

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 2020

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

| CONTENTS | PAGE |
|--|-------------|
| Directors' Report | 1 - 4 |
| Lead Auditor's Independence Declaration | 5 |
| Statement of Profit or Loss and Other Comprehensive Income | 6 |
| Statement of Financial Position | 7 |
| Statement of Cash Flows | 8 |
| Statement of Changes in Equity | 9 |
| Notes to the Financial Statements | 10 - 22 |
| Directors' Declaration | 23 |
| Independent Auditor's Report to the Members | 24 - 26 |

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

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 2020.

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 | 12 December 2018 | Regional Manager |
| J. Lennon | 17 December 2019 | Retired Accounts Payable and Expenditure Transformation Manager |
| S. Binskin | 24 March 2020 | Technical & Training Specialist (Insurance) |

Meetings of Directors

| | Meetings Held whilst Director | Meetings Attended |
|--------------|-------------------------------|-------------------|
| J. Puleo | 11 | 11 |
| G. Truelove | 11 | 11 |
| G. Scoble | 11 | 11 |
| M. Nicholson | 11 | 11 |
| D. Wightley | 11 | 11 |
| J. Lennon | 7 | 7 |
| S. Binskin | 4 | 4 |

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 (\$187,108) (2019: total comprehensive (loss) (\$98,567)). The net profit after tax for the year amounted to \$102,892 (2019: \$191,433). The earnings before interest, depreciation and tax ("EBIDT") for the year amounted to \$283,818 (2019: \$385,793).

Other Items

In March 2020, the World Health Organisation officially declared the Coronavirus (COVID-19) a pandemic. The directors acknowledge the current outbreak of COVID-19 and the increased economic volatility it has created on the operating activities of the company. This volatility has impacted on earnings and potentially asset values.

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.

However, notwithstanding the improvements in efficiency, there were conditions as at 30 June 2020 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 2020, the overdraft was \$49,900;
- At 30 June 2020, the company's cash position available for trading was \$74,183;
- Current liabilities exceeded current assets by \$153,381; and
- The financial effects of COVID-19 on the operating activities of the company and generally on the wider hospitality sector.

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.

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

The directors will continue to monitor the financial effects of COVID-19 which have also continued subsequent to the reporting date, however except as disclosed above, no specific matters or circumstances have arisen since the end of the financial year which 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 2020.

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

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 2020.

Signed in accordance with a resolution of the directors:



Director J Puleo



Director M Nicholson

Dated at Dural: *9th November 2020*

VJR
V.J. RYAN
& CO
CHARTERED ACCOUNTANTS
A.B.N. 55 704 784 107

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 2020, 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: 9.11.2020

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------|------------|
| Revenue | 5 | 1,550,568 | 1,938,652 |
| Cost of Goods Sold | | (265,844) | (308,543) |
| Direct Costs Attributable to Trading Revenue | | (518,268) | (743,559) |
| Administrative, Member & Facility Expenses | | (482,638) | (500,757) |
| PROFIT BEFORE DEPRECIATION, FINANCE COSTS AND INCOME TAX EXPENSE | | 283,818 | 385,793 |
| Depreciation | | (77,776) | (65,388) |
| PROFIT BEFORE FINANCE COSTS AND INCOME TAX EXPENSE | | 206,042 | 320,405 |
| Finance Costs | | (93,815) | (128,139) |
| PROFIT BEFORE INCOME TAX EXPENSE | | 112,227 | 192,266 |
| Income Tax Expense | 6 | (9,335) | (833) |
| NET PROFIT FOR THE YEAR | | 102,892 | 191,433 |
| 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> | | (290,000) | (290,000) |
| TOTAL COMPREHENSIVE (LOSS) FOR THE YEAR | | (187,108) | (98,567) |

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
(A Company Limited by Guarantee)
A.B.N. 37 773 073 193

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---------------------------------------|------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash and Cash Equivalents | 8 | 74,183 | 146,181 |
| Trade and Other Receivables | 9 | 750 | 18,113 |
| Inventories | 10 | 10,411 | 15,910 |
| Other Assets | 11 | 22,576 | 21,270 |
| TOTAL CURRENT ASSETS | | 107,920 | 201,474 |
| NON-CURRENT ASSETS | | | |
| Intangible Assets | 12 | 580,000 | 870,000 |
| Property, Plant and Equipment | 13 | 7,829,260 | 7,718,372 |
| TOTAL NON-CURRENT ASSETS | | 8,409,260 | 8,588,372 |
| TOTAL ASSETS | | 8,517,180 | 8,789,846 |
| CURRENT LIABILITIES | | | |
| Trade and Other Payables | 14 | 156,279 | 138,751 |
| Tax Liabilities | 15 | 9,335 | 833 |
| Interest Bearing Loans and Borrowings | 16 | 85,900 | 141,067 |
| Hire Purchase and Equipment Finance | 17 | - | 30,550 |
| Provisions | 18 | 8,587 | 22,844 |
| Other Liabilities | 19 | 1,200 | 6,450 |
| TOTAL CURRENT LIABILITIES | | 261,301 | 340,495 |
| NON-CURRENT LIABILITIES | | | |
| Trade and Other Payables | 14 | 60,888 | - |
| Interest Bearing Loans and Borrowings | 16 | 2,828,300 | 2,902,500 |
| Provisions | 18 | 16,876 | 9,928 |
| TOTAL NON-CURRENT LIABILITIES | | 2,906,064 | 2,912,428 |
| TOTAL LIABILITIES | | 3,167,365 | 3,252,923 |
| NET ASSETS | | 5,349,815 | 5,536,923 |
| EQUITY | | | |
| Reserves | 20 | 2,511,226 | 2,801,226 |
| Retained Earnings | 21 | 2,838,589 | 2,735,697 |
| TOTAL EQUITY | | 5,349,815 | 5,536,923 |

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

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

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|---------------|------------------|------------------|
| Cash Flows from Operating Activities: | | | |
| Receipts from Members & Visitors | | 1,515,184 | 1,925,065 |
| Payments to Suppliers and Employees | | (1,144,097) | (1,609,761) |
| Interest Paid | | (93,815) | (128,139) |
| Income Tax Paid | | (833) | - |
| Interest Received | | 144 | 346 |
| Net Cash Provided by Operating Activities | 22 (a) | 276,583 | 187,511 |
| Cash Flows from Investing Activities: | | | |
| Purchase of Property, Plant and Equipment | | (188,664) | (30,911) |
| Net Cash (Used In) Investing Activities | | (188,664) | (30,911) |
| Cash Flows from Financing Activities: | | | |
| Net Repayment in Borrowings | | (104,750) | (108,815) |
| Net Cash (Used In) Financing Activities | | (104,750) | (108,815) |
| Net (Decrease) / Increase in Cash Held | | (16,831) | 47,785 |
| Cash and Cash Equivalents at Beginning of the Year | | 41,114 | (6,671) |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR | 22 (b) | 24,283 | 41,114 |

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

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

| | Retained Earnings \$ | Reserves \$ | Total Equity \$ |
|--|-------------------------------------|------------------------|--------------------------------|
| 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 | 2,735,697 | 2,801,226 | 5,536,923 |
| Total Comprehensive Income for the Year | | | |
| Profit for the Year | 102,892 | - | 102,892 |
| Other Comprehensive Income | | | |
| Decrease in Reserve | - | (290,000) | (290,000) |
| At 30 June 2020 | <u>2,838,589</u> | <u>2,511,226</u> | <u>5,349,815</u> |

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

1 CORPORATE INFORMATION

The financial report of Dural Country Club Limited ("the company") for the year ended 30 June 2020 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 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.

However, notwithstanding the improvements in efficiency, there were conditions as at 30 June 2020 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 2020, the overdraft was \$49,900;
- At 30 June 2020, the company's cash position available for trading was \$74,183;
- Current liabilities exceeded current assets by \$153,381; and
- The financial effects of COVID-19 on the operating activities of the company and generally on the wider hospitality sector.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Revenue Recognition

The company applies AASB 1058: *Income of Not-for-Profit Entities* and AASB 15: *Contracts with Customer*. AASB 15 requires revenue to be recognised when control of a promised good or service is passed to the customer at an amount which reflects the expected consideration. 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.
5. Recognise revenue.

The following specific recognition criteria also apply before revenue is recognised:

Poker machine and other gaming revenue

Poker machine and other gaming revenue is the net difference between gaming wins and losses and is recognised at a point in time upon the outcome of the play or game.

Beverage sales

Beverage sales are recognised at the point in time the goods are provided to the customer.

Membership revenue

Membership income is recognised as it is received.

Other club income

Other club income is recognised at a point in time when the given performance obligation is met.

Interest income

Interest revenue is recognised as it accrues.

Other income

Other income is recognised on an accrual basis when the company is entitled to that income.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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. PME's are not amortised as they have an infinite life.

(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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(k) Leases

At the lease commencement, the company recognises a right-of-use asset and associated lease liability for the lease term. The lease term includes extension periods where the company 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 company'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 company'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 company has elected to apply the exceptions to lease accounting for both short-term leases (i.e. leases with a term of less than or equal to 12 months) and leases of low-value assets. The company recognises the payments associated with these leases as an expense on a straight-line basis over the lease term.

(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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(o) Critical Accounting Estimates and Judgments

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

3 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) **New Standards and Interpretations**

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the company.

Revenue from Contracts with Customers - Adoption of AASB 15

The company has adopted AASB 15 *Revenue from Contracts with Customers* and AASB 1058 *Income of Not-for-Profit Entities* for the first time in the current year with a date of initial application of 1 March 2019. The company has applied AASB 15 and AASB 1058 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118, AASB 1004 and related interpretations. There was no material impact in adopting these standards.

Leases - Adoption of AASB 16

From 1 July 2019 the company has adopted AASB 16 Leases using the modified retrospective method. This means the comparative information for the year ended 30 June 2019 has not been restated and has been prepared in accordance with AASB 117 Leases and associated Accounting Interpretations.

Under AASB 117, the company assessed whether leases were operating or finance leases based on its assessment of whether the significant risks and rewards of ownership had been transferred to the company or remained with the lessor. Under AASB 16, there is no differentiation between finance and operating leases for the lessee and therefore all material leases which meet the definition of a lease are recognised in the statement of financial position.

An exception exists to the above-mentioned treatment for short term leases and leases of low value assets. The company has adopted this exception and lease expenses are recognised in profit or loss. There was no financial impact on the statement of profit or loss and other comprehensive income in adopting AASB 16.

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 2020**

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| 5 REVENUE | | |
| Revenue from contracts with customers | | |
| - Sale of goods | 546,668 | 753,611 |
| - Rendering of services & sundry revenues | 1,003,900 | 1,185,041 |
| | <u>1,550,568</u> | <u>1,938,652</u> |
| Disaggregation of revenue from contracts with customers | | |
| Revenue from contracts with customers has been disaggregated based on type of good or service and the following table shows this breakdown: | | |
| - Gaming revenues | 760,007 | 1,034,453 |
| - Beverage revenues | 465,995 | 627,836 |
| - Coffee shop revenues | 80,673 | 125,775 |
| - Membership subscriptions | 7,880 | 11,860 |
| - Other club services | 122,039 | 138,728 |
| - Government subsidies | 113,974 | - |
| Revenue from contracts with customers | <u>1,550,568</u> | <u>1,938,652</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 | 112,227 | 192,266 |
| At the Statutory Rate of 27.5% (2019: 27.5%) | 30,862 | 52,873 |
| Mutuality Adjustments | (21,527) | (52,040) |
| As reported in Statement of Profit or Loss and Other Comprehensive Income | <u>9,335</u> | <u>833</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 | 3,000 | - |
| | <u>17,000</u> | <u>14,000</u> |
| 8 CASH AND CASH EQUIVALENTS | | |
| Current | | |
| Cash on Hand | 27,875 | 67,000 |
| Term Deposit – National Australia Bank Limited | 5,000 | 5,000 |
| Cash at Bank – ANZ | 41,308 | 74,181 |
| | <u>74,183</u> | <u>146,181</u> |

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 2020**

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| 9 TRADE AND OTHER RECEIVABLES | | |
| Current | | |
| Trade and Other Receivables | <u>750</u> | <u>18,113</u> |
| 10 INVENTORIES | | |
| Current | | |
| Beverage Stock | <u>10,411</u> | <u>15,910</u> |
| 11 OTHER ASSETS | | |
| Current | | |
| Prepayments and Other Assets | <u>22,576</u> | <u>21,270</u> |
| 12 INTANGIBLE ASSETS | | |
| Non-Current | | |
| Poker Machine Entitlements ("PMEs") – At Directors' Valuation | <u>580,000</u> | <u>870,000</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 2020 financial year, the directors decreased the reserve to reflect the current fair value.

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 2020**

| | 2020 \$ | 2019 \$ |
|---|-------------------------|-------------------------|
| 13 PROPERTY, PLANT & EQUIPMENT | | |
| Non-Current | | |
| Freehold Land & Buildings - At Cost, Independent and 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 | 1,441,483 | 2,307,762 |
| Accumulated Depreciation | <u>(1,132,823)</u> | <u>(2,109,990)</u> |
| | <u>308,660</u> | <u>197,772</u> |
| Total Property, Plant and Equipment | <u>7,829,260</u> | <u>7,718,372</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 20).

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.

2020 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 | 197,772 | 232,249 |
| Additions | 188,664 | 30,911 |
| Depreciation | <u>(77,776)</u> | <u>(65,388)</u> |
| Carrying Amount at End of the Year | <u>308,660</u> | <u>197,772</u> |

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 2020**

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| 14 TRADE AND OTHER PAYABLES | | |
| Current | | |
| Trade Creditors | 83,941 | 101,642 |
| Accruals | 72,338 | 37,109 |
| | <u>156,279</u> | <u>138,751</u> |
| Non-Current | | |
| Trade Creditors | <u>60,888</u> | - |
| 15 TAX | | |
| Current | | |
| Provision for Income Tax | <u>9,335</u> | 833 |
| 16 INTEREST BEARING LOANS AND BORROWINGS | | |
| Current | | |
| Bank Overdrafts – ANZ | 49,900 | 105,067 |
| Secured Loan – ANZ | 36,000 | 36,000 |
| | <u>85,900</u> | <u>141,067</u> |
| Non-Current | | |
| Debentures | 29,300 | 29,300 |
| Secured Loan – ANZ | 2,729,000 | 2,765,000 |
| Loan – Related Party | 70,000 | 108,200 |
| | <u>2,828,300</u> | <u>2,902,500</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 2020, the tailored business facility was drawn to \$2,765,000 and the overdraft was \$49,900. | | |
| ➤ The tailored business facility expires on 2 March 2022 and is repayable as to principal and interest. At 30 June 2020 this facility had a principal amount due of \$2,765,000 of which \$36,000 has been classified as a current liability. The balance of \$2,729,000 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>-</u> | <u>30,550</u> |
| Terms of Borrowing - BOQ | | |
| ➤ BOQ provided finance to acquire poker machines and gaming related equipment, the repayments for which expired during 2020. | | |

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 2020

| | 2020 \$ | 2019 \$ |
|---|------------------|------------------|
| 18 PROVISIONS | | |
| Current | | |
| Provision for Annual Leave | <u>8,587</u> | <u>22,844</u> |
| Non-Current | | |
| Provision for Long Service Leave | <u>16,876</u> | <u>9,928</u> |
| 19 OTHER LIABILITIES | | |
| Current | | |
| Function Income in Advance | <u>1,200</u> | <u>6,450</u> |
| 20 RESERVES | | |
| Land and Buildings – Independent Valuation | 1,931,226 | 1,931,226 |
| Poker Machine Entitlements – Directors’ Valuation at Fair Value | <u>580,000</u> | <u>870,000</u> |
| | <u>2,511,226</u> | <u>2,801,226</u> |
| MOVEMENTS | | |
| Poker Machine Entitlements Reserve | | |
| Balance at Beginning of the Year | 870,000 | 1,160,000 |
| Reduction in Market Value | <u>(290,000)</u> | <u>(290,000)</u> |
| Balance at End of the Year | <u>580,000</u> | <u>870,000</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 2020 financial year, the directors decreased the reserve to reflect the current fair value. | | |
| 21 RETAINED EARNINGS | | |
| Retained Earnings at beginning of the Financial Year | 2,735,697 | 2,544,264 |
| Net Profit for the Year | <u>102,892</u> | <u>191,433</u> |
| Retained Earnings at end of the Financial Year | <u>2,838,589</u> | <u>2,735,697</u> |

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 2020

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| 22 CASH FLOW INFORMATION | | |
| (a) Reconciliation of Net Cash Provided by Operating Activities to Net Profit after Income Tax | | |
| Net Profit for the Year | 102,892 | 191,433 |
| <i>Non-Cash Flows and Non-Operating Items in Operating Net Profit:</i> | | |
| Depreciation | 77,776 | 65,388 |
| <i>Changes in Assets & Liabilities:</i> | | |
| Decrease / (Increase) in Receivables | 17,363 | (17,641) |
| Decrease / (Increase) in Inventory | 5,499 | (5,133) |
| (Increase) / Decrease in Other Assets | (1,306) | 5,163 |
| Increase / (Decrease) in Payables | 78,416 | (53,296) |
| Increase in Tax Payable | 8,502 | 833 |
| (Decrease) in Provisions | (7,309) | (3,636) |
| (Decrease) / Increase in Income in Advance | (5,250) | 4,400 |
| Net Cash Provided by Operating Activities | <u>276,583</u> | <u>187,511</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 (Note 8) | 27,875 | 67,000 |
| Cash at Bank (Note 8) | 46,308 | 79,181 |
| Bank Overdraft (Note 16) | (49,900) | (105,067) |
| | <u>24,283</u> | <u>41,114</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 2020 the number of financial members was 2,439 (2019: 2,706).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020**

| | 2020 | 2019 |
|--|------|------|
| | \$ | \$ |

24 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 (resigned subsequent to 30 June 2020), 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 balance of the loan at 30 June 2020 had reduced to \$70,000.

The key management personnel compensation included in employee costs was:

| | | |
|------------------------------|---------|---------|
| Short-Term Employee Benefits | 182,983 | 217,551 |
|------------------------------|---------|---------|

25 EVENTS AFTER THE REPORTING PERIOD

Apart from the continuing effects of the COVID-19 pandemic no other matters or circumstances have arisen since 30 June 2020 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)
A.B.N. 37 773 073 193

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 22 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 2020 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 3 (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:

9th November 2020

**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 2020, the Statement of Financial Position as at 30 June 2020, Statement of Cash Flows, Statement of Changes in Equity, Notes to the Financial Statements for the year then ended, 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 2020 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 3 (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 our 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.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the directors' report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – 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.

**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

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

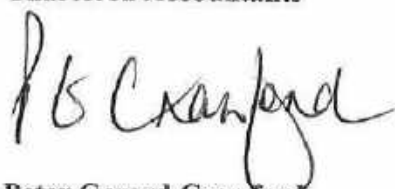
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If 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.
- 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

Level 5
255 George Street
SYDNEY NSW 2000



Peter Gerard Crawford
Partner

Dated at Dural: 9.11.2020