

DURAL COUNTRY CLUB LIMITED
(A Company Limited by Guarantee)
A.B.N. 37 773 073 193

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019

DURAL COUNTRY CLUB LIMITED
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DURAL COUNTRY CLUB LIMITED
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DIRECTORS' REPORT

The directors submit their report together with the annual financial report of Dural Country Club Limited (“the company”) for the year ended 30 June 2019.

Directors

The names of the directors in office at the date of this report are:

Name	Appointed	Qualification
J. Puleo	23 January 2012	Solicitor
G. Truelove	28 January 2014	Mechanical Engineer
G. Scoble	30 November 2016	Retired School Principal
M. Nicholson	29 January 2018	Retired Academic
D. Wightley	27 November 2018	Regional Manager

Directors Resigned

Name	Resigned	Qualification
A. Calacoci	27 November 2018	Horticulturist
A. Billyard	27 November 2018	Builder

Meetings of Directors

	Meetings Held whilst Director	Meetings Attended
J. Puleo	11	11
M. Nicholson	11	11
G. Truelove	11	11
G. Scoble	11	11
D. Wightley	7	7
A. Billyard	4	4
A. Calacoci	4	3

Company Secretary

J. Puleo was appointed Company Secretary on 18 April 2016.

Results and Dividends

The total comprehensive (loss) after tax for the year amounted to (\$98,567) (2018: total comprehensive profit \$617,800). The net profit after tax for the year amounted to \$191,433 (2018: \$37,800). The earnings before interest, depreciation and tax (“EBIDT”) for the year amounted to \$385,793 (2018: \$255,934).

Beverage gross profit percentage at 30 June 2019 is 62.2% (2018: 60.5%).

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DIRECTORS' REPORT (Continued)

Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors believe support will continue in its present form from the company's bankers and unsecured creditors. The directors also expect the company to continue to improve trading activities and profitability as a result of continued cost savings.

However, notwithstanding the improvement in profitability, there were conditions as at 30 June 2019 which give rise to business risks that cast doubt about the going concern assumption. They are as follows:

- The company's lending facilities from the Australia and New Zealand Banking Group Limited ("ANZ") includes a secured overdraft facility of \$150,000. At 30 June 2019, the overdraft was \$105,067;
- At 30 June 2019, the company's cash position available for trading was \$146,181; and
- Current liabilities exceeded current assets by \$139,021.

The ability of the company to meet its obligations as and when they fall due is dependent on:

- the continuing financial support of its unsecured creditors;
- profitable trading sufficient to service loan commitments; and
- complying with the current terms of the ANZ loan agreement.

Objectives

Short Term

The short term organisational objective is to ensure profitability through the provision of high quality facilities within a secure, friendly and professional environment for members & guests and compliance with the secured creditor's loan agreement. This will allow the company to continue supporting the needs of the community.

Long Term

The long term organisational objective is to provide enhanced facilities to members and guests. The board and management will continue to review progress and amend objectives where necessary.

Strategy for Achieving the Objectives

The primary strategies for achieving these objectives is sound financial management through the use of relevant budgets and cash flows and compliance with the loan agreement that are continually monitored and measured with key performance indicators ("KPIs") and ratio analysis.

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DIRECTORS' REPORT (Continued)

Principal Activities

The principal activity of the company during the financial year remained unchanged and was the operation of a registered club.

How these Activities Assist in Achieving the Objectives

The activities assist in generating revenue to fund first class facilities to members.

Performance Measurement and Key Performance Indicators

A number of KPIs are analysed in order to measure the performance of the business. These include earnings before interest and depreciation, gross profits percentages, expenses to sales percentages, current ratio, debt and other ratios. These results are incorporated into a financial report that is reviewed by the board and management monthly.

Insurance of Officers and Directors

During the financial year, the company paid a premium to insure the directors and officers against a liability for costs or expenses to defend legal proceedings arising in their capacity as officers of the company. Disclosure of the amount of the premium and nature of the cover is prohibited under the policy.

Except for the above, the company has not, during or since the end of the financial year, in respect of any person who is or has been an officer or auditor of the company or of a related body corporate:

- indemnified or made any relevant agreement for indemnifying against a liability, including costs and expenses in successfully defending legal proceedings; or
- paid or agreed to pay a premium in respect of a contract insuring against a liability for the costs or expenses to defend legal proceedings.

Matters Subsequent to Reporting Period

Except as disclosed above, no matters or circumstances have arisen since 30 June 2019 that have significantly affected or may significantly affect in subsequent financial years:

- (i) the operations of the company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the company.

Changes in State of Affairs

During the financial year, there was no significant change in the state of affairs of the company other than that referred to in the financial statements or notes thereto.

Capital Commitments

There were no capital commitments outstanding as at 30 June 2019.

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DIRECTORS' REPORT (Continued)

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The Lead Auditor's Independence Declaration is set out on the following page and forms part of the directors' report for the financial year ended 30 June 2019.

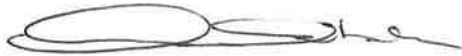
Signed in accordance with a resolution of the directors:

Director J Puleo



Director

M Nicholson



Dated at Dural:


6th NOVEMBER 2019

The Board of Directors
Dural Country Club Limited
662A Old Northern Road
DURAL NSW 2158

Dear Board Members

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

In relation to our audit of the financial report of Dural Country Club Limited for the year ended 30 June 2019, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



V J RYAN & CO
Chartered Accountants

Level 5
255 George Street
Sydney NSW 2000



Peter Gerard Crawford
Partner

Dated at Dural: 6.11.2019

DURAL COUNTRY CLUB LIMITED
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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Revenue	5	1,938,652	2,259,147
Cost of Goods Sold		(308,543)	(344,221)
Direct Costs Attributable to Trading Revenue		(743,559)	(844,001)
Administrative, Member & Facility Expenses		<u>(500,757)</u>	<u>(814,991)</u>
PROFIT BEFORE DEPRECIATION, FINANCE COSTS AND INCOME TAX EXPENSE		385,793	255,934
Depreciation		<u>(65,388)</u>	<u>(97,345)</u>
PROFIT BEFORE FINANCE COSTS AND INCOME TAX EXPENSE		320,405	158,589
Finance Costs		<u>(128,139)</u>	<u>(120,789)</u>
PROFIT BEFORE INCOME TAX EXPENSE		192,266	37,800
Income Tax Expense	6	<u>(833)</u>	-
NET PROFIT FOR THE YEAR		191,433	37,800
OTHER COMPREHENSIVE INCOME			
<i>Items that may be Reclassified Subsequently to Profit or Loss</i>		-	-
<i>Items that will not be Reclassified to Profit or Loss</i>		<u>(290,000)</u>	<u>580,000</u>
TOTAL COMPREHENSIVE (LOSS) / PROFIT FOR THE YEAR		<u><u>(98,567)</u></u>	<u><u>617,800</u></u>

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements.

DURAL COUNTRY CLUB LIMITED
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STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and Cash Equivalents	8	146,181	68,109
Trade and Other Receivables	9	18,113	472
Inventories	10	15,910	10,777
Other Assets	11	<u>21,270</u>	<u>26,433</u>
TOTAL CURRENT ASSETS		<u>201,474</u>	<u>105,791</u>
NON-CURRENT ASSETS			
Intangible Assets	12	870,000	1,160,000
Property, Plant and Equipment	13	<u>7,718,372</u>	<u>7,752,849</u>
TOTAL NON-CURRENT ASSETS		<u>8,588,372</u>	<u>8,912,849</u>
TOTAL ASSETS		<u>8,789,846</u>	<u>9,018,640</u>
CURRENT LIABILITIES			
Trade and Other Payables	14	138,751	192,047
Tax Liabilities	15	833	-
Interest Bearing Loans and Borrowings	16	141,067	3,009,780
Hire Purchase and Equipment Finance	17	30,550	83,015
Provisions	18	22,844	24,110
Other Liabilities	19	<u>6,450</u>	<u>2,050</u>
TOTAL CURRENT LIABILITIES		<u>340,495</u>	<u>3,311,002</u>
NON-CURRENT LIABILITIES			
Interest Bearing Loans and Borrowings	16	2,902,500	29,300
Hire Purchase and Equipment Finance	17	-	30,550
Provisions	18	<u>9,928</u>	<u>12,298</u>
TOTAL NON-CURRENT LIABILITIES		<u>2,912,428</u>	<u>72,148</u>
TOTAL LIABILITIES		<u>3,252,923</u>	<u>3,383,150</u>
NET ASSETS		<u>5,536,923</u>	<u>5,635,490</u>
EQUITY			
Reserves	20	2,801,226	3,091,226
Retained Earnings	21	<u>2,735,697</u>	<u>2,544,264</u>
TOTAL EQUITY		<u>5,536,923</u>	<u>5,635,490</u>

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements.

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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities:			
Receipts from Members & Visitors		1,925,065	2,192,325
Payments to Suppliers and Employees		(1,609,761)	(2,162,357)
Interest Paid		(128,139)	(120,769)
Interest Received		346	262
Net Cash Provided By / (Used In) Operating Activities	22 (a)	<u>187,511</u>	<u>(90,539)</u>
Cash Flows from Investing Activities:			
Purchase of Property, Plant and Equipment		(30,911)	(35,358)
Proceeds from Sale of Intangibles		-	125,000
Net Cash (Used In) / Provided By Investing Activities		<u>(30,911)</u>	<u>89,642</u>
Cash Flows from Financing Activities:			
Net Repayment in Borrowings		(108,815)	(11,221)
Net Cash (Used In) Financing Activities		<u>(108,815)</u>	<u>(11,221)</u>
Net Increase / (Decrease) in Cash Held		47,785	(12,118)
Cash and Cash Equivalents at Beginning of the Year		(6,671)	5,447
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	22 (b)	<u>41,114</u>	<u>(6,671)</u>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements.

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2019

	Retained Earnings	Reserves	Total Equity
	\$	\$	\$
At 30 June 2017	2,446,464	2,571,226	5,017,690
Total Comprehensive Income for the Year			
Profit for the Year	37,800	-	37,800
Other Comprehensive Income			
Increase in Reserve	-	580,000	580,000
Other Transfers			
Write back of Reserve	60,000	(60,000)	-
At 30 June 2018	2,544,264	3,091,226	5,635,490
Total Comprehensive Income for the Year			
Profit for the Year	191,433	-	191,433
Other Comprehensive Income			
Decrease in Reserve	-	(290,000)	(290,000)
At 30 June 2019	<u>2,735,697</u>	<u>2,801,226</u>	<u>5,536,923</u>

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

1 CORPORATE INFORMATION

The financial report of Dural Country Club Limited (“the company”) for the year ended 30 June 2019 was authorised for issue in accordance with a resolution of the directors on the date of authorisation of the directors’ declaration.

The company is limited by guarantee and incorporated in Australia. The company is a not for profit entity for financial reporting purposes under Australian Accounting Standards.

The nature of the operations and principal activity of the company is a registered club.

2 BASIS OF PREPARATION

The financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (including Australian Accounting Interpretations adopted by the Australian Accounting Standards Board) and the *Corporations Act 2001*.

The financial statements, except the cash flow information, have been prepared on an accrual basis and are based on historical costs, except for certain assets which are at valuation.

Unless otherwise stated, the accounting policies have been consistently applied with those of the previous year. The financial report is presented in Australian dollars.

3 CHANGE IN ACCOUNTING POLICY

Financial Instruments - Adoption of AASB 9

The company has adopted *AASB 9 Financial Instruments* for the first time in the current year with a date of initial adoption being 1 July 2018. The adoption of the new standard has had no financial impact on the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Going Concern

The financial statements have been prepared on a going concern basis which contemplates the continuity of normal business and the realisation of assets and settlement of liabilities in the ordinary course of business.

The directors believe support will continue in its present form from the company's bankers and unsecured creditors. The directors also expect the company to continue to improve trading activities and profitability due to continued cost savings.

However, notwithstanding the improvement in profitability, there were conditions as at 30 June 2019 which give rise to business risks that cast doubt about the going concern assumption. They are as follows:

- The company's lending facilities from the ANZ includes a secured overdraft facility of \$150,000. At 30 June 2019, the overdraft was \$105,067;
- At 30 June 2019, the company's cash position available for trading was \$146,181; and
- Current liabilities exceeded current assets by \$139,021.

The ability of the company to meet its obligations as and when they fall due is dependent on:

- the continuing financial support of its unsecured creditors;
- profitable trading sufficient to service loan commitments; and
- complying with the current terms of the ANZ loan agreement.

(b) Revenue Recognition

Revenue is recognised to the extent that it is probable that the accrued benefits will flow to the company. The following specific recognition criteria also apply before revenue is recognised:

Bar, Catering and Poker Machine Revenue

Revenue from bars, catering and poker machines are recognised on a receipts basis.

Commission and Interest Revenue

Keno & TAB commission and interest income are recognised on an accrual basis.

Sale of Non-Current Assets

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Subscriptions

Subscriptions are recognised on a receipts basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Income Tax

The company is subject to income tax on its investment income and on the income derived from non-members, less all allowable deductions applicable to this assessable income.

Income derived from members is not subject to income tax in accordance with the principle of mutuality.

It is therefore inappropriate to compare income tax payable with net income disclosed in the Statement of Profit or Loss and Other Comprehensive Income. There are no material temporary differences.

(d) Cash and Cash Equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at bank together with short term deposits with a maturity of twelve months or less.

(e) Trade and Other Receivables

The collectability of debts is assessed at the reporting date and a specific provision is made for any doubtful debts.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventories on an average cost basis.

(g) Intangible Assets

Poker machine entitlements (“PMEs”) are recognised at directors’ valuation, which is equivalent to their fair value, based on the company being classified by the Australian Bureau of Statistics, Statistical Area 2, Band 1 category. PMEs are not amortised as they have an infinite life.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, Plant and Equipment

Property, plant and equipment are stated at cost, independent or directors' valuation, less accumulated depreciation and any impairment in value.

Freehold Land and Buildings

Freehold land and buildings are shown at fair value which is based on periodic valuations by external independent valuers. Additions since the valuation are recognised at cost. In periods when the freehold land and buildings are not subject to an independent valuation, the directors conduct their own valuation and assessment to ensure the carrying amount of land and buildings is not materially different to the fair value.

The company does not depreciate the buildings component as the directors believe the residual value of the asset exceeds its carrying value.

Plant, Equipment and Poker Machines

These assets are measured on the cost model and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, excluding land and buildings. The expected useful lives are as follows:

- Ground Improvements – 40 years
- Plant and Equipment – 5 to 15 years
- Poker Machines – 3 to 4 years

The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(i) Impairment of Assets

At each reporting date, the company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

(j) Trade and Other Payables

Trade creditors and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

4 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership are transferred to the company are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are amortised over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(l) Provisions

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

(m) Employee Entitlements

Provision is made for entitlements accruing to employees in relation to wages, salaries, annual leave, long service leave and other benefits where the company has a present obligation to pay resulting from employees' services provided up to reporting date.

- Wages, salaries, annual leave and sick leave – liabilities for employee benefits for wages, salaries and annual leave which are expected to be settled within 12 months of year-end. The provision has been calculated at current wage and salary rates including related on-costs. Sick leave is expensed as incurred.
- Long Service Leave – the liability for employee benefits for long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date. The portion of the long service leave liability not expected to be settled within 12 months is disclosed as a non-current liability.
- Superannuation – superannuation contributions by the company on a defined basis to an employee superannuation fund are charged as expenses when incurred. The company has no legal obligation to provide benefits to employees on retirement.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST"), except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO"). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST payable to the ATO is included as a current liability in the statement of financial position.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
5 REVENUE		
Sale of Goods	753,514	841,727
Poker Machine Revenue - Net Clearances	1,017,272	1,124,781
Commissions – TAB and Keno	16,169	24,006
Member Subscriptions	11,805	14,899
Profit on Sale of Poker Machine Entitlements	-	65,000
Interest Received	346	262
Insurance Recovery	-	35,980
Bowling Club Income	1,043	60,367
ATM Rebate	9,867	11,534
Rent Received	25,636	2,140
Liquor and Gaming Rebate	40,207	39,403
Ticket Sales, Room Hire and Other Income	62,793	39,048
	<u>1,938,652</u>	<u>2,259,147</u>
6 INCOME TAX EXPENSE		
A reconciliation of income tax applicable to net profit / (loss) before income tax at the statutory income tax rate to the effective income tax rate is as follows:		
Net Profit / (Loss)	192,266	37,800
At the Statutory Rate of 27.5% (2018: 27.5%)	52,873	10,395
Mutuality Adjustments	<u>(52,040)</u>	<u>(10,395)</u>
As reported in Statement of Profit or Loss and Other Comprehensive Income	<u>833</u>	<u>-</u>
7 AUDITOR'S REMUNERATION		
Amounts received or due and receivable by:		
V J Ryan & Co for:		
Audit of the Financial Statements	14,000	14,000
Other Services	<u>-</u>	<u>4,000</u>
	<u>14,000</u>	<u>18,000</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
8 CASH AND CASH EQUIVALENTS		
Current		
Cash on Hand	67,000	55,213
Term Deposit – National Australia Bank Limited	5,000	5,000
Cash at Bank – ANZ	<u>74,181</u>	<u>7,896</u>
	<u>146,181</u>	<u>68,109</u>
9 TRADE AND OTHER RECEIVABLES		
Current		
Trade and Other Receivables	<u>18,113</u>	<u>472</u>
10 INVENTORIES		
Current		
Beverage Stock	<u>15,910</u>	<u>10,777</u>
11 OTHER ASSETS		
Current		
Prepayments and Other Assets	<u>21,270</u>	<u>26,433</u>
12 INTANGIBLE ASSETS		
Non-Current		
Poker Machine Entitlements (“PMEs”) – At Directors’ Valuation	<u>870,000</u>	<u>1,160,000</u>

The company has 58 PMEs. The company is classified by the Australian Bureau of Statistics, Statistical Area 2, Band 1 category. The assets have been recognised at directors’ valuation which, in their opinion, is equivalent to their fair value. As a result of a reduction in market value of PMEs in the 2019 financial year, the directors decreased the reserve to reflect the current fair value.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
13 PROPERTY, PLANT & EQUIPMENT		
Non-Current		
Freehold Land & Buildings - At Cost, Independent or Directors' Valuation	7,520,600	7,520,600
Accumulated Depreciation	-	-
	<u>7,520,600</u>	<u>7,520,600</u>
Plant, Equipment and Poker Machines - At Cost	2,307,762	2,276,849
Accumulated Depreciation	<u>(2,109,990)</u>	<u>(2,044,600)</u>
	<u>197,772</u>	<u>232,249</u>
Total Property, Plant and Equipment	<u><u>7,718,372</u></u>	<u><u>7,752,849</u></u>

2012 Valuation

On 12 March 2012, the ANZ commissioned Wayne Wotton (Certified Practising Valuer No. 2221) to value the property situated at 662A Old Northern Road, Dural for the purposes of mortgage security assessment. The valuation assessed the market value of the property on a going concern basis at \$7,445,000 (ex GST). On an alternative use basis, the property was valued at \$5,000,000 (ex GST). The valuation was brought to account in 2012 with an increase in the asset revaluation reserve (**Refer Note 19**).

2017 Valuation

On 25 January 2017, the ANZ commissioned M J Davis Realty Appraisals to value the property situated at 662A Old Northern Road, Dural for the purposes of mortgage security assessment. The valuation assessed the market value of the property on an existing use basis at \$6,500,000 (ex GST). The Board disagrees with the valuation and it has not been reflected in the financial statements.

2017 Directors' Assessment

The directors disagree with the above 2017 valuation. The directors have determined the capitalised costs incurred since the 2012 valuation was undertaken together with current available property prices indicates the residual value of the land and buildings is currently greater than the carrying amount. As a result, the directors do not believe there is any impairment of this asset and do not consider a depreciation of the building to be required.

MOVEMENTS

Freehold Land & Buildings

Carrying Amount at Beginning of the Year	7,520,600	7,520,600
Additions	-	-
Depreciation	-	-
Carrying Amount at End of the Year	<u>7,520,600</u>	<u>7,520,600</u>

Plant, Equipment and Poker Machines

Carrying Amount at Beginning of the Year	232,249	294,236
Additions	30,911	35,358
Depreciation	<u>(65,388)</u>	<u>(97,345)</u>
Carrying Amount at End of the Year	<u>197,772</u>	<u>232,249</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
14 TRADE AND OTHER PAYABLES		
Current		
Trade Creditors	101,642	144,664
Accruals	37,109	47,383
	<u>138,751</u>	<u>192,047</u>
15 TAX		
Current		
Provision for Income Tax	<u>833</u>	-
16 INTEREST BEARING LOANS AND BORROWINGS		
LOANS		
Current		
Bank Overdrafts – ANZ	105,067	74,780
Secured Loan – ANZ	36,000	2,835,000
Loan – Related Party	-	100,000
	<u>141,067</u>	<u>3,009,780</u>
Non-Current		
Debentures	29,300	29,300
Secured Loan – ANZ	2,765,000	-
Loan – Related Party	108,200	-
	<u>2,902,500</u>	<u>29,300</u>
Terms of Borrowings - ANZ		
➤ The company’s lending facilities from the ANZ include a tailored business facility and overdraft facilities of \$2,810,000 and \$150,000 respectively. The facilities are repayable on demand.		
➤ At 30 June 2019, the tailored business facility was drawn to \$2,801,000 and the overdraft was \$105,067.		
➤ The tailored business facility expires on 2 March 2022 and is repayable as to principal and interest. At 30 June 2019 this facility had a principal amount due of \$2,801,000 of which \$36,000 has been classified as a current liability. The balance of \$2,765,000 has been classified as a non-current liability.		
➤ The facilities are secured by a first registered mortgage over the property at 662A Old Northern Rd, Dural and a general security agreement over all assets and acquired property.		
17 HIRE PURCHASE & EQUIPMENT FINANCE		
Current		
BOQ Equipment Finance Limited (“BOQ”)	<u>30,550</u>	<u>83,015</u>
Non-Current		
BOQ Equipment Finance Limited	<u>-</u>	<u>30,550</u>
Terms of Borrowing - BOQ		
➤ BOQ has provided facilities to acquire poker machines and gaming related equipment. Rental and instalment payments are to be made over thirty-six months and the facilities expire in August 2019 and March 2020.		
➤ Security for these facilities is a charge over the assets acquired as a result of the facilities provided.		

DURAL COUNTRY CLUB LIMITED
(A Company Limited by Guarantee)
A.B.N. 37 773 073 193

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
18 PROVISIONS		
Current		
Provision for Annual Leave	<u>22,844</u>	<u>24,110</u>
Non-Current		
Provision for Long Service Leave	<u>9,928</u>	<u>12,298</u>
19 OTHER LIABILITIES		
Current		
Function Income in Advance	<u>6,450</u>	<u>2,050</u>
20 RESERVES		
Land and Buildings – Independent Valuation	1,931,226	1,931,226
Poker Machine Entitlements – Directors’ Valuation at Fair Value	<u>870,000</u>	<u>1,160,000</u>
	<u>2,801,226</u>	<u>3,091,226</u>
MOVEMENTS		
Poker Machine Entitlements Reserve		
Balance at Beginning of the Year	1,160,000	640,000
Reduction in Market Value	(290,000)	(60,000)
Increase this Year	<u>-</u>	<u>580,000</u>
Balance at End of the Year	<u>870,000</u>	<u>1,160,000</u>
➤ The land and buildings reserve was recognised in the 2012 financial year as a result of an independent valuation of land and buildings dated 12 March 2012.		
➤ The poker machine entitlements reserve was recognised in the 2014 financial year as a result of a directors’ valuation which, in their opinion, was below the then fair value. As a result of a reduction in market value of PME’s in the 2019 financial year, the directors decreased the reserve to reflect the current fair value.		
21 RETAINED EARNINGS		
Retained Earnings at beginning of the Financial Year	2,544,264	2,446,464
Net Profit for the Year	191,433	37,800
Reserve written back	<u>-</u>	<u>60,000</u>
Retained Earnings at end of the Financial Year	<u>2,735,697</u>	<u>2,544,264</u>

DURAL COUNTRY CLUB LIMITED
(A Company Limited by Guarantee)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
22 CASH FLOW INFORMATION		
(a) Reconciliation of Net Cash Provided by Operating Activities to Net Profit after Income Tax		
Net Profit for the Year	191,433	37,800
<i>Non-Cash Flows and Non-Operating Items in Operating Net Profit:</i>		
Depreciation	65,388	97,345
Profit on Sale of Intangibles	-	(65,000)
<i>Changes in Assets & Liabilities:</i>		
(Increase) in Receivables	(17,641)	(472)
Decrease / (Increase) in Other Assets	5,163	(540)
(Increase) / Decrease in Inventory	(5,133)	12,790
(Decrease) in Payables	(53,296)	(166,499)
Increase / (Decrease) in Income in Advance	4,400	(1,350)
(Decrease) in Provisions	(3,636)	(4,613)
Increase in Tax Payable	833	-
Net Cash Provided By / (Used In) Operating Activities	<u>187,511</u>	<u>(90,539)</u>
(b) Reconciliation of Cash		
For the purposes of the statement of cash flows, cash includes cash on hand and at bank, net of bank overdrafts. Cash at the end of financial year as shown in the statement of cash flows is reconciled to the related item in the statement of financial position as follows:		
Cash on Hand	67,000	55,213
Cash at Bank	79,181	12,896
Bank Overdraft	<u>(105,067)</u>	<u>(74,780)</u>
	<u>41,114</u>	<u>(6,671)</u>

23 MEMBERS' GUARANTEE

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$2 towards meeting any outstanding obligations of the company. At 30 June 2019 the number of financial members was 2,706 (2018: 1,940).

24 OPERATING LEASE COMMITMENTS

Not later than one year	75,755	105,136
Later than one year and not later than five years	<u>15,975</u>	<u>62,700</u>
	<u>91,730</u>	<u>167,836</u>

The operating leases relate to poker machines and office equipment.

DURAL COUNTRY CLUB LIMITED
(A Company Limited by Guarantee)
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
<hr/>		
25 KEY MANAGEMENT PERSONNEL DISCLOSURES		
Key Management Personnel		
The key management personnel are the directors as disclosed in the directors' report, and the senior management team of Cameron Bezer, Mervyn Fernandes and Grace Nati.		
Transactions with Key Management Personnel		
A Director, John Puleo, has a financial interest in a company, Tresky Pty Limited, which provided a loan of \$108,200 on 24 October 2018 for no fixed period with interest at 6% payable on the repayment of the loan. There is no intention to recall the loan within the next 12 months.		
The key management personnel compensation included in employee costs was:		
Short-Term Employee Benefits	<u>217,551</u>	<u>118,569</u>

26 EVENTS AFTER THE REPORTING PERIOD

No matters or circumstances have arisen since 30 June 2019 that have significantly affected or may significantly affect in subsequent financial years:

- (i) the operations of the company;
- (ii) the results of those operations; or
- (iii) the state of affairs of the company.

DURAL COUNTRY CLUB LIMITED
(A Company Limited by Guarantee)
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DIRECTORS' DECLARATION

The directors have determined that Dural Country Club Limited ("the company") is a reporting entity and have prepared a general purpose financial report in accordance with the accounting policies described in **note 2** to the financial statements.

In the opinion of the directors the company:

- (a) the financial statements and notes set out on pages 6 to 21 are in accordance with the *Corporations Act 2001*; including
 - (i) giving a true and fair view the company's financial position as at 30 June 2019 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date, and
 - (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.
- (b) there are reasonable grounds to believe that the company can meet its debts as and when they become due and payable, subject to the disclosures in **note 4 (a)** to the financial statements.

This declaration is made in accordance with a resolution of the directors:

Director


J Puleo

Director



M Nicholson

Dated at Dural: 6th NOVEMBER 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DURAL COUNTRY CLUB LIMITED

(A Company Limited by Guarantee)

A.B.N. 37 773 073 193

Qualified Opinion

We have audited the financial report of Dural Country Club Limited (“the company”) which comprise the Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, Statement of Cash Flows, Statement of Changes in Equity, Notes to the Financial Statements, other explanatory information, and the Directors' Declaration.

In our opinion, except for the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial report of Dural Country 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 30 June 2019 and its performance for the financial year ended on that date; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Qualified Opinion

Qualification – Impairment of Freehold Land and Buildings

The carrying value of land and buildings exceeds the property valuation amount carried out on 25 January 2017 by \$1,020,600. This indicates that the land and buildings are impaired. The company has not reflected this impairment in the financial report. The financial effects of the directors' decision not to adjust this would result in a decrease in freehold land and buildings, a decrease in the asset revaluation reserve and a decrease in other comprehensive income.

Qualification – Buildings Depreciation

The company has not complied with the criteria of *AASB 116 Property, Plant and Equipment* with respect to the recognition of depreciation on buildings. The buildings depreciation is estimated to be \$116,200 per annum. The financial effects of the directors' decision not to adjust this would result in an increase in the depreciation expense, a decrease in net profit and a decrease in total equity.

Material Uncertainty Relating to Going Concern

Without further qualification to the qualified opinion expressed above, attention is drawn to **note 4 (a)** to the financial statements which highlights the existence of uncertainty that may cast doubt concerning the company's ability to continue as a going concern and therefore whether the company will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DURAL COUNTRY CLUB LIMITED (Continued)

(A Company Limited by Guarantee)

A.B.N. 37 773 073 193

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 qualified opinion.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF

DURAL COUNTRY CLUB LIMITED (Continued)

(A Company Limited by Guarantee)

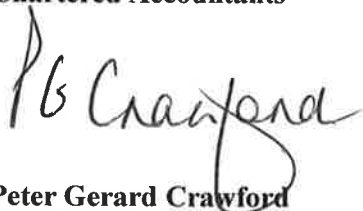
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We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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.



V J RYAN & CO
Chartered Accountants



Peter Gerard Crawford
Partner

Dated at Dural: 6.11.2019

Level 5
255 George Street
SYDNEY NSW 2000