(392,358)
	7,514,809	7,607,642
Plant & equipment		
<i>At cost</i>	531,252	521,998
<i>Accumulated depreciation</i>	(481,686)	(473,445)
	49,566	48,553
Poker machines		
<i>At cost</i>	131,333	127,483
<i>Accumulated depreciation</i>	(111,133)	(103,708)
	20,200	23,775
Leased assets		
<i>At capitalised cost</i>	150,952	150,952
<i>Accumulated amortisation</i>	(128,227)	(125,236)
	22,725	25,716
Total property, plant and equipment net book value	7,607,300	7,705,686

Refer to Note 8 for details of security over property, plant and equipment.

#### Valuation of Land and Buildings

The independent valuations of the club's land and buildings were carried out in November 2015 on the basis of current prices in an active market for similar properties in the same location and condition amounted to \$8,000,000. The land and buildings are carried at fair value less accumulated depreciation and were deemed not to be impaired as at 31 December 2019. The directors do not believe that there has been a material movement in the fair value since the valuation date.

Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

5 Property, Plant and Equipment (continued)

	2019 \$	2018 \$
Reconciliations		
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Land and Buildings</b>		
Carrying amount at beginning of year	7,607,642	7,700,892
Depreciation expense	(92,833)	(93,250)
	<hr/>	<hr/>
Carrying amount at end of year	7,514,809	7,607,642
	<hr/> <hr/>	<hr/> <hr/>
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	48,553	57,362
Additions	9,254	-
Depreciation Expense	(8,241)	(8,809)
	<hr/>	<hr/>
Carrying amount at end of year	49,566	48,553
	<hr/> <hr/>	<hr/> <hr/>
<b>Poker Machines</b>		
Carrying amount at beginning of year	23,775	51,457
Additions	3,850	-
Depreciation expense	(7,425)	(27,682)
	<hr/>	<hr/>
Carrying amount at end of year	20,200	23,775
	<hr/> <hr/>	<hr/> <hr/>
<b>Leased assets</b>		
Carrying amount at beginning of year	25,716	29,123
Amortisation expense	(2,991)	(3,407)
	<hr/>	<hr/>
Carrying amount at end of year	22,725	25,716
	<hr/> <hr/>	<hr/> <hr/>

Roseville Returned Servicemen’s Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

5 Property, Plant and Equipment (continued)

The following are core properties:

64 - 66 Pacific Highway, Roseville NSW 2069.

There are no non-core properties.

**Recognition and Measurement**

All property, plant and equipment, except land and buildings, is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line/ diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years	Straight line
Poker machines	2.5 - 5 years	Diminishing Value
Plant and equipment	4 - 20 years	Straight line/diminishing value
Leased plant and equipment	Term of lease/3-20 years	Straight line/diminishing value

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

The land and building were mortgaged to a developer to secure the deferred revenue of \$3.3m related to the cash receives in line with the redevelopment plan (Note 15 (f)).

Roseville Returned Servicemen’s Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

5 Property, Plant and Equipment (continued)

**Critical Accounting Judgements, Estimates and Assumptions**

**Estimation of Useful Lives of Assets**

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

6 Intangible Assets

	2019 \$	2018 \$
Poker machine entitlement		
<i>At cost</i>	60,959	60,959
<i>Accumulated impairment loss</i>	(36,959)	(36,959)
	24,000	24,000
	24,000	24,000

**Recognition and Measurement**

Poker machine entitlements are administered by the state government and restrict the number of poker machines that can be installed by the licensed club holder. The entitlements which may be transferred or acquired or sold do not have an expiration date and are therefore deemed to have an indefinite useful life. Poker machine entitlements are internally generated and therefore are only recognised when acquired and are valued at cost.

**Impairment test for Poker Machine Entitlement**

Poker machine entitlements are not amortised as they are deemed to have an indefinite useful life. They have an indefinite useful life as they do not expire and under current government legislation there is no plan to remove such entitlements. As a result, poker machine entitlements are tested for impairment, annually or more frequently if events or changes in circumstances indicate that it might be impaired, and are carried at cost less accumulated impairment losses.

**Critical Accounting Judgements, Estimates and Assumptions**

**Intangible Assets**

Impairment of poker machine entitlements is recognised where the recoverable amount is lower than the carrying amount of the intangible. The recoverable amount is based on the fair value of the entitlement measured using current market values.

Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

7 Trade and Other Payables

	2019 \$	2018 \$
Trade creditors	43,383	38,304
Other creditors and accruals	40,736	72,500
	<hr/>	<hr/>
	84,119	110,804
	<hr/> <hr/>	<hr/> <hr/>

**Recognition and Measurement**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

8 Financial Liabilities

	2019 \$	2018 \$
<b>Current Secured</b>		
Finance lease liabilities	-	4,136
	<hr/>	<hr/>
	-	4,136
	<hr/> <hr/>	<hr/> <hr/>

**Recognition and Measurement**

**Finance Leases**

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

# Roseville Returned Servicemen's Memorial Club Limited

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

	2019 \$	2018 \$
<b>9 Employee Benefits</b>		
<b>Current</b>		
Annual leave provision	-	29,077
Long service leave provision	5,101	15,491
	<hr/>	<hr/>
Aggregate liability for employee benefits including on-costs	5,101	44,568
	<hr/> <hr/>	<hr/> <hr/>

### Contributions

The company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund.

### Recognition and Measurement

#### Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

#### Long Service Leave

The provision for employee benefits relating to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided to reporting date.

The provision is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the market yields on national government bonds at reporting date which most closely match the terms of maturity with the expected timing of cash flows. The unwinding of the discount is treated as long service leave expense.

#### Superannuation Plan

The company contributes to a defined contribution superannuation plan. Contributions are recognised as an expense as they are made. The company has no legal or constructive obligation to fund any deficit.

### Critical Accounting Judgements, Estimates and Assumptions

#### Long Service Leave Provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.



Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

10 Commitments

	2019 \$	2018 \$
Finance Lease Commitments		
Finance lease rentals commitments are payable:		
Within one year	-	4,136
	<hr/>	<hr/>
	<hr/> <hr/>	<hr/> <hr/>
	-	4,136

The company leases poker machines and plant and equipment under finance leases expiring from one to three years. At the end of the lease term the company has the option to purchase the equipment at a price deemed to be a bargain purchase option. The lease facility is secured against the assets purchased under this facility. The club has no other commitments for expenditure as at 31 December 2019.

11 Key Management Personnel Details

(a) Directors

Mr John Whitworth  
Mr Christopher R Walsh  
Mr Michael J Conroy  
Mr Ian P Graham  
Mr Arthur C Willis  
Mr Timothy M Watts  
Mr Mark Nyman  
Mr Alex Roth (Appointed 14 May 2019)  
Mr Gregory R Johnson (Retired 14 May 2019)

(b) Other Key Management Personnel

Lynn Skewes

(c) Key Management Personnel Compensation

	2019 \$	2018 \$
Benefits and payments made to the Directors and Other Key Management Personnel	57,149	37,562
	<hr/>	<hr/>

# Roseville Returned Servicemen's Memorial Club Limited

## Notes to the Financial Statements

### For the Year Ended 31 December 2019

## 12 Related Parties

### Key Management Personnel

Disclosures relating to key management personnel are set out in Note 11.

### Directors' Transactions with the Company

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers and are trivial or domestic in nature.

No director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

## 13 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 31 December 2019 there were 817 members.

The registered office of the company is 64 Pacific Highway, Roseville NSW 2069.

## 14 Events Subsequent to Reporting Date

Subsequent to the reporting date, on 31 January 2020, the World Health Organisation (WHO) announced a global health emergency because of a new strain of coronavirus outbreak (COVID-19) and the risks to the international community as the virus spreads globally beyond its point of origin. Because of the rapid increase in exposure globally, on 11 March 2020, the WHO classified the COVID-19 outbreak as a pandemic. These events are having a significant negative impact on world stock markets, currencies and general business activities. Due to the current uncertainty regarding the worldwide spread of the corona virus and its further consequences the company is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for the 2020 financial year.

Prior to the government announcement, the club implemented additional practices and safeguards for the customers and staff members and further, reduced and suspended major activities and events on 21 March 2020.

On 22 March 2020, Government announce forced closure of the registered and licensed clubs, licensed premises in hotels and pubs, entertainment venues and cinemas, casinos and nightclubs effective from Midday 23 March 2020 until further notice.

While the impact of COVID-19 is yet to be fully determined, the management have assessed the impact on the financial position and considered potential impacts to be as follows:

- No trading activity until indefinitely until further notice.
- Eligible Financial Assistance benefits to be receive from the Federal Government to facilitate the Public Safety forced closure period such as the financial assistance and jobkeeper scheme.
- The business continues to pay its debts as they fall due and payable

# Roseville Returned Servicemen's Memorial Club Limited

## Notes to the Financial Statements

### For the Year Ended 31 December 2019

#### 14 Events Subsequent to Reporting Date (continued)

Given the nature of the services provided, management will continue to monitor the economic impact of this situation on the assets held and the business as a whole. However, these circumstances indicate a material uncertainty which may cast significant doubt as to whether the company will continue as a going concern. See Note 15 (h) for further going concern assessment.

The Club will reopen on 1 June 2020 and will be able to attend for a maximum of 50 patrons as per mandate by the government.

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affect 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.

#### 15 Summary of Other Significant Accounting Policies

##### (a) Goods and Services Tax

Revenues, 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. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

##### (b) Cash and Cash Equivalents

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

##### (c) Financial Assets

Financial assets represent investments in unlisted entities and are measured at cost.

##### (d) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on the basis of weighted average costs.

Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

15 Summary of Other Significant Accounting Policies (continued)

(e) Impairment of Assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

(f) Deferred development Income

Deferred development income represents cash received from the potential developers of the club and additional dwellings above the club for the right to perform this development. This balance is repayable if the development proposal is rejected by the council, therefore this will be recognised as income when the development proposal is accepted.

(g) Critical Accounting Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events that management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year have been disclosed in the relevant notes.

(h) Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business for a period of at least twelve months from the date of these financial statements were approved.

For the year ended 31 December 2019 the company incurred a net loss of \$208,821 (2018: \$224,789) and as at that date the company's current liabilities exceeded its current assets by \$2,323,612 (2018: \$2,213,177). The risk to the company's ability to continue as a going concern relates to the potential repayment of the cash received from the potential developers of the club; the Development Management Agreement, signed on 30 March 2017, states that this receivable is to be repaid in full within 4 months if the development proposal for the club is denied. At the time of the 2019 financial statements being signed, planning permission had still not been obtained for the development. As stated in Note 5, the developer has a mortgage over the Club's Land and Building which are valued at \$8m.

Should the company be unable to continue as a going concern it may be required to realise its assets and discharge its liabilities other than in the normal course of business and at amounts different from those stated in the financial statements. The financial statements do not include any adjustments relating to the recoverability and classification of asset carrying amounts or the amount of liabilities that might result should the company be unable to continue as a going concern and meet its debts as and when they fall due.

Roseville Returned Servicemen's Memorial Club Limited  
Notes to the Financial Statements  
For the Year Ended 31 December 2019

15 Summary of Other Significant Accounting Policies (continued)

(i) New accounting standards

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the Company:

*AASB 15 Revenue from Contracts with Customers*

The Company has adopted AASB 15 from 1 January 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers, i.e. performance obligations, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

*AASB 16 Leases*

The Company has adopted AASB 16 from 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

Impact of adoption

AASB 15 and AASB 16 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact from the adoption of AASB 15 *Revenue from contracts with customers* or AASB 16 *Leases* on opening retained profits as at 1 January 2019.

Right-of-use assets and the associated lease liabilities identified by the Club were classified as short-term leases and the management had opted to not recognise the leases under AASB 16 Leases.

Roseville Returned Servicemen's Memorial Club Limited  
Trading Profit and Loss Account  
For the Year Ended 31 December 2019

	2019 \$	2018 \$
<b>Club Trading Revenue</b>		
Poker machine revenue	398,142	328,810
Bar revenue	379,929	400,906
	<hr/>	<hr/>
Net Sales	778,071	729,716
	<hr/>	<hr/>
<b>Less: Cost of Goods Sold</b>		
Opening inventory	16,953	16,702
Purchases	163,328	167,327
	<hr/>	<hr/>
<b>Less: Closing Inventory</b>	(15,939)	(16,953)
	<hr/>	<hr/>
Total Cost of Goods Sold	164,342	167,076
	<hr/>	<hr/>
<b>Gross Profit</b>	613,729	562,640
	<hr/>	<hr/>
<b>Less: Expenses</b>		
Audit and accounting fees	25,700	29,413
Advertising	1,883	2,594
Bank charges and borrowings costs	1,054	1,215
Bar sundries	14,056	14,961
Cleaning	41,714	37,902
Computer expenses	6,639	5,186
Depreciation	111,490	133,148
Directors' expenses	5,821	3,090
Electricity and gas	66,331	70,758
Entertainment	37,461	42,224
Functions	1,802	(1,385)
General expenses	5,482	3,748
Insurance	67,100	62,596
Marketing	103	2,106
Membership expenses	-	1,437
Merchant charges	3,989	3,078

Roseville Returned Servicemen's Memorial Club Limited  
Trading Profit and Loss Account  
For the Year Ended 31 December 2019 (continued)

	2019 \$	2018 \$
Poker machine costs	28,612	27,455
Postage	1,574	1,298
Printing and stationery	5,010	2,291
Promotion expenses	23,332	23,547
Rates and taxes	12,263	11,020
Repairs and maintenance	32,953	29,766
Salaries and wages	308,541	279,732
Security costs	2,724	2,686
Stocktaking expenses	5,521	5,946
Subscriptions	2,333	2,679
Superannuation	26,019	25,048
Tab expenses	18,481	20,063
Telephone	6,953	8,324
Waste disposal	17,625	15,369
Water	6,442	7,124
	<hr/>	<hr/>
<b>Total Expenses</b>	889,008	874,419
	<hr/>	<hr/>
<b>Net Loss before club redevelopment expense</b>	(275,279)	(311,779)
	<hr/>	<hr/>
<b>Other Operating Income</b>		
Members' annual subscriptions	16,905	17,380
Interest received	24,337	29,743
Bistro rental	32,010	39,753
Sundry income	14,105	21,069
ATM commission received	4,224	494
GST receivable	-	-
Other income	3,557	7,347
	<hr/>	<hr/>
<b>Total Other Operating Income</b>	95,138	115,786
	<hr/>	<hr/>
<b>Operating Loss Before Income Tax and Club Redevelopment Expense</b>	(180,141)	(195,993)
	<hr/>	<hr/>
<b>Club Redevelopment Expense</b>	28,680	28,796
	<hr/>	<hr/>
<b>Operating loss before income tax</b>	(208,821)	(224,789)
	<hr/> <hr/>	<hr/> <hr/>