WARILLA SPORTS CLUB LIMITED

ABN: 20 001 077 943

Financial Report For The Year Ended
31 August 2020

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WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
DIRECTORS' REPORT

Your directors present their report on the entity WARILLA SPORTS CLUB LIMITED for the financial year ended 31 August 2020.

General Information
Directors

The following persons were directors of Warilla Sports Club Limited during or since the end of the financial year up to the date of this report:

Clarence Bailey	President (Appointed 27.11.2016) Director of Club since 28.11.2004 Occupation - Retired
Stephen Anderson	Vice-President (Appointed 25.11.2018) Director of Club since 26.11.2006 Occupation - Operations Manager
David Monaghan	Director of Club since 23.11.2014 Occupation - Labourer
Leanne Shooter	Director of Club since 23.11.2014 Occupation - Development Officer
Bryan Davidson	Director of Club since 25.11.2018 Occupation - Truck Driver
John Spinks (Resigned 28.05.2020)	Director of Club since 28.11.2010 Occupation - Retired
Max van Dongen (Resigned 24.08.2020)	Director of Club since 27.11.2016 Occupation - Unemployed

Company Secretary
The following person held the position of company secretary at the end of the financial year:
Mr Gary Leighton held the position of company secretary at the end of the financial year. Mr Leighton performs all management and secretarial roles in all aspects of the business. He was appointed secretary on 27th May 2013.

Principal Activities
The principal activities of the company during the financial year was that of registered club and no significant change in that activity occurred during the year.

Operating Results

The net profit for the year was $187,184 (2019: profit $68,875) after provision for income tax benefit.

Due to COVID-19, the club had been ordered to shut down between March to May 2020. During the shutdown, the club had received no income, but government subsidies. However, the club was still able to trade as a going concern as well as meet commitments to community, sporting and charitable organisations, as well as providing members with quality entertainment and facilities at the lowest prices possible, having regard to increasing costs and government charges which continue to burden the club industry.

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

Future Developments, Prospects and Business Strategies

The short term and long term objectives of the Club is to continue to provide facilities and amenities to members and strengthen the Club’s financial position by mainly increasing gaming performance. Support of community organisations and sporting bodies is also considered a Club objective.

The strategy for achieving these objectives is to conservatively manage and monitor the Club's financial position to enable services and amenities to be maintained. The management plans to increase poker machine performance by keeping poker machine games updated. Minimum budget was also set for poker machine purchases.

The Club uses industry accepted KPIs to monitor performance.

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

Environmental Issues
The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Meetings of Directors

During the financial year, 12 meetings of directors were held.
Attendances by each director during the year were as follows:

	Attended	Possible
Clarence Bailey	12	12
Stephen Anderson	12	12
David Monaghan	11	11
Leanne Shooter	9	11
Bryan Davidson	10	11
John Spinks (Resigned 28.05.2020)	6	7
Max van Dongen (Resigned 24.08.2020)	8	10

Indemnifying Officers or Auditor

During or since the end of the financial year, the company has given an indemnity or entered into an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

During the year the company has paid premiums to insure each director and officer of the company against costs and expenses incurred by them in defending any legal proceedings arising out of their conduct whilst acting in the capacity of officer of the company other than conduct involving a wilful breach of duty in relation to the company. The amount of premium paid was $1,765.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to

The Company was not a party to any such proceedings during the year.

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
DIRECTORS' REPORT

Members
The number of members of each class registered in the register of members at 31st August, 2020 is as follows:

Life Members	7
Ordinary Members	7,262
	7,269

Life Members of the club are:

A. E. Ward*	C. J. Brett
B. Hughes*	M. R. Pickford*
R. T. Burchell*	P. J. Ring*
B. K. Cruthers*	R. E. Pickford*
B. J. O'Malley*	R. W. Jeffree
B. S. Dowd	A. Williams*
W. Balmer	T. Treleaven*
C. Bailey	S. Anderson
C Younger	

* Denotes deceased life member

REMUNERATION REPORT
Remuneration Policy
The Directors of Warilla Sports Club Limited are not financially remunerated for their services.

Performance-based Remuneration
Remuneration of employees is based on award and agreed rates with no reference to performance.

Details of remuneration for year ended 31 August 2020
No director was financially remunerated for their services provided in the 2020 financial year.

Options issued as part of remuneration for the year ended 31 August 2020
No options are issued to directors or executives in any form.

Employment contracts of directors and senior executives
No directors are financially remunerated for their services to the club, hence they have no employment contracts. The Club's chief executive officer has a written employment contract with no reference to performance.

Auditor’s Independence Declaration

The auditor’s independence declaration for the year ended 31 August 2020 has been received and can be found on page 4 of the Financial Report.

Director

Clarence Bailey

Dated this

Director

Stephen Anderson

Dated this

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF WARILLA SPORTS CLUB LIMITED

In accordance with s307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Warilla Sports Club Limited. As the lead audit partner for the audit of the financial report of Warilla Sports Club Limitedfor the year ended 31 August 2020, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Name of Firm O'Donnell Hennessy Taylor

Name of Partner Spencer Green

Date

Address WOLLONGONG

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 $	2019 $
Revenue	2	3,178,817	3,600,016
Other income	2	63,721	87,628
Cost of goods sold		(402,442)	(578,014)
Employee benefits expense		(882,663)	(882,735)
Finance costs	3	(79,504)	(60,935)
Depreciation and amortisation expense		(426,484)	(435,089)
Other expenses		(1,264,262)	(1,661,996)
Profit before income tax		187,184	68,875
Tax expense	4	-	-
Net Profit for the year	3	187,184	68,875
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Revaluation gain on land and buildings, net of tax		2,215,703	-
Total other comprehensive income for the year		2,215,703	-
Total comprehensive income for the year		2,402,887	68,875

The accompanying notes form part of these financial statements.

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	869,794	244,946
Trade and other receivables	7	74,155	37,880
Inventories	8	36,709	25,364
Other assets	12	80,232	81,284
TOTAL CURRENT ASSETS		1,060,890	389,474
NON-CURRENT ASSETS			
Property, plant and equipment	9	6,462,098	4,761,972
Investment property	10	1,960,000	1,034,463
Intangible assets	11	111,637	111,637
TOTAL NON-CURRENT ASSETS		8,533,735	5,908,072
TOTAL ASSETS		9,594,625	6,297,546
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	544,366	434,887
Borrowings	14	1,902,368	303,574
Provisions	16	116,655	116,984
Income received in advance		59,621	62,860
TOTAL CURRENT LIABILITIES		2,623,010	918,305
NON-CURRENT LIABILITIES			
Borrowings	14	95,539	908,837
Deferred tax liabilities	15	23,052	23,052
Provisions	16	34,729	31,944
TOTAL NON-CURRENT LIABILITIES		153,320	963,833
TOTAL LIABILITIES		2,776,330	1,882,138
NET ASSETS		6,818,295	4,415,408
EQUITY			
Reserves	24	2,319,478	103,775
Retained earnings		4,498,817	4,311,633
TOTAL EQUITY		6,818,295	4,415,408

The accompanying notes form part of these financial statements.

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 AUGUST 2020

		Reserves	
	Retained Earnings	Revaluation Surplus	Total
	$	$	$
Balance at 1 September 2018	4,242,758	103,775	4,346,533
Comprehensive income			
Profit for the year	68,875	-	68,875
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	68,875	-	68,875
Balance at 31 August 2019	4,311,633	103,775	4,415,408
Balance at 1 September 2019	4,311,633	103,775	4,415,408
Comprehensive income			
Profit for the year	187,184	-	187,184
Other comprehensive income for the year	-	2,215,703	2,215,703
Total comprehensive income for the year	187,184	2,215,703	2,402,887
Balance at 31 August 2020	4,498,817	2,319,478	6,818,295

The accompanying notes form part of these financial statements.

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 AUGUST 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,867,507	3,666,988
Payments to suppliers and employees		(2,447,523)	(2,987,264)
Interest received		17	20
Government subsidies received		335,500	-
Finance costs		(79,504)	(60,935)
Net cash generated by operating activities	20a	675,998	618,809
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		-	9,091
Purchase of property, plant and equipment		(836,646)	(472,091)
Net cash (used in)/generated by investing activities		(836,646)	(463,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings - other		891,854	231,999
Repayment of borrowings - other		(106,358)	(394,525)
Net cash provided by/(used in) financing activities		785,496	(162,526)
Net increase/(decrease) in cash held		624,848	(6,717)
Cash and cash equivalents at beginning of financial year		244,946	251,663
Cash and cash equivalents at end of financial year	6	869,794	244,946

The accompanying notes form part of these financial statements.

This financial report includes the financial statements and notes of Warilla Sports Club Limited.

Note 1 Summary of Significant Accounting Policies

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

Except for cash flow information, the financial statements have been prepared on an accrual basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(a) Income Tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income for the current period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority using tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss or arising from a business combination.

A deferred tax liability shall be recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from: (a) the initial recognition of goodwill; or (b) the initial recognition of an asset or liability in a transaction which: (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability. With respect to non-depreciable items of property, plant and equipment measured at fair value and items of investment property measured at fair value, the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of the asset will be recovered entirely through sale. When an investment property that is depreciable is held by the entity in a business model whose objective is to consume substantially all of the economic benefits embodied in the property through use over time (rather than through sale), the related deferred tax liability or deferred tax asset is measured on the basis that the carrying amount of such property will be recovered entirely through use.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised, unless the deferred tax asset relating to temporary differences arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (i) a legally enforceable right of set-off exists; and (ii) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(b) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable accounting standard.

Fair value is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant’s ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the entity's own equity instruments (excluding those related to share-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instruments, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(c) Inventories

Inventories are measured at the lower of cost and net realisable value

(d) Property, Plant and Equipment

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

Property

Freehold land and buildings are carried at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less accumulated impairment losses and accumulated depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are recognised against revaluation surplus directly in equity; all other decreases are recognised in profit or loss.

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

Plant and equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(h) for details of impairment).

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the company includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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 entity and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a straight-line or diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate
Buildings	3%
Plant and equipment	5-100%
Poker Machines	40%

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise. Gains shall not be classified as revenue. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

(e) Investment Property

Investment property, comprising freehold office complexes, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value.

Fair value of investment properties is determined annually based on a valuation by an independent valuer who has recognised and appropriate professional qualifications and recent experience in the location and category of investment property being valued. Fair values are determined by the valuer using market information, including prices for similar properties in comparable locations.

Changes to fair values of investment properties are recognised in profit or loss in the period in which they occur.

(f) Leases

At inception of a contract, the Company assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Company where the Company is a lessee. However, all contracts that are classified as short-term leases (ie a lease with a remaining lease term of 12 months or less) and leases of low- value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially, the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options, if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date, as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest.
Where a lease transfers ownership of the underlying asset, or the cost of the right-of-use asset reflects that the Company anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

(g) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transactions costs, except where the instrument is classified ‘at fair value through profit or loss’, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and Subsequent Measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The *effective interest method* is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period. The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in a effective hedging relationships).

- Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.
- The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are initially measured at fair values (and if not designated as at fair value through profit or loss and do not arise from a transfer of a financial asset) and subsequently measured at the higher of:

— the amount of loss allowance determined in accordance with AASB 9.3.25.3; and
— the amount initially recognised less the accumulative amount of income recognised in accordance with the revenue recognition policies.

Financial assets

Financial assets are subsequently measured at:

— amortised cost;
— fair value through other comprehensive income; or
— fair value through profit or loss.

Measurement is on the basis of two primary criteria:

— the contractual cash flow characteristics of the financial asset; and
— the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

— the financial asset is managed solely to collect contractual cash flows; and
— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

— the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates;
— the business model for managing the financial assets comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The Company initially designates a financial instrument as measured at fair value through profit or loss if:

— it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
— it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;
— it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Equity instruments

At initial recognition, as long as the equity instrument is not held for trading and not a contingent consideration recognised by an acquirer in a business combination to which AASB 3: Business Combinations applies, the Company made an irrevocable election to measure any subsequent changes in fair value of the equity instruments in other comprehensive income, while the dividend revenue received on underlying equity instruments investment will still be recognised in profit and loss.

Regular way purchases and sales of financial assets are recognised and derecognised at settlement date in accordance with the Company's accounting policy.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (ie when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

— the right to receive cash flows from the asset has expired or been transferred;
— all risk and rewards of ownership of the asset have been substantially transferred; and
— the Company no longer controls the asset (ie the Company has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Impairment

The Company recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost or fair value through other comprehensive income;
- lease receivables;
- contract assets (eg amounts due from customers under construction contracts);
- loan commitments that are not measured at fair value through profit or loss; and
- financial guarantee contracts that are not measured at fair value through profit or loss.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or
- equity instruments measured at fair value through other comprehensive income.

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Company uses the following approaches to impairment, as applicable under AASB 9: Financial Instruments:

- the general approach
- the simplified approach
- the purchased or originated credit impaired approach; and
- low credit risk operational simplification.

General approach

Under the general approach, at each reporting period, the Company assesses whether the financial instruments are credit-impaired, and if:

- the credit risk of the financial instrument has increased significantly since initial recognition, the Company measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; or
- there is no significant increase in credit risk since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: *Revenue from Contracts with Customers* and which do not contain a significant financing component; and
- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of customer base, appropriate groupings of historical loss experience, etc).

Purchased or originated credit-impaired approach

For a financial asset that is considered credit-impaired (not on acquisition or origination), the Company measures any change in its lifetime expected credit loss as the difference between the asset's gross carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. Any adjustment is recognised in profit or loss as an impairment gain or loss.

Evidence of credit impairment includes:

- significant financial difficulty of the issuer or borrower;
- a breach of contract (eg default or past due event);
- a lender granting to the borrower a concession, due to the borrower's financial difficulty, that the lender would not otherwise consider;
- high probability that the borrower will enter bankruptcy or other financial reorganisation; and
- the disappearance of an active market for the financial asset because of financial difficulties.

Low credit risk operational simplification approach

If a financial asset is determined to have low credit risk at the initial reporting date, the Company assumes that the credit risk has not increased significantly since initial recognition and accordingly it can continue to recognise a loss allowance of 12-month expected credit loss.

In order to make such a determination that the financial asset has low credit risk, the Company applies its internal credit risk ratings or other methodologies using a globally comparable definition of low credit risk.

A financial asset is considered to have low credit risk if:

- there is a low risk of default by the borrower;
- the borrower has strong capacity to meet its contractual cash flow obligations in the near term;
- adverse changes in economic and business conditions in the longer term may, but not necessarily will, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

A financial asset is not considered to carry low credit risk merely due to existence of collateral, or because a borrower has a risk of default lower than the risk inherent in the financial assets, or lower than the credit risk of the jurisdiction in which it operates.

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Assets measured at fair value through other comprehensive income are recognised at fair value, with changes in fair value recognised in other comprehensive income. Amounts in relation to change in credit risk are transferred from other comprehensive income to profit or loss at every reporting period.

For financial assets that are unrecognised (eg loan commitments yet to be drawn, financial guarantees), a provision for loss allowance is created in the statement of financial position to recognise the loss allowance.

(h) Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or joint ventures deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (eg in accordance with the revaluation model in AASB 116: *Property, Plant and Equipment*). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill, intangible assets with indefinite lives and intangible assets not yet available for use.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(i) Employee Benefits

Short-term employee benefits

Provision is made for the Company's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The company's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position. The company's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees.

Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the changes occur.

The company's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

(j) 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 using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits available on demand with banks, and other short-term highly liquid investments. Bank overdrafts are reported within borrowings in current liabilities on the statement of financial position.

(l) Revenue Recognition

The Entity has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058) using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The details of accounting policies under AASB 118 and AASB 1004 are disclosed separately since they are different from those under AASB 15 and AASB 1058, and the impact of changes is disclosed in this Note.

Operating grants, dontations and requests
When the entity received operating grant revenue, donations or bequests, it assesses whether the contract is enforceable and has sufficiently specific performance obligations in accordance with AASB 15.

When both these conditions are satsified, the Entity:

— identifies each performance obligation relating to the grant
— recognises a contract liabliity for its obligations under the agreement; and
— recognises revenue as it satisfies performance
— sale of services – transportation;

Where the contract is not enforceable or does not have sufficiently specific performance obligations, the Entity:

— recognises the asset received in accordance with the recognition requirements of other applicable accounting standards (eg AASB 9. AASB 16, AASB 116 and AASB 138);
— recognises related amounts (being contributions by owners, lease liability, financial instruments, provisions, revenue or contract liability arising from a contract with a customer); and
— recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

If a contract liability is recognised as a related amount above, the Entity recognises income in profit or loss when or as it satisfies its obligations under the contract.

Interest income is recognised using the effective interest method.

(m) Borrowing Costs
Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(n) Goods and Services Tax (GST)
Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(o) Government Grants
Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs it is compensating. Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(p) Comparative Figures
When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Where the company retrospectively applies an accounting policy, makes a retrospective restatement or reclassifies items in its financial statements, an additional (third) statement of financial position as at the beginning of the preceding period in addition to the minimum comparative financial statements is presented.

(q) Critical Accounting Estimates and Judgements

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

Key Estimates

(i) Impairment

No provision for impairment has been made

Key Judgements

(ii) Poker Machine Licences

The entity holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW Government. AIFRS requires that licences outside of a pre-AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss statement to recognise the grant immediately as income. Prior to new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the entity has determined that fair value at grant date for licences granted pre-April 2002 was zero. Should licences be granted to the entity post April 2002 they will be initially recognised at their fair value. The entity has determined that the market value for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

Note 2 Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

	2020 $	2019 $
(a) Sales revenue		
— poker machine revenue	1,617,086	1,885,575
— tab and keno commissions	79,457	119,622
— bar and café sales	960,395	1,333,447
	2,656,939	3,338,644
(b) Other sources of revenue		
— Total interest received	17	20
— Government subsidies received	335,500	-
— members subscriptions	30,279	21,990
— other commissions & vending machines	89,868	103,692
— social & entertainment	66,215	135,670
Total other sources of revenues	521,879	261,372
Total sales revenue and other revenue	3,178,817	3,600,016
(c) Other income		
— rental revenue	45,891	52,750
— poker machines GST compensation	17,180	17,180
— Other income	650	17,698
Total other income	63,721	87,628

Note 3 Profit for the Year

Profit before income tax from continuing operations includes the following specific expenses:

	2020 $	2019 $
(a) Expenses		
Cost of sales	402,442	578,014
Interest expense on financial liabilities not classified as fair value through profit or loss:		
— Unrelated parties	79,504	60,935
Total finance cost	79,504	60,935
Employee benefits expense	882,663	882,735
Loss on disposal of property, plant and equipment	202	35,089

Note 4 Tax Expense

The club has carried forward tax losses

Note 5 Key Management Personnel Compensation

The totals of remuneration paid to KMP of the company and the Company during the year are as follows:

Clarence Bailey	Director (No remuneration)	John Spinks (Resigned 28.05.2020)	Director (No remuneration)
Stephen Anderson	Director (No remuneration)	Bryan Davidson	Director (No remuneration)
David Monaghan	Director (No remuneration)	Max van Dongen (Resigned 24.08.2020)	Director (No remuneration)
Leanne Shooter	Director (No remuneration)	Gary Leighton	Secretary/General Manager (Remunerated)
Kristie Bicknell	Operation Manager (Remunerated)		

	2020 $	2019 $
Total remunerations	248,711	245,142
Total KMP compensation	248,711	245,142

Note 6 Cash and Cash Equivalents

	2020 $	2019 $
Cash on hand	109,673	144,005
Cash at bank	760,121	100,941
	869,794	244,946

Note 7 Trade and Other Receivables

	2020 $	2019 $
CURRENT		
Trade receivables	5,106	20,287
Other receivables	69,049	17,593
Total current trade and other receivables	74,155	37,880

Note 8 Inventories

	2020 $	2019 $
CURRENT		
At cost:		
Stock on hand	36,709	25,364
	36,709	25,364

Note 9 Property, Plant and Equipment

	2020 $	2019 $
LAND AND BUILDINGS		
Freehold land at:		
— independent valuation 2020	1,887,850	150,000
— at cost	12,150	12,150
Total land	1,900,000	162,150
Buildings at:		
— independent valuation 2020	(72,684)	375,000
— at cost	5,602,318	5,109,377
Accumulated depreciation	(1,729,634)	(1,610,222)
Total buildings	3,800,000	3,874,155
Total land and buildings	5,700,000	4,036,305
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	2,473,264	2,279,999
Accumulated depreciation	(2,112,224)	(2,030,422)
	361,040	249,577
Poker machine		
At cost	2,123,730	2,087,727
(Accumulated depreciation)	(1,748,428)	(1,637,393)
	375,302	450,334
Motor vehicles		
At cost	25,756	25,756
	25,756	25,756
Total plant and equipment	762,098	725,667
Total property, plant and equipment	6,462,098	4,761,972

(a) **Movements in Carrying Amounts**

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

	Freehold Land $	Buildings $	Plant & Equipment & Poker Machines $	Total $
Balance at 1 September 2018	162,150	3,741,875	865,125	4,769,150
Additions	-	238,036	234,056	472,092
Disposals	-	-	(44,181)	(44,181)
Depreciation expense	-	(105,756)	(329,333)	(435,089)
Balance at 31 August 2019	162,150	3,874,155	725,667	4,761,972
Additions		492,941	343,705	836,646
Disposals			(202)	(202)
Revaluation and impairment increments/(decrements)	1,737,850	(447,684)	-	1,290,166
Depreciation expense	-	(119,412)	(307,072)	(426,484)
Balance at 31 August 2020	1,900,000	3,800,000	762,098	6,462,098

(b) **Asset revaluations**

Buildings

Land and buildings are carried in the balance sheet at fair value less accumulated impairments and applicable depreciation.

Land and buildings were independently valued in 2020 at market value of $5,700,000 (Land $1,900,000 and building $3,800,000) by Michael Pung at Vanguard Valuation (Valuer No. 715). The valuation was determined as an appropriate figure to be used in determining the fair value in accordance with Accounting Standards AASB 116.

Note 10 Investment Property

	2020 $	2019 $
Balance at beginning of year	1,034,463	1,034,463
Fair value adjustments	925,537	-
Balance at end of year	1,960,000	1,034,463

The investment properties were independently valued in 2020 at market value of $1,960,000 in total by Michael Pung at Vanguard Valuation (Valuer No. 715). The valuation was determined as an appropriate figure to be used in determining the fair value in accordance with Accounting Standards AASB 116.

Note 11 Intangible Assets

	2020 $	2019 $
Poker machine license entitlements at cost	196,095	196,095
Directors' valuation 2006	(48,458)	(48,458)
Directors' valuation 2008	(36,000)	(36,000)
Total intangible assets	111,637	111,637

The poker machine entitlements are with indefinite useful lives and therefore, will be tested for impairment annually at the cash-generating unit level. The entitlements are not amortised.

Note 12 Other Assets

	2020 $	2019 $
CURRENT		
Prepayments	75,232	76,284
TAB security bond	5,000	5,000
	80,232	81,284

Note 13 Trade and Other Payables

	2020 $	2019 $
CURRENT		
Unsecured liabilities		
Trade payables	203,081	254,072
Sundry payables and accrued expenses	300,860	161,625
GST payables	40,424	19,190
	544,366	434,887

Note 14 Borrowings

	Note	2020 $	2019 $
CURRENT			
Bank loans	14b	1,747,959	151,380
Finance lease commitments		9,306	15,123
Poker Machine Loans		145,104	137,071
Total current borrowings		1,902,368	303,574
NON-CURRENT			
Unsecured liabilities at amortised cost:			
Bank loans	14b	-	774,529
Finance lease commitments		7,214	-
Poker Machine Loan		88,325	134,308
Total non-current borrowings		95,539	908,837
Total borrowings	23	1,997,907	1,212,411

	2020 $	2019 $
(a) Total current and non-current secured liabilities:		
Bank loans	1,747,959	925,909
Finance lease commitments	16,520	15,123
Poker Machine Loan	233,428	271,379
	1,997,907	1,212,411

(b) The loan was refinanced through National Australia Bank. The new loan facility commenced on 16/12/2015 and expires on 31/12/2020. The interest rate is 5.88% fixed for 5 years. As at 31st August 2020, the outstanding loan balance was $691,994. A new business loan facility was borrowed from NAB in March 2019 to assist with the existing club renovation. The limit of the loan facility is $920,000 with outstanding balance of $905,965 as at 31st August 2020. The loan facility expires on 31/12/2020. A further facility of $250,000 was borrowed from NAB in May 2020 to assist club recovering from COVID shutdown, with the outstanding balance at 31 August 2020 being $150,000. All loans are secured over all of the present and future rights, property and undertaking of Warilla Sports Club Ltd including the following properties:
(1) Registered mortgage over property situated at 25 Jason Avenue Barrack Heights NSW more particularly described in Certificate of Title Folio Identifier 183/23882.
(2) Registered mortgage over property situated at 21 Jason Avenue Barrack Heights NSW more particularly described in Certificate of Title Folio Identifier 185/23882.
(3) Registered mortgage over property situated at 23 Jason Avenue Barrack Heights NSW more particularly described in Certificate of Title Folio Identifier 184/23882.
(4) Registered mortgage over property situated at 54 McGregor Avenue Barrack Heights NSW more particularly described in Certificate of Title Volume 14942 Folio 114.

(c) The company has engaged with Aristocrat Technologies Australia for the licence fee agreements with repayments of $4,136 per month per machine for 36 months.

(d) The company had an unused facility of $158,799 for the asset finance - leasing through National Australian Bank. Total amount of facility limit was $175,000.

(e) The company has engaged with Aristocrat Technologies Australia for the licence fee agreements with repayments of $2,409 per month per machine for 36 months.

(f) The company has engaged with Aristocrat Technologies Australia for the licence fee agreements with repayments of $2,274 per month per machine for 36 months.

(g) The company has engaged with Aristocrat Technologies Australia for the licence fee agreements with repayments of $2,190 per month per machine for 36 months.

(h) The company has engaged with Aristocrat Technologies Australia for the licence fee agreements with repayments of $2,190 per month per machine for 36 months.

Note 15 Tax

	Opening Balance	Recognised in Profit and Loss	Charged directly to Equity	Changes in Tax Rates	Exchange Differences	Closing Balance
NON-CURRENT	$	$	$	$	$	$
Deferred tax liabilities						
Other	23,052	-	-	-	-	23,052
Balance as at 31 August 2019	23,052	-	-	-	-	23,052
Other	23,052	-	-	-	-	23,052
Balance as at 31 August 2020	23,052	-	-	-	-	23,052

Note 16 Provisions

CURRENT	2020	2019
	$	$
Provision for annual & sick leave	83,718	87,687
Provision for long service leave	32,937	29,297
Total	116,655	116,984

NON-CURRENT	2020	2019
	$	$
Provisions for long service leave	34,729	31,944
Total	34,729	31,944

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Note 17 Capital and Leasing Commitments

	2020	2019
	$	$
(a) **Finance Lease Commitments**		
Payable — minimum lease payments		
— not later than 12 months	9,972	15,442
— between 12 months and 5 years	6,648	-
— later than 5 years	-	-
Minimum lease payments	16,620	15,442
Less future finance charges	(100)	(319)
Present value of minimum lease payments	16,520	15,123

The finance lease facility through National Australia Bank for $18,800 was engaged to fund the acquisition of kitchen equipments. The finance lease will be repaid in 24 months with $831.44 per month commencing November 2019.

Note 18 Contingent Liabilities and Contingent Assets

(a) The Company had no contingent liabilities as at 31 August 2020 (2019: none).
(b) The Company has bank guarantees of $12,000 as at 31 August 2020 (2019: $12,000).

Note 19 Operating Segments

The company operates in one industry, the principal activity being that of a licenced club providing gaming bar dining and entertainment facilities for members and their guests. It derives its income from one geographic location being Warilla/Barrack Heights, NSW.

Note 20 Cash Flow Information

	2020 $	2019 $
(a) Reconciliation of Cash Flows from Operating Activities with Profit after Income Tax		
Profit after income tax	187,184	68,875
Non-cash flows in profit		
Depreciation	426,484	435,089
Net (gain)/loss on disposal of property, plant and equipment	202	35,089
(Increase)/decrease in trade and term receivables	(36,275)	(20,636)
(Increase)/decrease in prepayments	1,052	(5,869)
(Increase)/decrease in inventories	(11,345)	9,662
Increase/(decrease) in trade payables and accruals	109,479	92,641
Increase/(decrease) in income in advance	(3,239)	7,743
Increase/(decrease) in provisions	2,456	(3,785)
Net cash generated by operating activities	675,998	618,809

Note 21 Events After the Reporting Period

The directors are not aware of any significant events since the end of the reporting period.

Note 22 Related Party Transactions

(a) The Company's main related parties are as follows:

i **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 is considered key management personnel.

For details of disclosures relating to key management personnel, refer to Note 5.

Note 23 Financial Risk Management

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9: *Financial Instruments* as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020 $	2019 $
Financial Assets			
Financial assets at amortised cost			
— cash and cash equivalents	6	869,794	244,946
— trade and other receivables	7	74,155	37,880
Total Financial Assets		943,949	282,826
Financial Liabilities			
Financial liabilities at amortised cost			
— trade and other payables	13	544,366	434,887
— borrowings	14	1,997,907	1,212,411
Total Financial Liabilities		2,542,273	1,647,298

Financial Risk Management Policies

The Board of Directors monitors the company's financial risk management policies and exposures and approves financial transactions within the scope of its authority. It also reviews the effectiveness of internal controls relating to commodity price risk, counterparty credit risk, foreign currency risk, liquidity risk, and interest rate risk.

Specific Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are credit risk, liquidity risk, and market risk consisting of interest rate risk, foreign currency risk and other price risk (commodity and equity price risk). There have been no substantive changes in the types of risks the company is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the entity.

b. Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward-looking cash flow analyses in relation to its operating, investing and financing activities
- using derivatives that are only traded in highly liquid markets
- monitoring undrawn credit facilities
- obtaining funding from a variety of sources
- maintaining a reputable credit profile
- managing credit risk related to financial assets
- only investing surplus cash with major financial institutions
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets

The tables below reflect an undiscounted contractual maturity analysis for financial assets and financial liabilities. Financial guarantee liabilities are treated as payable on demand since the entity has no control over the timing of any potential settlement of the liability.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore defer from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflect the earliest contractual settlement dates and do not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Financial liabilities due for payment								
Bank overdrafts and loans	1,747,959	151,380	-	774,529	-	-	1,747,959	925,909
Trade and other payables	544,366	434,887	-	-	-	-	544,366	434,887
Other Loans	154,410	152,194	95,539	134,308	-	-	249,949	286,502
Total expected outflows	2,446,734	738,461	95,539	908,837	-	-	2,542,273	1,647,298

	Within 1 Year		1 to 5 years		Over 5 years		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	$	$	$	$	$	$	$	$
Financial Assets - cash flows realisable								
Cash and cash equivalents	869,794	244,946	-	-	-	-	869,794	244,946
Trade, term and loans receivables	74,155	37,880	-	-	-	-	74,155	37,880
Total anticipated inflows	943,949	282,826	-	-	-	-	943,949	282,826
Net (outflow) / inflow on financial instruments	(1,502,785)	(455,635)	(95,539)	(908,837)	-	-	(1,598,324)	(1,364,472)

c. Market Risk

i. *Interest rate risk*

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The company is also exposed to earnings volatility on floating rate instruments.

ii *Other price risk*

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices largely due to demand and supply factors (other than those arising from interest rate risk or foreign currency risk) for commodities.

Fair Values

Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying amounts as presented in the statement of financial position. Refer to Note 19 for detailed disclosures regarding the fair value measurement of the company's financial assets and financial liabilities.

Differences between fair values and carrying amounts of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the Company.

	Note	2020 Carrying Amount $	2020 Fair Value $	2019 Carrying Amount $	2019 Fair Value $
Financial assets					
Financial assets at amortised cost:					
Cash and cash equivalents (i)	6	869,794	869,794	244,946	244,946
- unrelated parties - trade and term receivables (i), (ii)	7	74,155	74,155	37,880	37,880
Total financial assets		943,949	943,949	282,826	282,826
Financial liabilities at amortised cost					
Trade and other payables (i)	13	544,366	544,366	434,887	434,887
Bank and other debt	14	1,997,907	1,997,907	1,212,411	1,212,411
Total financial liabilities		2,542,273	2,542,273	1,647,298	1,647,298

(i) Cash and cash equivalents, trade and other receivables, and trade and other payables are short-term instruments in nature whose carrying amounts are equivalent to their fair values.

Note 24 Reserves

a **Revaluation Surplus**
The revaluation surplus records revaluations of non-current assets.

Note 25 Members Guarantee

The company is limited by guarantee. If the company is wound up, the articles of association state that each member is required to contribute a maximum of $2 each. At 31 August 2020 the number of members was 7,269 (2019: 8,752)

Note 26 Additional information required under the Registered Clubs Act 1976

Pursuant to Section 41J(2) of the Registered Clubs Act for the financial year ended 31 August 2020;

(a) the following properties are core property of the Club;
- (i) licensed premises at McGregor Avenue, Barrack Heights;
- (ii) car park at McGregor Avenue, Barrack Heights.

(b) the following properties are non-core property of the Club;
- (i) residential property at 21 Jason Avenue, Barrack Heights;
- (ii) residential property at 23 Jason Avenue, Barrack Heights;
- (ii) residential property at 25 Jason Avenue, Barrack Heights;

Note 27 Company Details

The registered office of the company is:
Warilla Sports Club Limited
54 McGregor Avenue
Barrack Heights NSW 2528

The principal place of business is:
Warilla Sports Club Limited
54 McGregor Avenue
Barrack Heights NSW 2528

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Warilla Sports Club Limited, the directors of the company declare that:

1. the financial statements and notes, as set out on pages 5 to 24, are in accordance with the Corporations Act 2001 and:
   (a) comply with Australian Accounting Standards; and
   (b) give a true and fair view of the financial position as at 31 August 2020 and of the performance for the year ended on that date of the company;
2. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

Director

Clarence Bailey

Director

Stephen Anderson

Dated this day of 2020

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARILLA SPORTS CLUB LIMITED

Report on the Financial Report

Opinion

We have audited the financial report of Warilla Sports Club Limited (the Company), which comprises the statement of financial position as at 31 August 2020, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of Warilla Sports Club Limited 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 August 2020 and of its financial performance for the year then ended; and

ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;

Basis for Opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 August 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of 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 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 ability of the company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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.

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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Auditor's name and signature: Spencer Green

Name of firm: O'Donnell Hennessy Taylor

Address: WOLLONGONG

Dated this day of 2020

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARILLA SPORTS CLUB LIMITED

ACCOUNTANTS COMPILATION REPORT

Scope

On the basis of information provided by the Directors of Warilla Sports Club Limited we have compiled the General Purpose Financial Report, being the summaries of Trading and Profit and Loss statements for the year ended 31st August, 2020.
The purpose of the report is to provide additional information to the members.

The additional information is in accordance with the books and records of Warilla Sports Club Limited which have been subjected to the auditing procedures applied in our statutory audit of the company for the year ended 31 August 2020. It will be appreciated that our statutory audit did not cover all details of the additional financial information. Accordingly, we do not express an opinion on such financial information and no warranty of accuracy or reliability is given.

Our procedures use accounting expertise to collect, classify and summarise the financial information, which the Directors provided, into a financial report.

The General Purpose Financial Report was prepared for the benefit of the Company and it's members and the purpose identified above. We do not accept responsibility to any other person for the contents of the General Purpose Financial Report.

O'DONNELL HENNESSY TAYLOR

Chartered Accountants

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Principal Auditor: Spencer Green
WOLLONGONG

Date:

ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31ST AUGUST 2020

	2020 $	2019 $
BAR & CAFE TRADING		
Sales	960,395	1,333,447
Cost of Sales	402,442	578,014
Gross Profit	557,954	755,433
Depreciation	10,237	12,016
Repairs & Replacements	2,749	6,183
Wages & Entitlements	362,723	373,375
	375,709	391,574
GROSS PROFIT FROM BAR TRADING	182,244	363,859
POKER MACHINE ACCOUNT		
Takings	1,617,086	1,885,575
Depreciation	231,782	235,847
Monitoring & LAB fees	25,473	33,948
Poker Machine analysis software	12,079	23,342
Poker Machine Duty	230,797	273,643
Poker Machine license fees	706	490
Promotions	84,071	131,703
Repairs & Maintenance	48,063	33,237
Wages & Entitlements	91,099	68,093
	724,070	800,303
GROSS PROFIT FROM POKER MACHINES	893,016	1,085,272
KENO TRADING ACCOUNT		
Keno Commission	68,075	101,034
Depreciation	28	33
Stationery & Rental	3,833	3,372
Wages & Entitlements	28,720	34,087
	32,581	37,492
PROFIT FROM KENO	35,494	63,542
TAB TRADING ACCOUNT		
TAB Commission	11,382	18,588
Depreciation	1,567	4,817
Sky Channel & Thorough Vision	12,939	21,486
Wages & Entitlements	29,315	34,865
	43,822	61,168
LOSS FROM TAB	(32,439)	(42,580)

To be read in conjunction with Accountant's Compilation Report

WARILLA SPORTS CLUB LIMITED ABN: 20 001 077 943
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WARILLA SPORTS CLUB LIMITED

ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31ST AUGUST 2020

STATEMENT OF OPERATING PROFIT

	Note	2020 $	2019 $
INCOME			
Profit / (Loss) Transferred from:			
- Bar & Café Trading		182,244	363,859
- Poker Machine Trading		893,016	1,085,272
- Keno Trading Account		35,494	63,542
- TAB Trading Account		(32,439)	(42,580)
Total Income from trading		1,078,314	1,470,093
Commission, Vending & Function Income		75,289	103,692
Government grants		335,500	-
Insurance proceeds		2,739	-
Interest received		17	20
Members' Subscriptions		30,279	21,990
Other Income		12,490	17,698
Profit/(Loss) on Sale of Assets		(202)	(35,089)
Poker Machine GST Compensation		17,180	17,180
Rent		45,891	52,750
Social & Entertainment	1	66,215	135,670
TOTAL INCOME		1,663,712	1,784,004
EXPENDITURE			
Advertising & promotion		53,204	51,408
AGM printing & expenses		7,318	6,283
Audit & Accountancy Fees		44,135	42,685
Badges & Membership Expenses		2,069	2,864
Bad Debt Expenses		895	-
Bank Charges		10,682	14,539
Club shirts - for resale		105	-
Cleaning & Laundry	3	82,011	99,875
Computer Software & expenses		26,460	26,698
Consultant Fee		-	10,000
Courtesy Bus		29,177	55,021
Depreciation - Buildings		119,412	105,756
Depreciation - Other		63,458	76,620
Directors drinks, meals & blazers		5,176	12,786
Delegate expenses		5,134	11,631
Sub-total carried forward		449,236	516,166

To be read in conjunction with Accountant's Compilation Report

ADDITIONAL FINANCIAL INFORMATION
FOR THE YEAR ENDED 31ST AUGUST 2020

STATEMENT OF OPERATING PROFIT (Continued)

	Note	2020 $	2019 $
EXPENDITURE (Continued)			
Sub-total brought forward		449,236	516,166
Electricity & Gas		74,438	95,503
Employee Entitlement Provision		17,779	29,064
Insurance - general		54,484	51,183
Insurance - workers compensation		20,564	19,424
Interest		79,504	60,935
Legal fees		4,074	-
Music artists & bands		26,620	50,161
Payroll Tax		(174)	3,498
Postage, Printing & Stationery		9,682	12,037
Rates		18,337	20,249
Rental Property Expenses		30,255	34,063
Repairs & Maintenance		51,979	52,196
Security		3,472	8,400
Social & Entertainment	2	164,228	266,458
Staff amenities & training		15,476	16,398
Stocktake expenses		6,500	9,425
Subscriptions & licences	4	51,970	66,478
Superannuation		69,887	77,580
Telephone		2,659	2,653
Travelling & motor running		2,441	3,090
Uniforms		2,386	846
Wages - Administration		259,583	228,606
Wages - Doorman & yard		41,336	37,065
Total Expenditure		1,456,713	1,661,478
Operating Profit before donations		206,999	122,526
Donations made		19,815	53,651
		187,184	68,875
Operating Profit /(Loss) before income tax benefit/(expense		187,184	68,875
Deferred income tax benefit/(expense)		-	-
Operating Profit /(Loss) after income tax benefit/(expense)		187,184	68,875

To be read in conjunction with Accountant's Compilation Report

ADDITIONAL FINANCIAL INFORMATION - NOTES
FOR THE YEAR ENDED 31ST AUGUST 2020

	2020 $	2019 $
1 Social & Entertainment Income		
Bingo income	11,301	23,243
Food fair	20,350	38,849
Meat market income	18,540	35,043
Raffle income	16,023	38,535
	66,215	135,670
2 Social & Entertainment Expenses		
Bingo	35,271	37,677
Drink & Meal	16,635	30,753
Food fair	33,560	51,524
Meat Market	32,684	49,810
Other promotions & general entertainment	7,784	-
Prizes & Trophies	11,813	36,149
Social function expenses	1,000	14,023
Raffle expenses	25,482	46,522
	164,228	266,458
3 Cleaning		
Cleaning Materials	22,474	27,629
Contract Cleaning	59,537	72,246
	82,011	99,875
4 Subscriptions & Licences		
APRA	1,474	1,658
Austar/Fox sports	41,322	53,185
Filing Fees	6,889	711
Other Licences	192	3,766
Clubs NSW (RCA)	2,093	7,158
	51,970	66,478

To be read in conjunction with Accountant's Compilation Report