

# **TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**

**ABN: 76 001 055 045**

## **FINANCIAL REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

## Presidents Report

Dear members,

Welcome to the 2019 Presidents report.

Firstly I would like to thank the many members that continue to support our club.

Over the last 8 months I have had the privilege to have taken part in activities with the bowling members, the bingo players and members that support our raffles on Tuesday and Friday nights.

The bowling fraternity are a major part of our club and their continued support and functions they arrange are a credit to them. They really enjoy themselves and the facilities of the Club. It is also great to see so many new faces enjoying bowls and supporting the Club.

It is important that we have such a close relationship with all our great members and continue to do so for the survival of this club.

The Grand hotel was demolished and property improvements commenced on the site.

2019 was a difficult year again with natural disasters impacting the income of our Club.

Revenue continues to be difficult to predict and I feel that mode will continue in to 2020/2021.

The funds the Club was able to accumulate a decade ago have diminished however we still need to tend to our assets to maintain them and to progress in to the future.

The repayments for the loan to purchase the Koreela Park Motor Inn have been maintained at a higher than required level over the last few years. The Club has been paying a little extra in repayments during 2019 and intends to pay an extra lump sum amount once funds are received from completion of agreements with assets in Crowley Street and the old Grand hotel site. Once this loan is completed the financial outlook might improve (I am not making any predictions). Loan repayments have been put on hold currently due to the coronavirus.

We also lost a number of staff members during 2019 which has added to our wages costs due to leave entitlements payments. I thank all those staff members for their efforts during their time with our Club.

The board will be setting up a fund to assist to cover leave entitlements for future payments. An amount of funding will be placed in a particular account reserved for those payments (this will be a determined amount obtained from finances received from the completion of agreements in Crowley street and the old Grand hotel site), and monthly amounts added (to be determined as well), to build up the account until adequate reserves are reached. This may be a burden for us at present however it will greatly assist the financial situation of future boards. This was part of the boards' Strategic planning 2019.

Ben Gibson and Bianca Brabin moved to the Goldtera Motor Inn early 2019 and they are doing a great job.

The restaurant was leased out due to the continuing loss of revenue over a number of years.

This board has put in place many cost saving measures to counteract the lower revenue and those measures are starting to pay dividends, however all matters need to be monitored carefully.

Some of the measures might not have been favourable however the board believes them to be in the best interest of the Club.

These items mentioned previously are in the 2019 year and 2020/2021 will be a challenge for us all.

Liquor and Gaming have imposed several new accountability requirements in 2019 on Clubs and I am pleased to say our Club can meet all of those requirements.

Our Club is a vital asset for Temora by providing employment, accommodation, function areas for all types of events, sporting facilities, gaming and TAB, Keno and as well the Club has continued to support local business houses and organisations as much as possible.

I thank everybody who has been involved with making the Club operate throughout 2019 and hope we can entice as many visitors as possible and that our current members will continue to support our wonderful Club.

Finally as stated previously it has been great to be involved with so many persons eager to support our Club and that obviously enjoy the great (albeit small) facilities that we do have.

*Kerry John Wallace*

President

## Secretary Managers Report

The Temora Ex-Services Memorial Club has seen a number of changes over the 2019 financial year. Most importantly, the Board of Directors made the difficult decision to contract out the Clubs catering operations in August, which was met with mixed feedback from the community. The Board of Directors are currently working the contract caterers to improve the value and benefits to the members of the club, including subsidising the members lunch specials to be able to offer members lunch specials for under \$10. The decision to contract out the catering operations was based on a purely financial decision following the club running the catering at a significant loss for a number of years. We are now starting to see the financial benefit of this decision and, providing the catering provided is of an acceptable value and quality, this decision will benefit the members as well. A number of members have had concerns with no longer being able to self-cater for their functions and the Board of Directors is currently negotiating with the contract caterers with regards to this.

Accommodation trade over the year saw a reduction of \$73,049. This is a downfall of 9.9% compared to 2018 financial year. This can mainly be attributed to the continued drought and less tourism throughout the town, such as no Warbirds during the year, etc.

Poker Machine revenue also saw a reduction, being down \$64,288 (3.7%) compared to the previous year. This combined with the loss of revenue from not operating the catering for the last 5 months of the year saw our total revenue decrease by \$461,523.

On the plus side, we also reduced our total expenses by \$463,410 for the year. Expenses were reduced across the whole Club operations, including advertising, cleaning, wages and entertainment. Last year I budgeted for the club to make a modest profit of around \$50,000, however, due to the unforeseen decline in revenue from a number of areas, such as accommodation and poker machines, the Club was unable to meet that target. Overall, the club operated at a loss of \$161,501.

The club had an increase in Repairs and Maintenance due to spending a lot of money repairing air conditioners throughout the Club. We also replaced eleven air conditioners at the Goldtera Motor Inn last year.

In January 2019, Bill and Julie Collins retired from managing the Goldtera Motor Inn after eight years of service in which he maintained the Motel at a very high standard. Bill and Julie left big shoes to fill and the Board appointed Ben Gibson and his partner Bianca Brabin to fill the position. Ben and Bianca are doing a fantastic job and the reviews left by the Guests reflect the hard work and dedication they give to the role.

With Ben now working at the Goldtera Motor Inn, this left a position of Bar Manager at the club that needed to be filled. This position was shared by both Charmaine Doolan and Russell Manning until Russell voluntarily relegated his position back to Bar Supervisor for personal reasons and Charmaine taking on all the duties of the Bar Manager.

Dani Brabin changed her role within the club to the Motel Relief Manager, looking after both Motels whenever the Managers were away. Louise Brace was appointed as the new receptionist to fill the hole left by Dani Brabin.

I would like to thank all of the Staff for their hard work throughout the 2019 financial year. All the Motel managers, Ben Gibson, Bianca Brabin, Michael Dehlsen and Dani Brabin and all the casual cleaners continue to do a fantastic job and are constantly receiving 5 star reviews on Trip Advisor. Craig Murdoch on the bowling green is constantly striving for perfection and I am always being told by our bowlers that we have one of the best greens in the district. The Admin Staff of Julie Heard and Louise Brace do a great job in the office, helping to make sure that the club runs like clockwork and helping out with functions or anything else that is needed. They never hesitate to help where necessary. The Club cleaners do a good job of maintaining the standard expected in the Club. And finally, thank you to the bar staff of Charmaine Doolan, Christine Holden, Melissa Magee, Russell Manning, Dawn Kerry, Brian Lynch and all the casual staff. The hard work and friendly customer service you provide to the members and guests is highly appreciated.

The 2020 financial year started has started off much better than my previous two years as Secretary Manager with the Club looking to be making a profit after the first few months. That was until the club was faced with the government forced closure due to the Global Corona Virus Pandemic. This has brought challenges, the likes of which have never been faced in the Club industry. The final outcomes of the impacts of the closure are yet to be realised, but the initial outlook is not good and it will definitely have an effect on the profitability of the Club for the 2020 financial year. Now that we are allowed to reopen, hopefully with the government subsidising the wages with JobKeeper, we will be able to counteract the loss of income over the months of April and May to some degree.

*Benjamin Wells*

Secretary Manager

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

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# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

## CLUB PROPERTY DECLARATION

FOR THE YEAR ENDED 31 DECEMBER 2019

Pursuant to Section 41J(2) of the *Registered Clubs Act 1976* the Directors declare that, for the financial year ended 31 December 2019, the classification of the freehold land is as follows:

<b>Property Address</b>	<b>Current Usage</b>	<b>Classification</b>
130-134 Baker Street, TEMORA NSW 2666	Clubhouse & facilities	Core
85 Loftus Street, TEMORA NSW 2666	Motel	Non-core
134 Crowley Street, TEMORA NSW 2666	Motel	Non-core
121-123 Crowley Street, TEMORA NSW 2666	Investment housing	Non-core
125-127 Crowley Street, TEMORA NSW 2666	Land not used for facilities	Non-core

Section 41J(2) of the *Registered Clubs Act 1976* requires the annual report to specify the core property and non-core property of the Club as at the end of the financial year to which the report relates.

Core property is any real property owned or occupied by the Club that comprises:

- a) the defined premises of the Club; or
- b) any facility provided by the Club for use of its members and their guests; or
- c) any other property declared by a resolution passed by a majority of the members present at a general meeting of Ordinary members of the Club to be core property of the Club.

Non-core property is any other property other than that referred to above as core property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be core property.

The significance of the distinction between core property and non-core property is that the Club cannot dispose of any core property unless:

- a) the property has been valued by a registered valuer within the meaning of the *Valuers Act 2003*; and
- b) the disposal has been approved at a general meeting of the ordinary members of the Club at which the majority of the votes cast support the approval; and
- c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.

These disposal provisions and what constitutes a disposal for the purposes of section 41J are to some extent modified by regulations made under the *Registered Clubs Act 1976* and by Section 41J itself. For example, the requirements above do not apply to core property that is being leased or licensed for a period not exceeding 10 years on terms that have been the subject of a valuation by a registered valuer.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

The Directors present their report on Temora Ex-Services Memorial Club Limited (the Company) for the financial year ended 31 December 2019.

### Directors

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

Name	Position	Appointed/ Resigned
Mr Garry Whitley	President	Resigned: 5 May 2019
Mr Jason Smith	Senior Vice President	Resigned: 5 May 2019
Mr Kerry Wallace	President	Appointed: 28 May 2017
Mr Lesley Buckley	Director	Resigned: 5 May 2019
Mrs Margaret Tarbit	Director	Appointed: 28 May 2017
Mr Michael Floyd	Junior Vice President	Appointed: 28 May 2017
Mr Earl Kotzur	Senior Vice President	Appointed: 28 May 2017
Mr Bruce Stacey	Director	Appointed: 5 May 2019
Mr Jone Pavelic	Director	Appointed: 5 May 2019
Mrs Anne Widdows	Director	Appointed: 5 May 2017

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

### Meeting Attendance

During the financial year, 20 meetings of Directors were held. Attendances by each Director during the year were as follows:

	Number attended	Number eligible to attend
Mr Garry Whitley	10	10
Mr Jason Smith	9	10
Mr Kerry Wallace	20	20
Mr Lesley Buckley	10	10
Mrs Margaret Tarbit	19	20
Mr Michael Floyd	20	20
Mr Earl Kotzur	19	20
Mr Bruce Stacey	9	10
Mr Jone Pavelic	8	10
Mrs Anne Widdows	9	10

### Principal activities

The principal activities of Temora Ex-Services Memorial Club Limited during the financial year were to provide facilities and amenities for its members.

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

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

### Short term objectives

The Company's short term objectives are to:

- Provide and maintain hospitality services to its members;
- Support the local community; and
- Be a recognised leader in the provision of hospitality.

### Long term objectives

The Company's long term objectives are to:

- Establish and maintain a strong relationship with the local community;
- Be sustainable and strive for continuous improvements so far as to offer the best possible outcomes for the Company's members and guest whilst continuing to operate on a not-for-profit basis; and
- Continue to operate on a not-for-profit basis, preserving any surpluses for the benefit of members.

### Strategy for achieving the objectives

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

- To improve the club facilities;
- To attract and retain quality staff;
- Seek to provide a wide range of entertainment for the local community; and
- Establish and foster working partnerships with a range of community stakeholders.

### 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 \$2 each towards meeting any outstanding obligations of the Company. At year end, the total amount that members of the Company are liable to contribute if the Company is wound up is \$6,640 (2018: \$6,852).

### Operating results

The loss of the Company after providing for income tax amounted to \$161,501 (2018: \$163,388).

### Significant changes in state of affairs

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

### Events after the reporting date

The Coronavirus outbreak (COVID-19) in early 2020, has had, and will continue to have, a significant impact on the Company's future operations. On 23 March 2020, the Australian Government announced that all registered clubs were to close their doors and discontinue their operations until further notice is provided to assist with reducing the spread of the virus.

Government announced economic response GST relief for March and June quarter BAS and payroll tax.

Government also announced JobKeeper Payments subsidy program for \$1,500 per fortnight for each employee on 30 March 2020.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2019

### Events after the reporting date

As at the date the financial report was authorised for issue, the Directors were unable to quantify the extent of the ongoing impact this mandated closure will have on the Company's financial performance, position and future operations.

Except for the above, no other 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.

### Future developments and results

Likely developments in the operations of the Company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the Company.

### Environmental issues

The Company's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia other than the *Smoke-Free Environment Act 2000*, *Smoke-Free Environment Amendment Regulation 2009*, and the *Smoke-Free Environment Regulation 2007* which bans and regulates smoking in enclosed public places as well as specified public places.

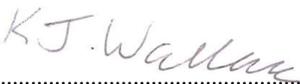
### Indemnification

The Company has paid premiums to insure each of its Director's against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of the Company, other than the conduct involving a willful breach of duty in relation to the Company.

### 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: .....  


Mr Kerry Wallace

Director: .....  


Mr Earl Kotzur

Dated 15 April 2020

**TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**  
**ABN: 76 001 055 045**

**AUDITOR'S INDEPENDENCE DECLARATION**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

We declare that, to the best of our 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.

**National Audits Group Pty Ltd**  
**Authorised Audit Company**



**Steven J Watson**  
**Managing Director**

**Dated 15 April 2020**

**Wagga Wagga**

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
Revenue	4	3,963,364	4,424,887
<b>Less: Expenses</b>			
Advertising & marketing		35,595	40,369
Cleaning expenses		52,869	79,130
Depreciation and amortisation		447,724	467,735
Donations		71,293	74,289
Employee wages and benefits		1,597,401	1,777,204
Entertainment and activities		203,071	242,820
Insurance		99,646	101,057
Interest paid		41,374	46,764
Other expenses		518,032	480,114
Stock purchases and related incidentals		594,892	810,039
Poker Machine Tax		229,232	245,628
Repairs and maintenance		92,234	72,894
Utilities		141,502	150,232
<b>Loss before income tax</b>		(161,501)	(163,388)
Income tax expense	2(b)	-	-
<b>Loss for the year</b>		(161,501)	(163,388)
Other comprehensive income		-	-
<b>Total comprehensive loss for the year</b>		(161,501)	(163,388)

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.'

The Company has initially applied AASB 15 and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5	290,219	384,305
Trade and other receivables	6	13,150	18,217
Inventories	7	56,013	64,122
Other financial assets	8	80,696	67,186
<b>TOTAL CURRENT ASSETS</b>		<b>440,078</b>	<b>533,830</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	9	5,984,951	6,252,772
Intangible assets	10	1,035,465	1,035,465
<b>TOTAL NON-CURRENT ASSETS</b>		<b>7,020,416</b>	<b>7,288,237</b>
<b>TOTAL ASSETS</b>		<b>7,460,494</b>	<b>7,822,067</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	232,874	264,135
Employee benefits	12	234,475	240,082
Borrowings	13	829,604	970,250
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,296,953</b>	<b>1,474,467</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee benefits	12	20,247	32,465
Borrowings	13	-	10,340
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>20,247</b>	<b>42,805</b>
<b>TOTAL LIABILITIES</b>		<b>1,317,200</b>	<b>1,517,272</b>
<b>NET ASSETS</b>		<b>6,143,294</b>	<b>6,304,795</b>
<b>EQUITY</b>			
Retained earnings		6,143,294	6,304,795
<b>TOTAL EQUITY</b>		<b>6,143,294</b>	<b>6,304,795</b>

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The Company has initially applied AASB 15 and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations.

The accompanying notes form part of these financial statements.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2019

	2019	2018
	\$	\$
<b>Retained earnings at the beginning of the year</b>	6,304,795	6,468,183
Loss for the year	(161,501)	(163,388)
<b>Retained earnings at the end of the year</b>	<u>6,143,294</u>	<u>6,304,795</u>

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The Company has initially applied AASB 15 and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Receipts from customers		3,954,799	4,553,631
Payments to suppliers and employees		(3,676,960)	(4,077,579)
Interest received		122	235
Finance costs		(41,374)	(46,764)
<b>Net cash provided by operating activities</b>		<u>236,587</u>	<u>429,523</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from disposal of plant and equipment		1,196	25,600
Purchase of property, plant and equipment		(180,883)	(115,035)
<b>Net cash used in investing activities</b>		<u>(179,687)</u>	<u>(89,435)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Repayment of borrowings		(150,986)	(231,962)
<b>Net cash used in financing activities</b>		<u>(150,986)</u>	<u>(231,962)</u>
<b>Net increase/(decrease) in cash and cash equivalents held</b>		(94,086)	108,126
Cash and cash equivalents at beginning of year		<u>384,305</u>	<u>276,179</u>
<b>Cash and cash equivalents at end of financial year</b>	5	<u>290,219</u>	<u>384,305</u>

The Company has initially applied AASB 16 using the cumulative effect method and has not restated comparatives. The comparatives have been prepared using AASB 117 and related interpretations.

The Company has initially applied AASB 15 and has not restated comparatives. The comparatives have been prepared using AASB 118 and related interpretations.

The accompanying notes form part of these financial statements.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

The financial report covers Temora Ex-Services Memorial Club Limited as an individual entity. Temora Ex-Services Memorial Club Limited is a not-for-profit Company Limited by Guarantee, incorporated and domiciled in Australia.

The functional and presentation currency of Temora Ex-Services Memorial Club Limited is Australian dollars (\$AUD) and all amounts have been rounded to the nearest dollar.

The financial report was authorised for issue by the Directors on 15 April 2020.

### 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, *Corporations Act 2001* and *Corporations Regulations 2001*.

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

Significant accounting policies adopted in the preparation of these financial statements are presented below and are consistent with prior reporting periods unless otherwise stated.

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities, realisation of assets, and settlement of liabilities in the normal course of business.

Despite having current liabilities exceed current assets by \$856,875 as at 31 December 2019 (2018: \$940,637) and historical operating losses, the Directors are of the opinion the Company will continue on a going concern basis due to the following circumstances:

- Net assets of the Company as at 31 December 2019 amounted to \$6,143,294;
- Forty-three (43) gaming machine licences are not recognised as assets of the Company as at 31 December 2019;
- The Company is in the process of reviewing existing contractual arrangements with the view to reduce annual expenditure, including the increasing cost of wages and salaries;
- The ANZ loan facility is recognised as a current liability for financial reporting purposes, however, for cash flow purposes the Company is only obligated to repay \$167,542 of the \$819,264 the next 12-months;
- The properties used as security for the current ANZ loan liability are recognised as non-current assets; and
- The funds received as a result of the Deed of Call Option will be retained to increase the Company's cash reserves or used to reduce the ANZ loan liability.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Adoption of new and revised accounting standards

The Company has adopted the following standards which became effective for the first time as of 1 January 2019.

- AASB 15 *Revenue from Contracts with Customers*;
- AASB 1058 *Income for-Not-for-Profit Entities*; and
- AASB 16 *Leases*.

The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Company.

#### (b) Income Tax

The Company qualifies as a base rate entity and is eligible for the lower tax rate of 27.5%.

The mutuality principle has been applied to the calculation of the Company's income tax. The Company has estimated that the assessable portion of mutual income represented by results of trading attributable to non-members of the Company is 19.91% (2018: 21.28%).

Temora Ex-Services Memorial Club Limited does not recognise deferred tax assets as the Company has been in a tax loss position for a number of years and therefore determined the tax losses carried forward from prior periods to be unrecoverable.

#### (c) Revenue and other income

For comparative year

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.

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

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (c) Revenue and other income (continued)

For current year

The Company recognises revenue on a basis that reflects the transfer of promised goods or services to consumers at an amount that reflects the consideration the Company expects to receive in exchange for those goods or services.

Revenue is recognised by applying a five-step model for each appropriate revenue stream as follows:

1. Identify the contract with the customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and
5. Recognise revenue as and when control of the performance obligations is transferred.

The Company's accounting policies for recognising revenue is outlined in further detail below.

#### **Sales revenue**

For comparative year

Revenue derived through bar and restaurant sales is recognised on transfer of goods to the patron as this is deemed to be the point in time when all the risks and rewards associated with the goods are transferred and there is no longer any ownership or effective control over the inventory.

For current year

Revenue derived through bar and restaurant sales is recognised on transfer of goods to the patron as this is deemed to be the point in time when all the risks and rewards associated with the goods are transferred, there is no longer any ownership or effective control over the inventory and the Company's performance obligations have been met.

#### **Gaming machine takings**

For comparative year

Gaming machine takings are recognised as revenue when received and shown in the statement of profit or loss and other comprehensive income as a net amount, after tax.

For current year

Gaming machine takings is recognised as revenue on receipt of the funds as there are no enforceable performance obligations contained within a contract between the Club and the patron. Revenue from gaming machine takings is shown in the statement of profit or loss and other comprehensive income net of payouts and gaming tax.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (c) Revenue and other income (continued)

##### **Interest revenue**

For comparative year

Interest is recognised using the effective interest method.

For current year

Interest is recognised using the effective interest method

##### **Accommodation income**

For comparative year

Accommodation charges are made at the commencement of a guests stay and is recognised as income on receipt.

Receipts from the sale of goods, such as food and beverages, is recognised as income when all risks and rewards of ownership have been transferred to the customer. In most cases, this coincides with the transfer of legal title or the passing of possession to the customer.

For current year

Accommodation charges are made at the commencement of a guests stay and are recognised as revenue on a straight-line basis over the duration of the stay.

Receipts from the sale of goods, such as food and beverages, is recognised as income when the legal title or the passing of possession to the customer has occurred, as this is deemed the point in time the Company has fulfilled its performance obligation.

##### **Functions income**

For comparative year

Functions income including room hire and catering sales is recognised as income on receipt.

For current year

Functions income including room hire and catering sales is recognised as income when the Company has fulfilled its performance obligation.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (c) Revenue and other income (continued)

##### Membership subscriptions

For comparative year

Membership subscriptions represent the amounts received from the Company's members in accordance with the Rules of the Company, and are recognised as revenue on receipt.

For current year

Membership subscriptions represent the amounts received from the Company's members in accordance with the Rules of the Club. Membership subscriptions received in advance incur an obligation for the Club to honour the terms and conditions of the membership for the term of the membership.

This represents a constructive obligations to provide all benefits associated to provide all benefits associated with the membership to the members. Therefore, membership subscriptions received in advance are recognised on the statement of financial position as a contract liability and subsequently recognised as revenue in the year to which they relate, on a straight-line basis.

##### Commissions

For comparative year

Revenue from commissions is recognised as revenue on receipt of the funds.

For current year

Commissions are recognised as revenue on receipt of the funds as there are no enforceable performance obligations contained within a contract between the Company and the patron. The Commission income is earned on a percentage of the sales generated by the Company using third-party property.

##### Golden gift income

For comparative year

Revenue from golden gift fundraising activities is recognised as revenue on receipt of the funds.

For current year

Receipts from golden gift fundraising activities are recognised as revenue when the fundraising activity has been held and prizes have been distributed.

##### Other income

For comparative year

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

For current year

Other income is recognised as revenue when the Club has fulfilled its performance obligations.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (d) 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 payables 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 an inclusive 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.

#### (e) Inventories

Inventories for bar and kitchen stock are measured at the lower of cost and net realisable value. Cost of inventory is determined using the individual item basis which is inclusive of freight and delivery charges and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written off in the statement of profit or loss and other comprehensive income when deemed to be damaged or obsolete.

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

Each class of property, plant and equipment is carried at cost 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.

Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

##### Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on both a straight-line basis and diminishing value 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% - 40%
Plant and Equipment	5% - 26.67%

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.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (g) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Company becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

#### **Financial assets at fair value through profit or loss**

The Company has a managed investment scheme (North Investment) which is designated as other financial assets at fair value through profit or loss.

Assets included within this category are carried in the statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from this financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

#### **Financial liabilities**

The Company's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

#### **Financial assets**

##### **Classification**

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

- amortised cost
- fair value through profit or loss - FVTPL
- fair value through other comprehensive income - equity instrument (FVOCI - equity)
- fair value through other comprehensive income - debt investments (FVOCI - debt)

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets.

##### **Amortised cost**

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (g) Financial instruments

##### **Financial assets**

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

##### ***Fair value through other comprehensive income***

Equity instruments

The Company has a number of strategic investments in listed and unlisted entities over which they do not have significant influence nor control. The Company has made an irrevocable election to classify these equity investments as fair value through other comprehensive income as they are not held for trading purposes.

These investments are carried at fair value with changes in fair value recognised in other comprehensive income (financial asset reserve). On disposal any balance in the financial asset reserve is transferred to retained earnings and is not reclassified to profit or loss.

Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI.

Financial assets through profit or loss

All financial assets not classified as measured at amortised cost or fair value through other comprehensive income as described above are measured at FVTPL.

Net gains or losses, including any interest or dividend income are recognised in profit or loss (refer to hedging accounting policy for derivatives designated as hedging instruments.)

The Company holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

The Company's financial assets measured at FVTPL comprise derivatives and investments in the statement of financial position.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (g) Financial instruments

##### Financial assets

##### *Impairment of financial assets*

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for the following assets:

- financial assets measured at amortised cost
- debt investments measured at FVOCI

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment and including forward looking information.

The Company uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Company uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Company in full, without recourse to the Company to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Company in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

##### *Trade receivables and contract assets*

Impairment of trade receivables and contract assets have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Company has determined the probability of non-payment of the receivable and contract asset and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Company renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

##### *Other financial assets measured at amortised cost*

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Impairment of non-financial assets

At the end of each reporting period the Company determines whether there is any evidence of an impairment indicator for non-financial assets. If any such indication exists then the asset's recoverable amount is estimated.

The recoverable amount of an asset 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) Intangible Assets

#### Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill has been recognised for the acquisition of the Goldtera Motor Inn and the Koreela Park Motor Inn.

Goodwill is not amortised but is tested for impairment annually by the Directors. When determining whether there is any evidence of an impairment of the goodwill asset, the Directors consider the sales volume and profitability of the cash generating units, past and future projections, and perform an analysis of the industry outlook.

#### Gaming machine licences

Under the *Gaming Machine Act 2001* (the Act), a tradeable asset titled gaming machine entitlement was created. Gaming Machine entitlements are able to be sold to other registered clubs within the state of New South Wales (NSW), provided certain statutory requirements are met. The Act came into effect on 2 April 2001.

The company owned forty-three (43) gaming machines at the commencement of the Act. As a result, the Company has owned 43 gaming machine entitlements since April 2001. At year end, six (6) of forty-nine (49) gaming machine licences were recognised, recorded at either cost or deemed cost and have an indefinite useful life. Gaming machine entitlements purchased prior to 2001 have not been recognised as assets of the Company at year end.

At the end of each reporting period the Company determines whether there is any evidence of impairment indicators by comparing the cost reported for each individual gaming machine entitlement with the market values for the area. In the event the cost reported exceeds the market values, the entitlements are immediately reduced to their recoverable amount by recognising an impairment through the statement of profit or loss and other comprehensive income.

### (i) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and cash at bank which are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (j) Leases

At inception of a contract, the Company assesses whether a lease exists - i.e. does the contract convey the right to control the use of an identified asset for a period of time in exchange for consideration.

This involves an assessment of whether:

- The contract involves the use of an identified asset - this may be explicitly or implicitly identified within the agreement. If the supplier has a substantive substitution right then there is no identified asset.
- The Company has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Company has the right to direct the use of the asset i.e. decision making rights in relation to changing how and for what purpose the asset is used.

The Company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The Company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

#### (k) Employee benefits

A liability is made for the Company's 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.

#### (l) 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. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the statement of profit or loss and other comprehensive income.

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**  
ABN: 76 001 055 045

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

**3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The Director's make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

***Key estimates - impairment of property, plant and equipment***

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

In assessing impairment, management estimates the recoverable amount of each asset or cash generating units, based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

***Key estimates - impairment of goodwill***

In accordance with AASB 136 Impairment of Assets, the Company is required to estimate the recoverable amount of goodwill at each reporting period.

Impairment testing is an area involving management judgement, requiring assessment as to whether the carrying value of assets can be supported by the net present value of future cash flows derived from such assets using cash flow projections which have been discounted at an appropriate rate and using a terminal value to incorporate expectations of growth thereafter.

In calculating the net present value of the future cash flows, certain assumptions are required to be made in respect of highly uncertain matters including management's expectations of:

- growth in EBITDA, calculated as adjusted operating profit before depreciation and amortisation;
- timing and quantum of future capital expenditure;
- long-term growth rates; and
- the selection of discount rates to reflect the risks involved.

Changing the assumptions selected by management, in particular the discount rate and growth rate assumptions used in the cash flow projections, could significantly affect the Company's impairment evaluation and hence results.

***Key estimates - provisions***

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

***Key estimates - inventory***

Each item of inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realisable value. During the year, management have written down inventory based on best estimate of the net realisable value, although until the time that inventory is sold this is an estimate.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 4 REVENUE AND OTHER INCOME

	2019	2018
	\$	\$
Accommodation income	665,329	738,378
Commissions	76,128	75,239
Functions income	101,362	145,557
Gaming machine takings	1,678,738	1,743,026
Golden gift income	107,321	110,227
Members subscriptions	20,907	9,764
Other income	47,964	85,133
Sale of goods	1,265,615	1,517,563
	<u>3,963,364</u>	<u>4,424,887</u>

### 5 CASH AND CASH EQUIVALENTS

#### CURRENT

Cash on hand	75,800	75,800
Cash at bank	214,419	308,505
	<u>290,219</u>	<u>384,305</u>

### 6 TRADE AND OTHER RECEIVABLES

#### CURRENT

Trade receivables	5,655	8,581
Other receivables	7,495	9,636
	<u>13,150</u>	<u>18,217</u>

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short-term nature of the balances. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

### 7 INVENTORIES

#### CURRENT

Stock on hand - at cost	56,013	64,122
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### 8 OTHER FINANCIAL ASSETS

#### CURRENT

North investment - at FVTPL	80,696	67,186
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# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 9 PROPERTY, PLANT AND EQUIPMENT

	2019	2018
	\$	\$
NON-CURRENT		
Freehold land		
At cost	953,000	953,000
Buildings		
At cost	6,051,344	6,051,344
Accumulated depreciation	(1,875,938)	(1,703,752)
	4,175,406	4,347,592
Plant and equipment		
At cost	3,307,642	3,127,741
Accumulated depreciation	(2,451,097)	(2,175,561)
	856,545	952,180
	5,984,951	6,252,772

#### **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	Total
	\$	\$	\$	\$
<b>Year ended 31 December 2019</b>				
Balance at the beginning of year	953,000	4,347,594	952,180	6,252,774
Additions	-	-	180,883	180,883
Disposals	-	-	(982)	(982)
Depreciation	-	(172,188)	(275,536)	(447,724)
	953,000	4,175,406	856,545	5,984,951
<b>Balance at the end of the year</b>	953,000	4,175,406	856,545	5,984,951

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 10 INTANGIBLE ASSETS

	2019	2018
	\$	\$
NON-CURRENT		
Goodwill - Goldtera Motor Inn	320,000	320,000
Goodwill - Koreela Park Motor Inn	490,000	490,000
Gaming machine licenses	225,465	225,465
	<u>1,035,465</u>	<u>1,035,465</u>

### 11 TRADE AND OTHER PAYABLES

CURRENT		
Trade payables	220,585	254,292
Other payables	12,289	9,843
	<u>232,874</u>	<u>264,135</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

### 12 EMPLOYEE BENEFITS

CURRENT		
Annual leave	147,320	158,265
Long service leave	87,155	81,817
	<u>234,475</u>	<u>240,082</u>
NON-CURRENT		
Long service leave	20,247	32,465

### 13 BORROWINGS

CURRENT		
Aristocrat lease liability	10,340	24,816
Bank loan - ANZ	819,264	945,434
	<u>829,604</u>	<u>970,250</u>
NON-CURRENT		
Aristocrat lease liability	-	10,340

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 13 BORROWINGS (continued)

#### **Bank loan - ANZ**

The bank loan provided by the Australia and New Zealand Banking Group Limited (ANZ) was restructured on 19 June 2018. The bank loan is due in full by 1 June 2028 with a principal payment of \$13,962 required to be paid in arrears on a monthly basis. The bank loan has been classified as a current liability of the Company as there is no unconditional right to defer payment of the remaining loan balance for a period greater than twelve (12) months.

For cashflow purposes, the Company's current and non-current repayment obligation are \$167,542 and \$651,721 respectively.

The bank loan is secured by a registered first mortgage over the following freehold properties owned by the Company:

- 134 Crowley Street, Temora 'Koreela Park Motor Inn';
- 139 Baker Street, Temora 'Goldtera Motor Inn';
- 85 Loftus Street, Temora;
- 121 Crowley Street, Temora;
- 123 Crowley Street, Temora; and
- 125-127 Crowley Street, Temora.

Covenants imposed by the bank may require the Company to obtain a valuation for the following properties while facilities continue to be provided by the ANZ:

- 134 Crowley Street, Temora 'Koreela Park Motor Inn' at least once every 24 months;
- 139 Baker Street, Temora 'Goldtera Motor Inn' at least once every 24 months;
- 125-127 Corwley Street, Temora at least once every 36 months.

In addition to the above, the ANZ reserves the right to revalue, at any time, any property held as security for the facility at the Company's expense.

### 14 KEY MANAGEMENT PERSONNEL REMUNERATION

The total remuneration paid to key management personnel of the Company during the year was \$112,215 (2018: \$110,078). Total remuneration consists of wages and salaries paid to key management as well as honorariums and allowances paid to the Directors during the year.

For details of other transactions with key management personnel, refer to Note 15: Related Parties.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 RELATED PARTIES

#### ***Entities the Company exercises control over***

The Temora Ex-Services Memorial Club Limited was deemed to have the power and authority to exercise control over its subsidiary Clubs. The subsidiary Clubs operating during the year were as follows:

- Temora Ex-Services Memorial Club Limited: Women's Bowling Club;
- Temora Ex-Services Memorial Club Limited: Anglers Club; and
- Temora Ex-Services Memorial Club Limited: Men's Bowling Club.

The Directors have assessed the financial position of each subsidiary as at 31 December 2019 and their financial performance for the year ended on that date to determine whether the exclusion of the subsidiaries would materially misstate the Company's financial report.

In the Directors opinion, the abovementioned subsidiaries were deemed to be material to the Company's overall operations and therefore have been included in the financial report.

#### ***Key management personnel***

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity are considered key management personnel. Key management personnel of the Company are as follows:

- Mr Kerry Wallace (President)
- Mr Earl Kotzur (Senior Vice President)
- Mr Michael Floyd (Junior Vice President)
- Mr Bruce Stacey (Director)
- Mrs Margaret Tarbit (Director)
- Mrs Anne Widdows (Director)
- Mr Jone Pavelic (Director)
- Mr Garry Whitley (ex-President)
- Mr Jason Smith (ex-Senior Vice President)
- Mr Lesley Buckley (ex-Director)
- Mr Benjamin Wells (Secretary Manager)

For details of remuneration disclosures relating to key management personnel, refer to Note 14: Key Management Personnel Remuneration.

Other transactions with KMP and their related entities are shown on the following page.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### 15 RELATED PARTIES (continued)

#### *Other related parties*

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

#### *Transactions with related parties*

No transactions occurred between key management personnel during the year. Transactions with other related parties were on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with other related parties during the financial year:

	Sales	Purchases	Wages
	\$	\$	\$
Other related parties	-	-	9,601
	-	-	9,601

### 16 CONTINGENCIES

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

### 17 EVENTS OCCURRING AFTER THE REPORTING DATE

The Coronavirus outbreak (COVID-19) in early 2020, has had, and will continue to have, a significant impact on the Company's future operations. On 23 March 2020, the Australian Government announced that all registered clubs were to close their doors and discontinue their operations until further notice is provided to assist with reducing the spread of the virus.

Government announced economic response GST relief for March and June quarter BAS and payroll tax.

Government also announced JobKeeper Payments subsidy program for \$1,500 per fortnight for each employee on 30 March 2020.

As at the date the financial report was authorised for issue, the Directors were unable to quantify the extent of the ongoing impact this mandated closure will have on the Company's financial performance, position and future operations.

Except for the above, no other 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.

# TEMORA EX-SERVICES MEMORIAL CLUB LIMITED

ABN: 76 001 055 045

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

### **18 COMPANY DETAILS**

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

Temora Ex-Services Memorial Club Limited

130 Baker Street

TEMORA NSW 2666

**TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**

ABN: 76 001 055 045

**DIRECTORS' DECLARATION**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

The Directors of the Company declare that:

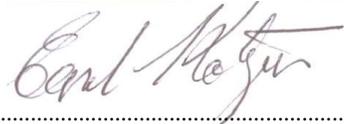
1. The financial statements and notes, as set out on pages 6 to 28, are in accordance with the *Corporations Act 2001* and:
  - a) comply with Australian Accounting Standards - Reduced Disclosure Requirements and *Corporations Regulations 2001*; and
  - b) give a true and fair view of the Company's financial position as at 31 December 2019 and performance for the year then ended.
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 .....

Mr Kerry Wallace



Director .....

Mr Earl Kotzur

Dated 15 April 2020

**TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**  
**ABN: 76 001 055 045**

**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Temora Ex-Services Memorial Club Limited (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 then ended; and
- (ii) complying with the 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.

**Material Uncertainty Related to Going Concern**

We draw attention to Note 1 to the financial report, which indicates the Company incurred a net cash loss from operating activities of \$161,501 during the year ended 31 December 2019 and, as of that date, the Company's current liabilities exceeded its total current assets by \$856,875. As stated in Note 2(a), these events conditions, along with other matters as set forth in Note 1(a), indicate that a materia uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

We also note the Coronavirus outbreak (COVID-19) in early 2020, has had, and will continue to have, a significant impact on the Company's future operations.

## **TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**

**ABN: 76 001 055 045**

### **INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED 31 DECEMBER 2019**

#### **Material Uncertainty Related to Going Concern (continued)**

On 23 March 2020, the Australian Government announced that all registered clubs were to close their doors and discontinue their operations until further notice is provided to assist with reducing the spread of the virus.

As at the date of the financial report was authorised for issue, the Directors were unable to quantify the extent of the ongoing impact this mandated closure will have on the Company's financial performance, position and future operations.

#### **Other Information**

The Directors are responsible for the other information. The other information comprises the information included within the Club's annual 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 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 consistent with the financial report or our knowledge obtained in the audit or otherwise other information, we are required to report the 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, *Corporations Act 2001*, *Corporations Regulation 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 independent 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.

**TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**  
**ABN: 76 001 055 045**

**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Auditor's Responsibilities for the Audit of the Financial Report (continued)**

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.

**TEMORA EX-SERVICES MEMORIAL CLUB LIMITED**  
**ABN: 76 001 055 045**

**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**

**Auditor's Responsibilities for the Audit of the Financial Report (continued)**

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.

**National Audits Group Pty Ltd**  
**Authorised Audit Company**



**Steven J Watson**  
**Managing Director**

**Dated 15 April 2020**

**Wagga Wagga**