



Combined Services RSL Club
Co-operative Limited
ABN 13 485 506 734

Financial Statements

Year ending 31 December 2019

Combined Services RSL Club Co-operative Limited

Directors' Report

In compliance with regulation 3.10 of the Co-operatives National Regulations, the Directors of Combined Services RSL Club Co-operative Limited report in respect of the year ended December 31, 2019 as follows:

1. Directors

The following persons were directors of entity during the whole of the financial year and up to the date of this report, unless otherwise stated:

Mr Geoff Coffill	President
Mr Wally Benington	Vice President, resigned 17 July 2020
Mr Carl Dumbrell	Treasurer
Mr Steve Warnock	Director, appointed 30 May 2019
Mr Terry McCarthy	Director, appointed 30 May 2019, resigned 6 June 2020
Mr Bob Nugent	Director
Ms Clarita Davison	Director, appointed 30 May 2019, resigned 26 February 2020
Ms Julie Best	Director, appointed 30 May 2019, resigned 10 June 2020
Mr Peter Joass	Director, resigned 30 May 2019, appointed 23 June 2020
Mr Garry Wordsworth	Director, resigned 23 July 2019
Mr Andrew Bokser	Director, resigned 30 May 2019
Mr Jason Scott	Director, resigned 30 May 2019

2. Activities

The principal activities of the entity in the course of the financial year have been those of a registered club. During the financial year there has been no change in nature of those activities.

3. Result

The net amount of Profit after providing for income tax for the financial year was \$52,011.

4. Dividends

The Directors recommend that no dividend be paid by the entity in respect of the financial year and state that no dividends have been paid since the end of the previous financial year.

5. Review of Operations

Bar trading (net)	470,629
Poker machine trading (net)	519,401
Members Subscriptions	8,382
Interest Received	5,767
Keno	1,925
Other Income	18,190
	1,024,294
Total Income	1,024,294
Total Expense	972,283
	52,011
Net Operating Profit	52,011

6. Financial Position

The net assets of the entity increased by \$52,011 to \$516,454 as at 31 December 2019 (2018: \$464,443)

The entity's working capital, being current assets less: current liabilities was in surplus at 31 December 2019, in the amount of \$417,692 (2018: \$309,845). During the period, the entity had cash flows from operating activities of \$349,317 (2018: \$22,066) and expended \$170,273 (2018: \$19,610) in relation to investing activities (plant & equipment).

Combined Services RSL Club Co-operative Limited

Directors' Report

7. Significant Changes

No significant change occurred in the state of affairs of the entity during the financial year.

8. Matters Subsequent to the End of the Financial Year

COVID-19, the infectious disease caused by the most recently discovered Coronavirus, was declared a pandemic by the World Health Organisation on 11 March 2020. From its suspected origins in Wuhan, China in December 2019, it has since spread to many other regions around the world, including several thousand individual cases in Australia. Commonwealth and state governments in Australia have taken steps to shut down many parts of the economy, forcing the closures of a significant number of businesses and driving up unemployment. The club was mandatorily closed from 23 March 2020.

The board approved an emergency business plan on Thursday 26 March 2020 which outlined a series of significant cost cutting measures and scenarios of drawing upon the cash investment funds to facilitate payment of necessary creditors during the closure.

The Club applied for various government grants including JobKeeper, Cash Flow boost and NSW State Government grants. Nine (9) staff member were eligible for JobKeeper and are being paid whilst this program runs.

The Club reopened for business Friday 5 June 2020 in a limited capacity applying all the Covid-19 safety procedures.

The economic impact and human cost to Australia and the world is already at catastrophic levels.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the entity's operations, the results of those operations, or the entity's state of affairs in future financial years.

The Directors have deemed COVID-19 as a non-adjusting post balance date event, since it was not declared a pandemic until after 31 December 2019. The amounts recognised in the financial statements have therefore not been adjusted as a result. However, the entity has been impacted by the mandatory closures of various business and other social distancing rules. It is expected that trading activity will continue to be suppressed for a number of months.

9. Likely Developments

No further developments are planned in the coming year.

10. Environmental Regulations

The Society's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a State or Territory.

11. Directors' and Officers' Insurance

The Society has paid insurance premiums in respect of directors' and officers' liability and legal expense insurance for directors and officers of the Society. Further details have not been disclosed due to confidentiality provisions contained in the insurance contract.

12. Directors' Benefits

Since the end of the previous financial year no member of the Board of Directors has received or become entitled to receive any benefit by reason of a contract between the Society or related corporation, and him/herself, his/her firm or a company in which he/she has substantial financial interest that has not been disclosed to the Board of Directors.

13. Meetings of directors

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

	Full Board	
	Attended	Held
Mr Geoff Coffill	12	12
Mr Wally Benington	11	12
Mr Carl Dumbrell	11	12
Mr Steve Warnock	7	7
Mr Terry McCarthy	6	7
Mr Bob Nugent	10	12
Ms Clarita Davison	5	7
Ms Julie Best	3	4
Mr Peter Joass	4	5
Mr Garry Wordsworth	6	7
Mr Andrew Bokser	4	5
Mr Jason Scott	4	5

Held: represents the number of meetings held during the time the Director held office.

For and on behalf of the Board of Directors and in accordance with the Board's resolution.



G. R. Coffill
President



C. Dumbrell
Treasurer

Combined Services RSL Club Co-operative Limited Directors Declaration

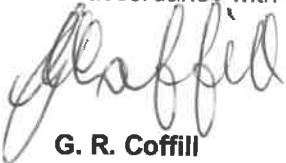
1. In the opinion of the Directors:
 - a) The financial statements and the notes comply with the accounting policies set out in Note 1 to the financial statements.
 - b) The accounts set out on the accompanying pages are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2019, and its results for the year ended on that date; and
 - c) At the date of this statement there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due
 - d) In the opinion of the Directors the entity met the definition of a "small co-operative" for the year ended 31 December 2019 in accordance with regulation 1.4 of the Co-operatives National Regulations.

2. The entity has, in respect of the financial year:
 - a) Kept its accounting records as to correctly record and explain the transactions and Balance Sheet of the entity;
 - b) Kept its accounting records in such manner as would enable true and fair accounts of the entity to be prepared from time to time; and
 - c) Kept its accounting records in such manner as would enable the accounts of the entity to be conveniently and properly audited in accordance with the Co-operatives National Law and the Co-operatives National Regulations.

3. The accounts have been properly prepared by a competent person.

4. The number of members was 1517 as at 31 December 2019.

In accordance with a resolution of the Directors.



G. R. Coffill
President



C. Dumbrell
Treasurer

day of August 2020



Combined Services RSL Club Co-Operative Ltd

ABN 13 485 506 734

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Combined Services RSL Club Co-Operative Ltd

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019, there have been:

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

ICP Assurance Services Pty Ltd
Authorised Audit Company

A handwritten signature in black ink, appearing to read 'Chris Wong', is written over a light grey rectangular background.

Christopher Wong
Director

22 September 2020
Sydney NSW 2000

Liability limited by a Scheme approved under Professional Standards Legislation

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Combined Services RSL Club Co-operative Limited
Income Statement
For the year ended 31 December 2019

	Note	2019	2018
Net Profit/(Loss) From Ordinary Activities	2	52,011	(200,354)
Income Tax Attributable to Net Profit		-	-
Net profit/(Loss) From Ordinary Activities After Income Tax		<u>52,011</u>	<u>(200,354)</u>
Retained Profits 1 January 2019		<u>121,116</u>	<u>321,470</u>
Retained Profits 31 December 2019		<u><u>173,127</u></u>	<u><u>121,116</u></u>

Combined Services RSL Club Co-operative Limited
Balance Sheet as at 31 December 2019

Current Assets	Note	2019	2018
Cash	3	534,183	355,139
Receivables	4	52,926	58,984
Inventories		42,739	37,039
Total Current Assets		629,848	451,162
Non Current Assets			
Plant & Equipment	5	265,720	224,598
Total Non Current Assets		265,720	224,598
Total Assets		895,568	675,760
Current Liabilities			
Payables	7	54,361	90,675
Lease Liabilities	9	59,150	
Other Financial Liabilities		39,901	-
Employee Provisions	8	58,744	50,642
Total Current Liabilities		212,156	141,317
Non Current Liabilities			
Provision for Super Jackpot		90,000	70,000
Lease Liabilities Poker Machines	9	76,958	
Total Non Current Liabilities		166,958	70,000
Total Liabilities		379,114	211,317
Net Assets		516,454	464,443
Member Funds			
Reserves	10	343,327	343,327
Retained surplus		173,127	121,116
Total Member Funds		516,454	464,443

Combined Services RSL Club Co-operative Limited
Statement of cash flows for the year ended 31 December 2019

	Note	2019	2018
Cash flows from operating activities			
Receipts from operations		1,434,163	1,225,663
Interest received		5,767	3,870
Payments to suppliers and employees		(1,090,613)	(1,207,467)
Net cash provided by operating activities	11	349,317	22,066
Cash flows from investing activities			
Payments for property, plant & equipment		(170,273)	(19,610)
Net cash used in investing activities		(170,273)	(19,610)
Cash flows from financing activities			
Borrowings		-	-
Net cash used in financing activities		-	-
Net increase in cash and cash equivalents		179,044	2,456
Cash and cash equivalents at the beginning of the financial year		355,139	352,683
Cash and cash equivalents at the end of the financial year	3	534,183	355,139

Combined Services RSL Club Co-operative Limited

Notes to and forming part of the financial statements

Year ended 31 December 2019

Note 1 – Statement of Accounting Policies

The directors have prepared the financial statements on the basis that the Society is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the Co-operatives National Law and the Co-operatives National Regulations.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with those of previous periods unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise. The amounts presented in the financial statements have been rounded to the nearest dollar.

Going Concern

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

The Club was forced to close on Monday 23 March 2020 due to Covid-19. The Board approved an emergency business plan on Thursday 26 March 2020 which outlined a series of significant cost cutting measures and scenarios of drawing upon the cash investment funds to facilitate payment of necessary creditors during the closure.

The Club applied for various government grants including JobKeeper, Cash Flow Boost and NSW State Government grants. Nine (9) staff members were eligible for JobKeeper and are being paid whilst this program runs.

The Club reopened for business Friday 5 June 2020 in a limited capacity applying all the Covid-19 safety procedures.

For the year ended 31 December 2019, the Club achieved a profit after tax of \$52,011 (2018 loss: \$200,354).

During and since the end of the financial period, the Directors have maintained policies to minimise expenditure, including:

- Ongoing review of suppliers and costs;
- Review of the Club's operations and income streams.

The Directors have prepared a detailed financial forecast through to September 2021 and based on the budget the Club will need to maintain flexibility in its operations due to Covid-19 in order to maintain positive retained earnings. The forecast prepared by management assumes the Club will be able to generate sufficient cash income and where necessary draw upon available cash reserves over the next twelve months to meet its commitments and for this reason the financial statements have been prepared on the basis that the Club is a going concern.

In the event the Club is unsuccessful on the matters set out above, there is material uncertainty whether the Club will continue as a going concern and therefore whether it will realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Club not continue as a going concern.

Combined Services RSL Club Co-operative Limited

Notes to and forming part of the financial statements

Year ended 31 December 2019

Revenue recognition

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Association expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model 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
5. Recognise revenue as and when control of the performance obligations is transferred

Generally the timing of the payment for sale of goods and rendering of services corresponds closely to the timing of satisfaction of the performance obligations, however where there is a difference, it will result in the recognition of a receivable, contract asset or contract liability.

None of the revenue streams of the Society have any significant financing terms as there is less than 12 months between receipt of funds and satisfaction of performance obligations.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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

Income tax

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

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

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Combined Services RSL Club Co-operative Limited

Notes to and forming part of the financial statements

Year ended 31 December 2019

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

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle, it is held primarily for the purpose of trading, it is expected to be realised within 12 months after the reporting period, or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle, it is held primarily for the purpose of trading, it is due to be settled within 12 months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Accounting policy for cash and cash equivalents

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

Financial Assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Accounting policy for trade and other payables

These amounts represent liabilities for goods and services provided to the entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Property, plant and equipment

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

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

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

Combined Services RSL Club Co-operative Limited

Notes to and forming part of the financial statements

Year ended 31 December 2019

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

Depreciation is calculated on a straight-line basis so as to write off the cost of Plant, Equipment and other Property during its effective working life.

Employee benefits

The amounts expected to be paid to employees for their pro-rata entitlement to long service leave and annual leave has been provided on the basis of the State Legislation and Awards including all amounts legally payable to the date of the balance sheet and any amounts payable under the contingencies provided for in respect of employment termination.

Goods and Services Tax ('GST') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other 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 tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Leases

For comparative year

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

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

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

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

For current year

At inception of a contract, the Club 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.

Combined Services RSL Club Co-operative Limited

Notes to and forming part of the financial statements

Year ended 31 December 2019

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 Club has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use.
- The Club 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.

Lessee accounting

The non-lease components included in the lease agreement have been separated and are recognised as an expense as incurred.

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the Club believes it is reasonably certain that the option will be exercised.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-use asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

The lease liability is initially measured at the present value of the remaining lease payments at the commencement of the lease. The discount rate is the rate implicit in the lease, however where this cannot be readily determined then the Club's incremental borrowing rate is used.

Subsequent to initial recognition, the lease liability is measured at amortised cost using the effective interest rate method. The lease liability is remeasured whether there is a lease modification, change in estimate of the lease term or index upon which the lease payments are based (e.g. CPI) or a change in the Club's assessment of lease term.

Where the lease liability is remeasured, the right-of-use asset is adjusted to reflect the remeasurement or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Exceptions to lease accounting

The Club 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 Club recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is 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 down through an obsolescence provision if necessary.

Combined Services RSL Club Co-operative Limited
Notes to and forming part of the financial statements
Year ended 31 December 2019

Note 2 – Operating Profit

The operating Profit before income tax includes the following items of revenue and expense:

	2019	2018
Operating Revenue		
Gaming Machine Revenue	628,313	563,075
Gross Profit on Bar Trading	777,353	649,343
Members' Subscriptions	8,382	5,018
Interest Received	5,767	5,124
Keno	1,925	3,103
Other Income	18,190	3,870
	1,439,930	1,229,533
Operating Expenses		
Audit Fees	5,760	5,500
Amortisation	79,565	97,226
Depreciation	50,587	46,117
Provision— Holiday Pay & Long Service Leave	31,033	28,141
Provision – Super jackpot	20,000	50,000
Superannuation	48,474	45,752
Other expense	1,200,974	1,157,151
Net profit/(loss)	52,011	(200,354)

Combined Services RSL Club Co-operative Limited
Notes to and forming part of the financial statements
Year ended 31 December 2019

Note 3 – Cash & cash equivalents	2019	2018
Bank Accounts	178,183	103,409
Cash on Hand	56,000	51,730
Term Deposits	300,000	200,000
	534,183	355,139
Note 4 – Receivables		
Prepayments	50,579	58,984
Unexpired Interest Charge	2,347	
	52,926	58,984
Note 5 – Property, plant & equipment		
Plant & Equipment – at cost	1,586,582	1,415,790
Less: Accumulated Depreciation	(1,329,129)	(1,279,024)
	257,453	136,766
Leasehold Improvements— at cost	975,393	975,393
Less: Accumulated Amortisation	(967,126)	(887,561)
	8,267	87,832
	265,720	224,598
Note 7 – Payables		
Trade Creditors and Accruals	46,326	84,974
GST	8,035	5,701
	54,361	90,675
Note 8 – Employee Provision		
Annual Leave	29,141	31,534
Long Service Leave	29,603	19,108
	58,744	50,642
Note 9 – Lease Liabilities		
Current		
Lease liabilities -Poker Machines	59,150	-
	59,150	-
Non-Current		
Lease liabilities -Poker Machines	76,958	-
	76,958	-
Note 10 – Reserves		
Replacement and maintenance of equipment	131,842	131,842
Capital profits	211,485	211,485
	343,327	343,327

Combined Services RSL Club Co-operative Limited
Notes to and forming part of the financial statements
Year ended 31 December 2019

Note 11. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	2019	2018
Profit (loss) after income tax benefit for the year	52,011	(200,354)
Adjustments for:		
Depreciation and amortisation	130,152	143,343
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(6,058)	(41,954)
(Increase)/decrease in inventories	5,700	7,263
(Increase)/decrease in other payables	62,737	56,232
Decrease in provisions	104,775	57,536
Net cash provided by operating activities	<u>349,317</u>	<u>22,066</u>

Note 12. Income tax expense/(benefit)

	2019	2018
<i>Numerical reconciliation of income tax expense/(benefit) and tax at the statutory rate</i>		
Profit/(loss) before income tax benefit	<u>52,011</u>	<u>(200,354)</u>
Tax at the statutory tax rate of 27.5%	14,303	(55,097)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Movements in provisions	8,603	21,489
Movements in accrued expenditure	(5,913)	
Other non-deductible expenses	-	(17,931)
	<u>16,993</u>	<u>(51,539)</u>
Current year tax loss not recognised	-	(51,539)
Carried forward tax losses applied	<u>(16,993)</u>	
Income tax expense/(benefit)	<u>-</u>	<u>-</u>

Combined Services RSL Club Co-operative Limited
Notes to and forming part of the financial statements
Year ended 31 December 2019

	2019	2018
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	<u>179,982</u>	<u>231,993</u>
Potential tax benefit @ 27.5%	<u>49,495</u>	<u>63,798</u>

The above potential tax benefit for tax losses has not been recognised in the balance sheet. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	2019	2018
<i>Deferred tax assets not recognised</i>		
Deferred tax assets not recognised comprise::		
Temporary differences	2,690	3,558
Tax losses	<u>46,805</u>	<u>60,240</u>
Total deferred tax assets not recognised	<u><u>49,495</u></u>	<u><u>63,798</u></u>

The above potential tax benefit has not been recognised in the balance sheet as the recovery of this benefit is uncertain.

The taxation benefits of tax losses and temporary differences not brought to account will only be obtained if:

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

Note 13 – Reporting by Segments

The principal continuing activity of the entity is that of a licensed club, which operates in one geographical area being Sydney, New South Wales.

Combined Services RSL Club Co-operative Limited
Notes to and forming part of the financial statements
Year ended 31 December 2019

Note 14 – Amounts expended by Directors as approved by Members at the AGM held 30th May 2019

	<u>Amount Approved</u>	<u>Amount Expended</u>
Pursuant to the Registered Clubs Act:		
Ordinary Resolution No 1 – Reasonable cost of meals and beverages after Board or Committee meetings, entertainment of special guests and attending functions of benefit to the Club.	10,000	3,988
Ordinary Resolution No 2 – Reasonable costs of attending Registered Clubs Association Subscription and Meetings, Seminars, Lectures, Trade Displays and Similar Events.	12,500	2,293
Ordinary Resolution No 3 – Board Annual Dinner attended by Directors, Senior Management, Local Dignitaries and their partners.	<u>6,500</u>	<u>—</u>
	<u>29,000</u>	<u>6,281</u>

Note 15— Statement of changes in Retained Surplus

	2019	2018
Retained Surplus as at 1 January 2019	121,116	321,470
Plus/(Less): Profit/(Loss) for the period ended 31 December 2019	<u>52,011</u>	<u>(200,354)</u>
Retained Surplus as at 31 December 2019	<u>173,127</u>	<u>121,116</u>

Note 16 – Registered office & principal place of business

5-7 Barrack Street, Sydney NSW 2000
 Phone: 02 9299-3688
 Fax: 02 9299-1655
 Web: www.barracksonbarrack.com.au

Combined Services RSL Club Co-operative Limited
Statement of source of funds for the year ended 31 December 2019

Funds from operations

Inflow of Funds	1,439,930	
Less: Outflows of Funds	1,090,613	
	<hr/>	349,317

Reductions in Assets

Current Assets

Other debtors	(6,058)	
Inventories	5,700	
	<hr/>	(358)

Fixed Assets

Less: Provision for Depreciation	50,587	
Less: Written off Amortisation	79,565	
	<hr/>	130,152

Increase in Liabilities

Current Liabilities

Trade Creditors	(25,552)	
GST on supplies	2,337	
Provision for Holiday Pay	<u>(2,393)</u>	
Provision for Long Service Leave	10,495	<u>(15,113)</u>

Non Current Liabilities

Provision for Super jackpot	<u>20,000</u>	<u>20,000</u>
		<hr/>
		483,998

Application of funds

Increase in assets

Cash at Bank		179,044
Plant & Equipment		170,273
Prepayments		<u>(8,406)</u>
		<hr/>
		340,911
		<hr/>

Combined Services RSL Club Co-operative Limited
Bar Income statement year ended 31 December 2019

	2019	2018
Sales	1,186,327	1,043,234
Less: Cost of Sales		
Stock on Hand 1 January 2019	37,040	44,303
Purchases	414,674	386,628
	451,714	430,931
Less: Stock on Hand 31 December 2019	42,740	37,040
Total cost of sales	408,974	393,891
Gross Profit on Bar Trading	777,353	649,343

Combined Services RSL Club Co-operative Limited

Income statement year ended 31 December 2019

Income	2019	2018
Bar	470,629	352,065
Poker machine	519,401	440,822
Keno	1,925	3,103
Members subscriptions	8,382	5,018
Interest received	5,767	5,124
Commission-ATM	5,895	3,869
Raffle	2,295	-
Profit on sale of asset	10,000	-
Total Income	1,024,294	810,001
Expenses		
Advertising	1,547	604
Air conditioning	7,960	16,815
Amortisation	79,565	97,226
Accounting & Audit	5,760	5,500
Bank fees	13,747	11,047
Cards	1,018	-
Cleaning	35,980	35,997
Club badge draw	4,150	3,045
Depreciation	50,587	46,117
Donations	4,860	100
FOX Sports	23,466	22,786
General expenses	17,798	5,994
Hiring charges	11,971	12,571
Holiday/long service leave	31,033	28,141
Insurance	47,565	50,866
Interest	587	-
Legal expenses	5,300	1,200
Lift maintenance	9,577	9,575
Light & power	66,304	64,055
Membership Mailouts	70	1,457
Maintenance – Catering	3,312	3,133
Maintenance	34,161	34,592
Super jackpot	20,000	50,000
O.P.E. – Directors	218	-
Postage	2,319	1,091
Printing & stationery	4,464	2,807
Poker league	14,094	12,686
Rates – council & water	56,580	63,619
Rent	164,307	161,489
Rubbish removal	17,948	13,871
Salaries & wages	144,846	170,479
Staff amenities	9,207	6,523
Social networking	3,034	2,820
Social Expenses	6,282	7,758
Subscriptions	4,026	4,016
Sundry licences	7,240	5,601
Superannuation – Club	48,474	45,292
Superannuation - Employees	-	460
Telephone	6,834	7,511
Training/Seminars	6,110	3,845
Under/over cash floats	(18)	(334)
Total	972,283	1,010,355
Net profit/(loss) before tax	52,011	(200,354)

Combined Services RSL Club Co-operative Limited Income statement year ended 31 December 2019

Profit and loss appropriation

Net profit/(loss) before tax	52,011	(200,354)
Profit/(loss) after tax	52,011	(200,354)
Accumulated funds at beginning of year	121,116	321,470
Add profit/(loss) this year	52,011	(200,354)
Total	173,127	121,116

Combined Services RSL Club Co-operative Limited
Registered Clubs Act, 1976
Section 38 (1)
Part 1

1. The attached Balance Sheet and Income Statement, and Notes are a true copy of the audited accounts of Combined Services R.S.L. Club Co-operative Limited for the year ended December 31, 2019 and the attached Auditor's Report is a true copy of the Auditor's Report thereon.
2. The following supplementary information as at that date is submitted in support of the attached Balance Sheet and Income Statement.

3. Assets

	2019	2018
<u>Cash</u>		
Cash at bank – Westpac	178,183	103,409
Cash on hand – Petty cash	1,000	1,000
Cash on hand – Poker machine float	27,400	27,400
Cash on hand – Till floats	2,600	2,600
Term deposits	300,000	200,000
ATM Float	25,000	20,730
Total	534,183	355,139
<u>Receivables</u>		
Prepayments	50,579	58,984
Other debtors	2,347	-
Total	52,926	58,984
<u>Inventories</u>		
Liquor	42,739	37,039
<u>Property, plant & equipment</u>		
Plant & equipment – at cost	1,586,582	1,415,790
Less: Accumulated depreciation	(1,329,129)	(1,279,024)
Sub-total	257,453	136,766
Leasehold improvements – at cost	975,393	975,393
Less: Accumulated Amortisation	(967,126)	(887,561)
Sub-total	8,267	87,832
Total	265,720	224,598
<u>Payables</u>		
Trade creditors and accruals	46,326	84,974
GST	8,035	5,701
Total	54,361	90,675

Combined Services RSL Club Co-operative Limited
Registered Clubs Act, 1976
Section 38 (1)
Part 1

<u>Employee Provisions</u>	2019	2018
Annual leave	29,141	31,534
Long service leave	29,603	16,301
Total	<u>58,744</u>	<u>50,642</u>
<u>Lease Liabilities</u>		
Current		
Lease liabilities – Poker Machines	59,150	-
	<u>59,150</u>	<u>-</u>
Non-current		
Lease liabilities – Poker Machines	76,958	-
	<u>76,958</u>	<u>-</u>
<u>Reserves</u>		
Replacement and maintenance of equipment	131,842	131,842
Capital profits	211,485	211,485
Total	<u>343,327</u>	<u>343,327</u>

Combined Services RSL Club Co-operative Limited
Registered Clubs Act, 1976
Section 38 (1)
Part 1

Balance Sheet as at 31 December 2019

Current Assets	2019	2018
Cash	534,183	355,139
Receivables	52,926	58,984
Inventories	42,739	37,039
Total Current Assets	629,848	451,162
Non Current Assets		
Plant & equipment	265,720	224,598
Total Non Current Assets	265,720	224,598
Total Assets	895,568	675,760
Current Liabilities		
Payables	54,361	90,675
Lease liabilities	59,150	-
Other financial liabilities	39,901	-
Employee provision	58,744	50,642
Total Current Liabilities	212,156	141,317
Non Current Liabilities		
Lease liabilities	76,958	-
Provision for Super Jackpot	90,000	70,000
Total Non Current Liabilities	166,958	70,000
Total Liabilities	379,114	211,317
Net Assets	516,454	464,443
Members Funds		
Reserves	343,327	343,327
Retained surplus	173,127	121,116
Total Member Funds	516,454	464,443

Combined Services RSL Club Co-operative Limited
Registered Clubs Act, 1976
Section 38 (1)
Part 1

Income Statement for the year ended 31 December 2019

(a) Bar Trading Statement	2019	2018
Sales	1,186,327	1,043,234
Less: Cost of Goods Sold	408,974	393,891
Gross Profit (Loss)	777,353	649,343
Percentage to Sales	65.53%	62.24%
Budgeted Percentage to Sales	60.00%	60.00%
Cost of Goods Sold		
Opening Stock	37,040	44,303
Add: Purchases	414,674	386,628
	451,714	430,931
Less: Closing Stock	42,740	37,040
	408,974	393,891
 (b) Poker Machine Account		
Clearances	1,984,574	1,984,574
PM GST Rebate	17,180	21,475
Less: Prizes (not paid by machine)	1,373,441	1,391,392
Refills & G.S.T.		
Net Receipts (Inc. GST)	628,313	614,657
Less Expense		
Poker Machine system	2,640	8,264
Supervision & service	11,774	23,196
Wages - poker machines	51,264	42,981
Poker machine leases	26,280	32,484
CMS fee	16,955	15,328
Total	108,912	122,253
Poker machine trading profit/(loss)	519,401	492,404
 Number of Machines	 29	 29

Combined Services RSL Club Co-operative Limited
Registered Clubs Act, 1976
Section 38 (1)
Part 1

Directors Expenses

Meals and Liquor Supplied	6,282	7,758
Other - Reimbursement out of pocket Expenses	218	-
Directors' Honoraria	-	-

Meal and Liquor Supplied To:

Staff	9,207	6,523
Staff numbers as at the beginning of the year to which the attached accounts related:		
Permanent	5	5
Casual	13	11
Staff numbers at the end of the year	13	16
Permanent	4	5
Casual	9	13

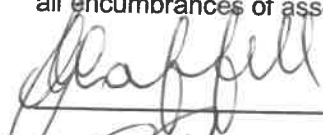
Lease Payments

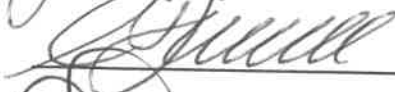
Other than Real Estate and Premises	-	-
Real Estate and Premises - 5-7 Barrack Street	164,307	161,489


Professional Fees

Auditing	5,760	5,500
Other - Stocktaking Fees	6,000	6,000
Legal Fees	5,300	1,200

We certify that the above supplementary information is to the best of our knowledge and belief, true and correct; all encumbrances of assets have been disclosed in the attached accounts and/ or supplementary information.


 _____ **Director**


 _____ **Director**


 _____ **General Manager**



Combined Services RSL Club Co-Operative Ltd

Independent Audit Report to the members of Combined Services RSL Club Co-Operative Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report, being a special purpose financial report of Combined Services RSL Club Co-Operative Ltd (the Club), which comprises the balance sheet as at 31 December 2019, the income statement and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Club is in accordance with the Co-operatives National Law, including:

- (i) giving a true and fair view of the Club's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- (ii) complying with the accounting policies described in Note 1 to the financial statements.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Club in accordance with the auditor independence requirements of the 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 Club, would be in the same terms if given to the directors as at the same 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.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial report, which describes the basis of accounting. The financial report is prepared to assist the Club in meeting its financial reporting obligations under the Co-operatives National Law. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the Club and should not be distributed to or used by parties other than the Club. Our opinion is not modified in respect of this matter.

Liability limited by a Scheme approved under Professional Standards Legislation

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Combined Services RSL Club Co-Operative Ltd

Independent Audit Report to the members of Combined Services RSL Club Co-Operative Ltd

Material Uncertainty Related to Going Concern

Without modifying our opinion, we draw attention to Note 1 of the financial report which outlines the impact that the COVID-19 pandemic has had on the operations of the Club and Management's implementation of the emergency business plan in response. Should the emergency business plan be unsuccessful, or if there are further significant impacts from COVID-19 (such as further Government mandated business closures), then the Club may not be able to continue as a going concern. Thus, there exists a material uncertainty that may cast significant doubt about the Club's ability to continue as a going concern and therefore, the Club may be unable to realise its assets and discharge its liabilities in the normal course of business and at the amounts stated in the financial report.

Responsibilities of Management and Those Charged with Governance

Management is responsible for the preparation and fair presentation of the financial report in accordance with applicable Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Club's financial reporting process.

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 Club's internal control.

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Combined Services RSL Club Co-Operative Ltd

Independent Audit Report to the members of Combined Services RSL Club Co-Operative Ltd

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management's 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 Club'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 Club to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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 management 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.

ICP Assurance Services Pty Ltd
Authorised Audit Company

A handwritten signature in black ink, appearing to read 'Christopher Wong'.

Christopher Wong
Director

Sydney NSW 2000

22 September 2020

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