DEE
WHY
RSL

Annual Report.

FY2020

Dee Why RSL Life Members

Arday, JS*
Benefield, R*
Bilston, LJ*
Bonser, DF*
Bourke, LJ*
Broadway, B*
Brown, H*
Brown, VG*
Bryant, SP
Couchman, WT*
Elias, LL*
Fletcher, JT*
Gifford, WD*
Hall, CB
Hall, R*
Hayman, EH*
Hodge, WH*
Jackson, EW*
Jackson, Mrs T*
James, AG*
Jeffery, SN*
Knappstein, PB*
LaForest, Mrs M*
Lambert, RA*
Lecky, EC*
Morgan, K*
Moyle, AG*
Poole, R*
Robinson, L
Shiels, H*
Shore, Mrs L
Spencer, JH*
Thew, EO*
Vockler, JT*
West, JD*

Past Presidents

Usher, CAM	1945
Hamilton, A	1946
Thew, EO	1947 — 1955
Skene, H	1955 — 1958
Miles, AE	1958 — 1961
James, AG	1961 — 1963
Jackson, EW	1963 — 1966
Knappstein, PB	1966 — 1969
Lecky, EC	1969 — 1976
Poole, R	1976 — 1977
Shiels, H	1977 — 1981
Jackson, EW	1981 — 2004
Jeffery, SN	2004 — 2007
Olive, CC	2007 — 2011
Dalgarno, A	2011 — 2013

* deceased

Board of Directors

Graeme Liddell
President

Mark Rendell
Vice President

Mark Pitt
Treasurer

Peter Bell
Director

Graham Heiser
Director

Peter St. John
Director

Toby Williams
Director

Executive Team

Grant Easterby
Chief Executive Officer

Sarah Sutherland
Chief Financial Officer

Bruce McLean
Executive Manager
Operations & Compliance

Lauren Kekwick
Executive Manager
Marketing & Communications

Edmund Wong
Executive Manager
Gaming

Sheila Zakhar-Malone
Executive Manager
Community

Scott Drinkwater
Executive Chef

Nikki Noakes
Executive Manager
Veterans Centre Sydney
Northern Beaches

Friendship.
Fellowship.
Fun.

**A new camaraderie.
From our foundation to our future,
we are bound by one core value.**

Respect.

We respect our members.
We respect our community.
We respect each other.

And every night we pay our respects to the fallen.

Now as the sun sets on our founding generation, a new age is dawning for Dee Why RSL.

We have a vision.
The one thing that won't change is respect.

From the storied history within the Veteran Centre to the fresh architecture of our restaurants, bars, entertainment and gaming areas, we are mindful of our reason for being – to help.

That's why we undertook this evolution – to do better and be better, for ourselves, for our members and for the wider community.

Because behind the good times, we have a serious purpose.
In the spirit of service.
And it's our honour.

Our Evolution.

2017

July
Members were asked, "What do you want to see?"

2018

August
The redevelopment started with the southern carpark being demolished

September
Entry and exit changed due to works on the porte-cochère

November
60 tonnes of steel erected in less than a week and 90 cubic meters of concrete poured in one day

2019

January
Bulk excavation of the southern carpark commenced

February
Demolition around south eastern Match Bar started

March
Porte-cochère widened

April
Four excavators and three drilling rigs on site

May
2000+ tonnes of soil removed in one day

July
Flame and Cabanas closed and work on Battery House started

August
30m crane installed

First concrete poured for the new carpark

Lower reception entry changed

September
Demolition of lower reception

Start of porte-cochère ceiling works

Battery House kitchen installed

October
Carpark started going up

November
New roof over lower reception formed

2020

December
Carpark reached four levels from the basement up

Battery House retractable glass roof installed

Works on lower reception skylight started

January
Carpark reached street level

February
Top level of carpark poured

March
Battery House 90% completed

Porte-cochère tile work started and entry and exit changed

DYRSL closed its doors due to COVID-19

April
Porte-cochère Stage I is completed

May
Glass panels installed along carpark façade

June
DYRSL re-opened

Battery House welcomes it's first-ever patrons

Carpark scaffolding removed

July
Carpark opened

Greenery planted in porte-cochère and driveway cobble

Lower reception floor tiled

August
Reception, Carpark, porte-cochère and Bistro all completed!

More Restaurants and Bars to Come.

Community Support.

Minimum Contribution	$728,315
Voluntary Contribution	$1,056,667
Total Contribution	$1,784,982

In what can only be described as a year like no other, Dee Why RSL is extremely proud to have donated $1,784,982 in cash and in-kind funding to over 100 local community organisations in 2019-2020, despite the significant economic impact of COVID-19.

This funding went to organisations that are facing increased challenges due to the crisis, importantly those that support vulnerable children and women, mental health, homelessness, disabilities and veterans. DYRSL remains committed to our community, but the reality is times are tough.

Things may look a little different at the moment, but one thing that hasn't changed is our spirit of service, and to this end we are working tirelessly to bounce back stronger and more sustainable for future community support for the Northern Beaches.

Pictured above left: Be Centre heals through play therapy. Top right: VCSNB Service Delivery Team Leader Sue Lewis, with ADF Rehabilitation Team at HMAS Kuttabul. Bottom middle: Fighting Chance provides accessible bathrooms. Bottom right: The Community Pantry serves meals to those in need.

Be Centre Foundation

By supporting local disadvantaged children impacted by serious life challenges, Be Centre has had significant impact through their Play Therapy safe intervention program. Now faced with unprecedented challenges from COVID-19 and the bushfire crisis, they are experiencing an immense increase in demand over concerns of anxiety, social isolation and fear in children. It may take up to 12 months to get through the current waitlist.

Through your support, 12-week mental health support programs were given to local children impacted by trauma, enabling them to heal and move forward with their lives.

The Community Pantry

The Community Pantry is a dedicated group of volunteers providing free weekly hot meals to help those less fortunate. DYRSL's continued support has enabled them to continue their relied-upon assistance during the pandemic, adjusting their previous sit-down meals to COVID-19 safe takeaway dinners, while also providing an extra 40 weekly meals home delivered to vulnerable people.

Through your support 80 local people in need received free weekly hot meals.

Veterans Centre Sydney Northern Beaches (VCSNB)

The VCSNB has set new benchmarks for its ability to deliver compensation and wellbeing support to current and former ADF servicemen, women and their families who display levels of significant distress. DYRSL is proud to confirm that through the continued generosity of members and the community, the Centre has received significant support totalling $376,678 in 2019/20,

This support has enabled the successful develoment of an intervention triage care model. This model aims to prepare veterans with their own transition to civilian life, directing much needed civilian support for veteran medical, physical and vocational conditions.

Through your support the VCSNB has continued to provide a wide range of assistance to 140 families.

Fighting Chance Australia Ltd

Fighting Chance Australia creates work opportunities for people with disabilities. As a result of funding from DYRSL, a 200kg 'Luna' ceiling hoist was purchased and installed contributing to the fit-out of brand new accessible bathrooms in the new co-working space in Frenchs Forest. Accessible bathrooms are critical in the success of participation in work and social opportunities.

Through your support, up to 75 people with disabilities per day now have access to fully accessible bathrooms.

President's Report.

Graeme Liddell

On behalf of the Board of Directors, I am proud to submit for your approval and adoption the Annual Report and Financial Statements for the year ending 30 June 2020.

Building our future, while reflecting on the past

Although this year has seen us face a few challenges, due to a global pandemic, your Board continues to focus on responsible financial management to secure your Club's long term future.

This has allowed for the completion of our carpark, porte-cochère, reception, Battery House, and Bistro. I am sure you agree that the outcome is phenomenal and has brought some sunshine to what has been some pretty gloomy months.

The carpark is worth the drive down well below sea level just to experience a technological and geological masterpiece. And yes, there are two elevators that bring you directly up into reception.

The new reception area is stunning and now includes a huge LED screen for your entertainment. We call it our "Wow Wall" because - well, once you see it you will know why. Stay tuned for what we have planned to be on screen in the future.

Battery House is up and running. What a fabulous venue for a drink, a feed, a punt and to watch every sport televised on the largest screen on the Northern Beaches. If you haven't tried the wings as yet, you are missing out!

Finally, we welcome back our expanded Bistro. The food is again on view as well as being cooked to order, with roasts, lamb cutlets, lemon sole, and other favourites awaiting your pleasure.

Proudly supporting our community

Your Club's commitment to community sporting, charitable, cultural and educational groups, as well as our Intra Clubs, continues at a high level through the Club Grants Program. This program is built on the values on which Dee Why RSL was founded and ensuring our involvement is truly mutual and sustainable.

Unfortunately, COVID-19 has restricted many events and visitations to which I would be usually attend, and I hope our community friends, groups, their staff and volunteers know how much I greatly miss the interaction and regular catch ups we are used to having. It is certainly a different and difficult world in which we now live.

Camaraderie and compassion

Despite the need to grow and future proof, it is essential that we continue to acknowledge, to honour and to remember our veterans and those who paid the supreme sacrifice.

Our very own Veterans Centre Sydney Northern Beaches, located on Level 4, operated at full capacity throughout our recent closure. We ensured that the centre remained fully operational during this time to allow veterans and their families on the Northern Beaches, as well as a number of military bases around Sydney, continued access to vital advocacy services.

We have also welcomed the highly credentialled Nikki Noakes as the Centre Manager this year following Ben Webb's departure interstate.

This is about people

Your Board recognises the importance of a close relationship with local, state and federal authorities and we thank Mayor Michael Regan, The Hon. Brad Hazzard, MP and Jason Falinski, MP for their ongoing support.

I sincerely thank all of my Board colleagues for their contributions and commitment to your Club. Along with a full calendar of meetings, conferences and visitations, each Director is a Member of the Club Directors Institute and all have attended educational seminars and workshops ensuring that they are fully prepared to set the direction for your Club to move forward.

A culture of mutual respect between Board and Management is paramount for success. To this end I would like to express the Board's thanks to CEO, Grant Easterby and CFO, Sarah Sutherland together with the Executive Management team for the professional way in which they conduct themselves and represent your Club whilst maintaining members' interests as a priority.

It would be remiss of me not to acknowledge the contribution of all staff. Those back and front of house, cellar, and facilities have had a very difficult time over the last 12 months or so. If the unavoidable issues related to a huge redevelopment were not bad enough, the arrival of COVID-19 has taken us to a new level of challenges!

The closure of your Club was a very dark period of time for all. Upon reopening, numbers, spacing, restrictions and events all had to be addressed and ready for change at a moment's notice. I remain in awe at the way all staff embraced the jobs that had to be done with such professionalism and positiveness. Members, I'm sure you will support and thank the best staff in the industry.

In conclusion members, I would like to sincerely thank you. Your continued patience during our redevelopment and 'new norm' COVID-19 regulations is appreciated. I'm sure you agree that it's a small price to pay in order for your Club to continue its service to you all. Please stay safe and I hope to see you around your Club soon.

CEO's Report.

Grant Easterby

Well, it's been an interesting year to say the least! Despite all the challenges of the past year, I am pleased to report another successful result in difficult circumstances. The Treasurer's Report details a solid financial performance which, with continued diligence and persistence on a commercial focus, will ensure the long term viability for you the members, our staff and the community of the Northern Beaches.

So what's new?

In last year's Annual Report we notified members of the exciting development of a new industry leading sports bar called Battery House - based on the very beginnings of your Club over 70 years ago. Its been open since 6 June 2020 and has been an incredible success on all fronts. The contemporary design, based on extensive research, has resulted in a bar which perfectly fills the gap of a hospitality venue such as this on the Northern Beaches. Whilst challenging with COVID-19 restrictions, Battery House has hit capacity levels every week, easily surpassed what we believed to be aggressive revenue targets and resulted in a surge of new membership for your Club.

At the time of writing this report, we have just opened up the new main entrance, the driveway and porte cochère, the main foyer, and of course the brand new southern carpark which this time last year was the largest hole in the ground in Dee Why! So hopefully members will have no more parking capacity concerns when coming to enjoy the facilities of your Club.

And what's to come?

There's still a lot more to come! We anticipated bringing on the new food and beverage precinct towards the end of 2020. This would include exciting new bar and food options, live entertainment as well as the return of our ever popular Flame restaurant.

Due to the uncertainly of the COVID-19 environment, the responsible decision was made to defer the completion of these outlets until there was more certainty around the economic and social environment. This will mean a delay in bringing these outlets on line but members can expect to see this happen in the latter half of 2021.

It really is always about people

I've always said that clubs are not about bricks and mortar, they are not about bistros or bars or auditoriums – they are about people. This was never more evident to me than when COVID-19 struck and your Club was ordered to close its doors on 23 March 2020. In shutting down plant and equipment, securing the premises and not knowing what the future held there was an eerie feeling around.

As I walked around and saw the familiar rooms, and even Battery House all ready to open, somehow your Club had lost its soul, its spirit, its reason for being. It honestly felt terrible. What was this wonderful place for if there wasn't anyone in it? It was difficult to reconcile. Staff kept their chins up whilst they unpacked fridges, stored product and decommissioned bars and kitchens. Members came to the doors only to be turned away. And we all wondered what the future would hold.

I'm pleased to say your Club re-opened on 6 June 2020 and welcomed everyone back with open arms – well not literally – you're not allowed to do that at the moment!

Paying our respects

Whilst it was disappointing that we were unable to gather as a community as we usually do at Dee Why Beach for the Dawn Service, 2020 saw us pay our respects on ANZAC Day through the "Light up the Dawn" government initiative. Lighting candles in our driveways as the sun came up was moving and emotional, and still allowed us to pay our respects to those who have fallen in the service of their country and to all those who have since passed on. Lest We Forget.

The right team

We always give our thanks to people in the Annual Report, but this year a special thanks is due.

To our staff – in times of uncertainty for their own jobs and futures, they did whatever was asked and worked tirelessly to get your Club re-opened as quickly as possible.

To our suppliers – please know that you are key partners in our business and I genuinely thank you all for working through contracts, service agreements and just getting through this unprecedented time - often just on a handshake. These are the relationships we value.

To our Board – your strength and decisive leadership never wavered. In a voluntary capacity with the pressure on you stood up and were counted as one. The members are fortunate to have you as the custodians of DYRSL.

To our executive managers – simply outstanding, your commitment, loyalty and expertise steer this ship in the right direction every time, thank you.

To our members - whilst your needs will always drive what we strive to deliver, without your support your Club simply couldn't move forward. COVID-19 has been a challenge, no-one is in any doubt of that but at DYRSL we will navigate a way through this because we will do it together.

Stay safe, stay well, and I look forward to seeing you around your Club soon.

Treasurer's Report.

Mark Pitt

It is with pleasure that I submit for your approval and adoption, the Financial Statements for the Year ending 30 June 2020.

A year of two halves

The first half of the financial year 2019/20 saw strong performance and membership growth. Results were extremely solid and the construction of new Club facilities were proceeding well. The global pandemic, COVID-19, significantly impacted Club operations in the second half of the financial year. This included a government mandated closure for the entire club industry on 23 March. Your Club reopened on Saturday 6 June trading under COVID-19 restrictions.

The detrimental impact can be seen in the results but I am pleased to say that the launch of the new Battery House sports bar has seen record sales and record growth since opening on Saturday 6 June.

Revenue and diversified income streams

Revenue for the full year declined 27% with core revenue (food, beverage and gaming) being impacted by the closure and COVID-19 restrictions.

Revenue from diversified income streams saw 2% growth with solid income from the car wash offsetting COVID-19 rental relief that was provided to tenants including the childcare centre. Oceangrove Seniors' Living Village continues to be popular with a current waiting list of over 190 parties.

Interest income from cash held at the bank reduced by 54% to $0.6m as funds were invested in the completion of new member facilities. Overheads were tightly managed with significant reductions compared to last year.

The current environment saw a decline in the value of investment properties by $0.7m resulting in an overall profit before community support and tax of $4.1m. Just under half of this profit came from diversified income streams which have been strategically developed over the years to reduce your Club's reliance on gaming revenue. Your Board remains committed to providing financially sustainable community assets for the benefit of both your Club and the local area.

Helping the local community

Your Club was proud to provide $1.8m of cash and in kind support to the community despite the challenging environment. This equated to 44% of profit and reflects your Board's commitment to the local community, mental health and veterans. This donation far exceeded the compulsory contribution of $728k.

After a tax provision of $0.2m, Net Profit for the year of $2.1m is reported.

Solid financial position

Despite the challenging year and ongoing COVID-19 environment, your Club's Statement of Financial Position remains strong with Net Assets of $145m. Members can feel confident that these assets will continue to be managed responsibly for the long term benefit of both current and future generations.

Responsible delivery of new member facilities

As at the date of this report, the new carpark has reached completion and there is now ample parking with direct access straight into your Club. The new porte cochère, foyer and increased Bistro are providing members and guests with an enhanced experience. This project was tightly managed and, despite the challenges raised by COVID-19, it was completed significantly under budget. The fitout of the area to the east of Bistro will be completed in line with your Club's current strategic plan and will provide further new food and beverage outlets at that point in time. The strong contractual arrangements protected your Club and I thank our Chief Financial Officer for her diligence and expertise with these arrangements. The pre agreed debt facility was partially drawn to complete the works while retaining significant cash funds at bank to protect your Club and ultimately facilitate the completion of the new outlets. To that end, your Club had $23m of cash at bank at the end of the financial year. $8.8m of the $18m debt facility was drawn.

Members will again note a negative working capital position in the Statement of Financial Position. This is due to the 99 year leases with 6 month guaranteed buy back in the Oceangrove Seniors' Living Village. While the village is held as a Non Current Asset within "Investment Properties", the Resident Loans appear as a Current Liability. This is standard accounting treatment within the industry for villages with such a buy back guarantee and is reflective of the Australian Accounting Standards. In the normal course of events a loan would be repaid to the departing resident out of the new loan provided by a new resident moving into the apartment.

I thank our Chief Financial Officer, Sarah Sutherland and her outstanding team for their constant focus on your Club's performance, development and revenue diversification strategies. This team continues to protect your Club and lead the industry.

Thank you

Finally and most importantly I thank you, the members, for your patience during construction and COVID-19 restrictions and thank you for your continued support and patronage. It is certainly not taken for granted. Stay safe, and well, and I look forward to seeing you around your Club soon.

Directors' Report.

The Directors submit their report on Dee Why RSL Club Limited (the "Club") for the year ended 30 June 2020.

DIRECTORS AND DIRECTORS' MEETINGS

The names and details of the Club's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated. The number of meetings of Directors (including meetings of committees of Directors) held during the year and the number of meetings attended by each Director were as follows:

				Directors' Meetings	Audit and Compliance Committee Meetings
Number of meetings held:				19	8
Number of meetings attended:					
G. Liddell	President	Retired School Teacher	12 years on the Board	19	8
M. Rendell	Vice President	Retired School Teacher	9 years on the Board	17	7
M. Pitt	Treasurer	Administration Manager	15 years on the Board	19	8
P. Bell		Retired Business Partner	7 years on the Board	19	-
G. Heiser		Retired Managing Director	9 years on the Board	15	-
P. St John		Retired Businessman	20 years on the Board	18	-
T. Williams		Senior Electorate Officer	1 year on the Board	18	-

DIVIDENDS

The Club is prevented by its Constitution from paying dividends.

CORPORATE INFORMATION

Dee Why RSL Club Limited is a company limited by guarantee and without share capital. It is incorporated and domiciled in Australia. The Club is a not-for-profit entity. In accordance with the Constitution the liability of members in the event of the Club being wound up would not exceed $5 per member. The registered office and principal place of business of the Club is: 932 Pittwater Road, Dee Why NSW 2099.

PRINCIPAL ACTIVITIES

The principal activity of the Club during the year was the conducting of a licensed club. There have been no significant changes in the nature of these activities during the year.

The Club's objectives are focused on the provision of premium recreational and leisure facilities and services to the local community. This is achieved through the provision of excellent customer service and facilities which are targeted at the local demographic while maintaining the objective of the Club and the RSL movement through prudent resource management and social responsibility. The Club operates a structured community support program which focuses on the needs of the local community, mental health and veterans. Donations through the program intentionally exceed all legislated requirements. The Club continues its long term strategy of solid financial investment in the building infrastructure, operations and investments to drive the Club forward for the long term while continuing to diversify income streams to reduce its reliance on gambling.

REVIEW AND RESULTS OF OPERATIONS

Key trading highlights

- The global epidemic - COVID-19 significantly impacted Club operations in the second half of the financial year. This included a government mandated closure for the entire club industry on 23 March 2020. The Club reopened on 6 June 2020 trading under COVID-19 restrictions.
- Membership declined 12% to 48,048 members.
- Revenue from core activities (food, beverage and gaming) reduced 27% reflecting the period of closure due to COVID-19 and the impact of reduced parking during construction.
- Diversified income streams grew 2% to $4.7m.
- Income from the Car Wash increased 31% to $1m and generated $0.4m profit before tax.
- Lease income totalled $1.3m with COVID-19 rent relief assistance provided to qualifying tenants. Profit of $1m was generated.
- Oceangrove Seniors' Living Village generated $2m of revenue and $1.2m profit before tax.
- Interest income reduced from $1.4m to $0.6m with funds invested in increased parking and improved Club facilities.
- Investments held (including the above properties) reduced in value by $0.7m.

Directors' Report. (continued).

REVIEW AND RESULTS OF OPERATIONS (CONTINUED)

Key trading highlights (continued)

- Non-core income streams contributed $2m of Club profit before tax.
- Net profit before tax of $2.3m was $5.5m less than last year reflecting the severe impact of the COVID-19 epidemic.
- Net profit after tax totalled $2.1m.
- Support provided to the Community remained high at $1.8m and continues to far exceed statutory requirements.
- Net assets increased from $142.8m to $144.9m.
- The Club has $23m of cash and term deposits and debt of $8.8m. The debt relates to an $18m CBA loan facility which was pre-agreed for the completion of the new car park, reception and porte-cochère.

MEASUREMENT OF SUCCESS

Management and the Board monitor the Club's overall performance, from its implementation of its mission statement and strategic plan through to the performance of the Club against operating plans and financial budgets.

The Board, together with management, have identified key performance indicators (KPIs) that are used to monitor performance. Key management monitor these KPIs on a regular basis. The second Board meeting of each month is focused on the Club's operating performance and the Directors receive the KPIs for review prior to the meeting allowing all Directors to actively monitor the Club's performance.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization.

COVID-19 significantly impacted Club operations in the second half of the financial year. This included a government mandated closure for the entire club industry on the 23 March 2020. The Club reopened on 6 June 2020, trading under COVID-19 restrictions.

There were no other significant changes in the state of affairs of the Club during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

The Club was the subject of a disciplinary complaint by L&GNSW. ILGA issued their determination of the complaint on 16 July 2020. The decision imposed two monetary penalties totalling $100,000 plus payment of $99,628.05 representing 80% of L&GNSW's costs of the investigation. As at 30 June 2020, no amounts have been brought to account in the financial statements due to the date of the determination. The decision imposed three licence conditions on the Club's liquor licence which were due to take effect from 14 August 2020. In relation to at least one of these conditions, it is highly impracticable, if not impossible, for the Club to comply. The Club has sought a review by the NSW Civil and Administrative Tribunal (NCAT) of ILGA's determination. A stay on all orders originally imposed by ILGA (including the three licence conditions) has been granted, pending and subject to the ultimate determination of the review application by NCAT.

The Club has paid the total amount of the monetary penalties and L&GNSW costs into the trust account of the Club's solicitors to be held pending the determination of the review application, as a condition of the stay on ILGA's orders. L&GNSW has also filed its own application for review of ILGA's determination.

There have been no other significant events occurring after the reporting period which may affect either the Club's operations or results of those operations or the Club's state of affairs. It is noted that the COVID-19 pandemic is ongoing and COVID-19 trading restrictions continue to limit the operations of the Club.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

No indemnities have been given or insurance premiums paid during, or since the end of the financial year for any person who is, or has been an officer of the Club.

INDEMNIFICATION OF AUDITOR

To the extent permitted by law, the Club has agreed to indemnify its auditor, Ernst & Young (Australia), as part of the terms of its audit engagement agreement against claims by third parties arising from the audit. No payment has been made to indemnify Ernst & Young (Australia) during or since the financial year.

DIRECTORS' BENEFITS

Other than those benefits shown in the Financial Statements and since the end of the previous financial year, no Director of the Club has received or become entitled to receive a benefit by reason of a contract made by the Club or related entity with a Director or with a firm of which he is a member, or with a Club in which he has a substantial financial interest.

Directors' Report. (continued).

AUDITOR'S INDEPENDENCE

The Directors have received a declaration from the auditor of Dee Why RSL Club Limited. This has been included below.

Signed in accordance with a resolution of the Directors.

G. Liddell
President
8 September 2020

M. Pitt
Treasurer
8 September 2020

EY
Building a better working world

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Auditor's Independence Declaration to the Directors of Dee Why RSL Club Limited

As lead auditor for the audit of Dee Why RSL Club Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Daniel Cunningham
Partner
8 September 2020

Directors' Declaration.

In accordance with a resolution of the Directors of Dee Why RSL Club Limited, I state that:

In the opinion of the Directors:

(a) the financial statements and notes of the Club for the financial year ended 30 June 2020 are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Club's financial position as at 30 June 2020 and its performance for the year ended on that date;

(ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001;* and

(b) there are reasonable grounds to believe that the Club will be able to pay its debts as and when they become due and payable.

On behalf of the Board

G. Liddell
President
8 September 2020

Statement of Profit or Loss and Other Comprehensive Income.

For the year ended 30 June 2020

	Notes	***2020*** ***$***	*2019* *$*
Revenue from contracts with customers	4(a)	**40,661,321**	55,253,534
Other operating income	4(b)	**4,622,131**	6,089,227
Purchases net of movement in inventories of finished goods and work in progress	4(c)	**(3,843,985)**	(6,088,278)
Employee benefits expense	4(d)	**(14,828,339)**	(16,770,142)
Depreciation and amortisation expense	4(e)	**(5,160,882)**	(5,521,697)
Other expenses	4(f)	**(10,163,527)**	(13,861,497)
Support to the community		**(1,784,982)**	(2,006,793)
Government licences and taxes		**(7,830,971)**	(10,625,390)
Finance income	4(g)	**619,130**	1,352,718
Profit before income tax		**2,289,896**	7,821,682
Income tax expense	6(a)	**(170,745)**	(1,201,419)
Net profit for the year		**2,119,151**	6,620,263
Other comprehensive income		**-**	-
Total comprehensive income for the year		**2,119,151**	6,620,263

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position.

As of 30 June 2020

	Notes	2020 $	2019 $
Assets			
Current assets			
Cash and short-term deposits	7	**23,380,271**	46,438,889
Trade and other receivables	8	**1,126,023**	573,951
Inventories	9	**203,618**	242,965
Other assets	10	**520,742**	367,126
Total current assets		**25,230,654**	47,622,931
Non-current assets			
Property, plant and equipment	11	**122,472,548**	84,839,823
Investment properties	12	**79,045,968**	79,714,099
Intangible assets	14	**4,069,303**	4,069,303
Other assets	10	**192,314**	183,386
Total non-current assets		**205,780,133**	168,806,611
Total assets		**231,010,787**	216,429,542
Liabilities and equity			
Current liabilities			
Trade and other payables	15	**9,402,851**	4,580,480
Income tax payable		**1,665**	175,312
Provisions	16	**615,031**	618,111
Employee benefit liabilities	17	**2,397,874**	2,155,891
Other liabilities	19	**1,240,357**	1,376,751
Seniors' living village residents' loans		**54,819,318**	56,137,401
Total current liabilities		**68,477,096**	65,043,946
Non-current liabilities			
Employee benefit liabilities	17	**378,543**	374,618
Interest-bearing loans and borrowings	18	**8,831,965**	-
Other liabilities	19	**236,293**	213,828
Deferred tax liabilities	6	**8,199,454**	8,028,865
Total non-current liabilities		**17,646,255**	8,617,311
Total liabilities		**86,123,351**	73,661,257
Net assets		**144,887,436**	142,768,285
Equity			
Retained earnings		**144,419,077**	142,299,926
Asset revaluation reserve	20	**468,359**	468,359
Total equity		**144,887,436**	142,768,285
Total liabilities and equity		**231,010,787**	216,429,542

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Cash Flows.

For the year ending 30 June 2020

	Notes	2020 $	2019 $
Operating activities			
Receipts from customers		**43,367,174**	64,585,726
Receipts of government subsidies		**1,050,000**	-
Payments to suppliers and employees		**(34,590,553)**	(53,191,885)
Interest received		**619,130**	1,352,718
Income tax paid		**(173,803)**	(252,856)
Net cash flows from operating activities		**10,271,948**	12,493,703
Investing activities			
Proceeds from sale of property, plant and equipment		**19,039**	-
Purchase of property, plant and equipment	11	**(42,841,790)**	(28,946,592)
Purchase of investment property	12	**(38,262)**	(51,949)
Receipt of resident contributions from investment property		**1,940,000**	5,136,000
Repayment of Resident Loans		**(1,241,518)**	(3,449,644)
Net cash flows used in investing activities		**(42,162,531)**	(27,312,185)
Financing activities			
Proceeds from borrowings – other		**8,831,965**	-
Net cash flows from financing activities		**8,831,965**	-
Net decrease in cash and cash equivalents		**(23,058,618)**	(14,818,482)
Cash and cash equivalents at 1 July		**46,438,889**	61,257,371
Cash and cash equivalents at 30 June	7	**23,380,271**	46,438,889

The above statement of cash flows should be read in conjunction with the accompanying notes.

Statement of Changes in Equity.

For the year ending 30 June 2020

	Retained earnings $	Asset revaluation reserve (Note 20) $	Total equity $
At 1 July 2018	135,679,663	468,359	136,148,022
Profit for the year	6,620,263	-	6,620,263
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	6,620,263	-	6,620,263
At 30 June 2019	142,299,926	468,359	142,768,285
Profit for the year	**2,119,151**	**-**	**2,119,151**
Other comprehensive income for the year	**-**	**-**	**-**
Total comprehensive income for the year	**2,119,151**	**-**	**2,119,151**
At 30 June 2020	**144,419,077**	**468,359**	**144,887,436**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to the Financial Statements.

For the year ending 30 June 2020

1 CORPORATE INFORMATION

The financial report of Dee Why RSL Club Limited (the "Club") for the year ended 30 June 2020 was authorised for issue in accordance with a resolution of the Directors on 8 September 2020.

Dee Why RSL Club Limited is a company limited by guarantee and without share capital. It is incorporated and domiciled in Australia. The Club is a not-for-profit entity. In accordance with the Constitution the liability of members in the event of the Club being wound up would not exceed $5 per member.

The nature of the operations and principal activities of the Club are described in the Directors' Report.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards - Reduced Disclosure Requirements (RDR), and other authoritative pronouncements of the Australian Accounting Standards Board. Australian Accounting Standards contain requirements specific to not-for-profit entities, including standards AASB 116 Property, Plant and Equipment, AASB 136 Impairment of Assets and AASB 1004 Contributions. The financial report has also been prepared on a historical cost basis, except for investment properties which have been measured at fair value.

Both the functional and presentation currency of Dee Why RSL Club Limited is Australian dollars ($).

(b) Going concern

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

At 30 June 2020, the Club's total current liabilities exceeded total current assets by $43,246,442 (2019: $17,421,015). Under the Resident Lease Agreements, the Club has an obligation to repay the resident loans (totalling $51,514,175 (2019: $52,241,669)) within six months of the residents departing Oceangrove. As such, the resident loans are classified in the financial report as a current liability. The Directors are of the view that it is highly unlikely that a significant number of residents would depart Oceangrove without new residents entering, thereby replenishing the resident loans balance. Consequently, the Directors have concluded that the use of the going concern assumption in the preparation of the financial report is appropriate.

(c) Changes in accounting policy, disclosures, standards and interpretations

New and amended standards and interpretations

The Club applied AASB 16 *Leases,* AASB 15 *Revenue from contracts with customers,* AASB 1058 *Income of Not-for-Profit Entities* and AASB Interpretation 23 *Uncertainty over Income Tax Treatment* for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards is described below.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Club.

AASB 16 *Leases*

AASB 16 supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an Arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases-Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statement of financial position.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 does not have an impact for leases where the Club is the lessor.

The Club adopted AASB 16 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect on initially applying the standard recognised at the date of initial application. The Club elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 July 2019. Instead, the Club applied the standard only to contracts that were previously identified as leases applying AASB 17 and AASB Interpretation 4 at the date of initial application.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policy, disclosures, standards and interpretations

New and amended standards and interpretations (continued)

AASB 16 *Leases* (continued)

The Club has lease contracts for certain items of machinery. Before the adoption of AASB 16, the Club classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease.

Upon adoption of AASB 16, the Club applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. Refer to Note 2(j) Leases for the accounting policy beginning 1 July 2019. The standard provides specific transition requirements and practical expedients, which have been applied by the Club.

Leases previously accounted for as operating leases

The Club recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Club applied the available practical expedients wherein it applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application. The lease as at 30 June 2019 was short-term in nature and as such, the Club continued to account for the lease expenses when they occurred. There is no impact or adjustment on the historical balances prior to 1 July 2019.

AASB 15 Revenue from Contracts with Customers

AASB 15 supersedes AASB 118 *Revenue* and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. AASB 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

AASB 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Club adopted AASB 15 using the modified retrospective method of adoption. The recognition and measurement requirements of AASB 15 did not have a material impact in the Club but there has been a change in the required disclosures to reflect the requirements of the new accounting standard.

AASB 1058 Income of Not-for-Profit Entities

AASB 1058 supersedes AASB 1004 *Contributions* in respect to income recognition requirements for not-for-profit entities. AASB 1058 will defer income recognition in some circumstances for not-for-profit entities, particularly where there is a performance obligation or any other liability. In addition, certain components in an arrangement, such as donations, may be separated from other types of income and recognised immediately. The standard also expands the circumstances in which not-for-profit entities are required to recognise income for goods and services received for consideration that is significantly less than the fair value of the asset principally to enable the entity to further its objectives (discounted goods and services).

The Club adopted AASB 1058 using the modified retrospective method of adoption. The recognition and measurement requirements of AASB 1058 did not have a material impact in the Club.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policy, disclosures, standards and interpretations (continued)

New and amended standards and interpretations (continued)

AASB Interpretation 23 *Uncertainty over income tax treatment*

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112 *Income Taxes*. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Interpretation specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately;
- The assumptions an entity makes about the examination of tax treatments by taxation authorities;
- How an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax
- How an entity considers changes in facts and circumstances.

The Club determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty.

The Interpretation did not have a significant impact on the financial statements of the Club.

Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the financial statements of the Club.

Accounting standards and interpretations issued but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Club for the annual reporting year ended 30 June 2020. The Directors are in the process of assessing the impact of the application of these new and amended accounting standards and interpretation and its amendments to the extent relevant to the financial statements of the Club.

(d) Current versus non-current classification

The Club presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Club classifies all other liabilities as non-current.

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

(e) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at bank and on hand and short-term deposits with a maturity of twelve months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits as defined above.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Trade and other receivables

A receivable represents the Club's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components when they are recognised at fair value. The Club holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest rate (EIR) method.

For trade receivables, the Club applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Club does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Club has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(h) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Club depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Land and buildings are measured at cost, less accumulated depreciation on buildings and any impairment losses recognised after the date of the revaluation.

Depreciation of buildings is on a diminishing value basis for acquisitions prior to 1 July 1993 and major building and car parking extensions. Depreciation of other items is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Land	not depreciated
Buildings	5 to 40 years
Plant and equipment	2.5 to 20 years
Capital works	not depreciated

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(i) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Leases

For the year ended 30 June 2020

The Club assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Club as a lessee

The Club applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Club has applied practical expedient discussed in Note 2(c) and as such did not recognise lease liabilities or right-of-use assets for 2020.

(i) Short-term leases and leases of low-value assets

The Club applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Club as a lessor

Leases in which the Club does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

For the year ended 30 June 2019

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Club as a lessee

Finance leases that transfer substantially all the risks and benefits incidental to ownership of the leased item to the Club, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss and other comprehensive income.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Club will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(k) Impairment of non-financial assets

The Club assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Club estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit's (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Impairment of non-financial assets (continued)

The Club bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Club's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses are recognised in the statement of profit or loss and other comprehensive income as an expense.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Club estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss and other comprehensive income unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(l) Intangible assets

Intangible assets acquired are initially measured at cost. Following initial recognition, intangible assets are carried at cost less any accumulated impairment losses. Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Poker machine licenses are carried at cost less accumulated impairment losses and have been determined to have indefinite useful lives.

(m) Seniors' living village residents' loans

These loans, which are repayable on the departure of the resident, are classified as financial liabilities at fair value through profit or loss with resulting fair value adjustments recognised in the statement of profit or loss and other comprehensive income. The fair value of the obligation is measured as the ingoing contribution plus the resident's share of capital appreciation, including accrued deferred management fee, at reporting date. Although the expected average residency term is around 12 years, these obligations are classified as current liabilities, as required by Accounting Standards, because the Club does not have an unconditional right to defer settlement to more than twelve months after reporting date.

(n) Trade and other payables

Trade and other payables are carried at amortised cost and due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to the Club prior to the end of the financial year that are unpaid and arise when the Club becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Club has an unconditional right to defer settlement of the liability for a least 12 months after the reporting date.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Provisions

General

Provisions are recognised when the Club has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Club expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(i) Poker machine link jackpot

Poker machine link jackpots are poker machine turnover increments accumulating towards a combined jackpot. These jackpots are won as a result of achieving the required combination for the link jackpot on the machine being played.

(ii) Members' jackpot

Members' jackpot is a membership reward promotion accumulating when not won. These jackpots are won if the randomly selected member is present in the Club at draw times for the promotion.

(q) Employee leave benefits

Long service leave and annual leave

The Club does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Club recognises a liability for long service leave and annual leave measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

Wages and salaries

Liabilities for wages and salaries, including non-monetary benefits which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

(r) Revenue recognition

For the year ended 30 June 2020

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Club expects to be entitled in exchange for those goods or services. The Club has generally concluded that it is the principal in its revenue arrangements.

For the year ended 30 June 2019

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Club and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

The specific recognition criteria described below must also be met before revenue is recognised.

(i) Poker machines, beverage and catering sales

Revenue is recognised at the time of receipt.

(ii) Membership

Membership subscriptions are deferred to the period in which the income relates. All costs associated with the procurement of membership subscriptions are expensed as incurred.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Revenue recognition

For the year ended 30 June 2019 (continued)

(iii) Donated room hire

The Club accounts for donated room hire by bringing to account the expected income and showing the opportunity cost in Support to the Community in the statement of profit or loss and other comprehensive income. All revenue is stated net of the amount of goods and services tax (GST).

(iv) Rental revenue

Rental income from investment properties is accounted for on a straight-line basis over the lease term.

(s) Other operating income

Government grants

The government introduced a JobKeeper Payment scheme to support businesses significantly affected by the Coronavirus to help keep more Australians in jobs. The JobKeeper Payment is available to eligible employers to enable them to pay their eligible employee's salary or wages of at least $1,500 (before tax) per fortnight. Eligible employers are reimbursed a fixed amount of $1,500 per fortnight for each eligible employee from 30 March 2020, for up to 13 fortnights.

Employers are required to pay eligible employees a minimum of $1,500 (before tax) per fortnight to claim the JobKeeper payment. This is paid to the employer in arrears each month by the Australian Taxation Office (ATO). If employers do not continue to pay their employees for each pay period, they cease to qualify for the JobKeeper payment.

The Club is eligible for this payment and has claimed a total amount of $1,578,000 as at 30 June 2020.

The Jobkeeper Payment scheme is accounted for in line with AASB 1058 *Income of Not-for-Profit Entities*. The Club has recognised a receivable and income when it obtained control over the funding.

(t) Finance income

Interest income is recorded using the EIR. The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other revenue in the statement of profit or loss and other comprehensive income.

(u) Income tax

The *Income Tax Assessment Act 1997 (Amended)* provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax liabilities are recognised for all taxable temporary differences except when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Income tax (continued)

Deferred tax (continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Cash flows are included in the statement of cash flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(v) Fair value measurement

The Club measures its investment properties at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Club.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Club uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

(w) Comparatives

Where necessary, comparative figures have been reclassified to conform with changes in presentation of assets and liabilities but resulting in no impact to the overall profit for the year.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

3 SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Club's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Club based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Club. Such changes are reflected in the assumptions when they occur.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Club is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

The Club's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the statement of financial position. Deferred tax assets, including those arising from unrecouped tax losses, capital losses and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future taxable profits.

Revaluation of investment properties

The Club carries its investment properties at fair value, with changes in fair value being recognised in the statement of profit or loss and other comprehensive income. For investment properties, a valuation methodology based on a discounted cash flow (DCF) model was used, as there is a lack of comparable market data because of the nature of the properties. The Club engaged an independent valuation specialist to assess the fair value of the investment property of the seniors' living village as at 30 June 2020 and performed Directors' valuation for the rest of the Club's non-core investment properties as at 30 June 2020.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

4 REVENUE AND EXPENSES

	2020 $	2019 $
(a) Disaggregated revenue information		
Set out below is the disaggregation of the Group's revenue from contracts with customers:		
Type of services		
Poker machines	**30,335,966**	39,970,022
Beverage	**3,391,690**	5,280,178
TAB and Keno	**202,496**	269,401
Catering	**4,187,578**	6,753,205
Carwash	**1,004,098**	767,748
Functions and entertainment	**764,465**	1,366,518
Membership	**121,853**	127,858
Ten pin bowling - lease	**653,175**	718,604
Total revenue from contracts with customers	**40,661,321**	55,253,534
Geographical markets		
Australia	**40,661,321**	55,253,534
Total revenue from contracts with customers	**40,661,321**	55,253,534
Timing of revenue recognition		
Services transferred at a point in time	**40,539,468**	55,125,676
Services transferred over time	**121,853**	127,858
Total revenue from contracts with customers	**40,661,321**	55,253,534
(b) Other operating income		
Gain on revaluation of investment properties	**-**	2,991,472
Government subsidies - Jobkeeper	**1,578,000**	-
Income from investment properties	**2,667,543**	2,737,561
Oceangrove - Resident share of capital gain	**37,500**	-
Other	**339,088**	360,194
	4,622,131	6,089,227
(c) Purchases net of movement in inventories of finished goods and work in progress		
Beverage	**1,395,197**	2,067,122
Catering	**2,365,504**	3,957,766
Carwash	**83,284**	63,390
Total purchases net of movement in inventories of finished goods and work in progress	**3,843,985**	6,088,278
(d) Employee benefits expense		
Wages and salaries	**11,456,579**	12,913,077
Defined contribution superannuation expense	**1,035,311**	1,285,056
Fringe benefits tax	**79,198**	99,693
Payroll tax and workers compensation	**841,267**	993,352
Provision for leave	**1,288,812**	1,312,267
Other employee benefit expense	**127,172**	166,697
Total employee benefits expense	**14,828,339**	16,770,142
(e) Depreciation and amortisation expense within Core Activities		
Total depreciation and amortisation expense	**5,163,366**	5,524,557
Depreciation and amortisation included in support to the community	**(2,484)**	(2,860)
Total depreciation and amortisation expense within Core Activities	**5,160,882**	5,521,697

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

	2020 $	2019 $
4 REVENUE AND EXPENSES (continued)		
(f) Other expenses		
Government central monitoring fees	**215,346**	275,066
Computer expenses	**407,384**	324,101
Promotion costs including member events	**1,869,942**	2,444,282
Repair, maintenance and cleaning	**1,893,067**	2,158,651
Rates, taxes and insurance	**849,277**	783,971
Oceangrove - Resident share of capital loss	**-**	1,922,497
Energy costs	**708,327**	948,147
Bands and artists	**288,963**	750,527
Loss on disposal of property, plant and equipment and investment properties	**26,660**	101,712
Ausgrid substation and associated works	**24,650**	404,587
Security	**581,543**	743,730
Other expenses	**2,619,297**	3,004,226
Loss on revaluation of investment properties	**679,071**	-
Total other expenses	**10,163,527**	13,861,497
(g) Finance income		
Interest income	**619,130**	1,352,718

5 LEASES

Club as a lessee

The Club leases certain items of machinery with lease term of 12 months. The Club applies the 'short-term lease' recognition exemptions for these leases.

The following is recognised in profit or loss:	2020 $
Expense relating to short-term leases	58,860
Total amount recognised in profit or loss	**58,860**

The Club had total cash outflows for leases of $58,860 in 2020.

6 INCOME TAX

(a) Income tax expense

The major components of income tax expense are:

Statement of profit or loss and other comprehensive income	2020 $	2019 $
Current income tax		
Current income tax charge	-	244,218
Adjustments in respect of current income tax of previous years	**156**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**170,589**	957,201
Income tax expense reported in the statement of profit or loss and other comprehensive income	**170,745**	1,201,419

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

	2020 $	2019 $
6 INCOME TAX (continued)		
(b) Numerical reconciliation between aggregate tax expense recognised in the statement of profit or loss and other comprehensive income and tax expense calculated per the statutory income tax rate		
A reconciliation between tax expense and the product of accounting profit before income tax multiplied by the Club's applicable income tax rate is as follows:		
Total accounting profit before income tax	**2,289,896**	7,821,682
At the Club's statutory income tax rate of 30% (2019: 30%)	**686,969**	2,346,505
Member only income	**(36,556)**	(38,357)
Member only expenses	**51,660**	64,854
Effect of mutuality	**(678,529)**	(1,436,124)
Other items (net)	**147,201**	264,541
Aggregate income tax expense	**170,745**	1,201,419
(c) Recognised deferred tax assets and liabilities		
(i) Deferred income tax liabilities		
Land - owner-occupied	**4,957,090**	4,653,074
Fair Value Gain on Leasehold - Oceangrove	**3,410,075**	3,597,875
Deferred Management Fees	**2,581,670**	2,317,330
Prepayments and other	**70,106**	60,673
JobKeeper receivable	**158,400**	-
Depreciable assets	**722**	1,867
Gross deferred tax liabilities	**11,178,063**	10,630,819
(ii) Deferred income tax assets		
Capital works and depreciable assets	**662,610**	597,617
Oceangrove - Residents' share of future capital gain	**1,705,038**	1,798,938
Accruals	**12,482**	22,280
Provision for employee entitlements	**136,462**	117,555
Provisions	**26,434**	28,037
Tax losses	**294,327**	-
Other	**141,256**	37,527
Gross deferred tax assets	**2,978,609**	2,601,954
Net deferred income tax liabilities	**8,199,454**	8,028,865
Statement of profit or loss and other comprehensive income		
Deferred income tax charge		
Prepayments and other	**9,433**	1,673
Land - owner-occupied	**304,016**	272,720
JobKeeper	**158,400**	-
Motor vehicles	**(1,146)**	(1,168)
Fair Value Gain on Leasehold - Oceangrove	**(187,800)**	913,528
Deferred Management Fees	**264,340**	199,936
Capital works and depreciable assets	**(64,993)**	4,326
Accruals	**9,798**	19,818
Provision for employee entitlements	**(18,907)**	8,505
Provision for various jackpots	**1,603**	2,214
Oceangrove - Share of Capital Gain	**93,900**	(456,764)
Tax losses	**(294,327)**	-
Future deductible capital expenses	**(103,728)**	(7,587)
Deferred tax expense	**170,589**	957,201

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

	2020 $	2019 $
7 CASH AND SHORT-TERM DEPOSITS		
Cash at bank and on hand	**23,380,271**	7,920,778
Short-term deposits	**-**	38,518,111
	23,380,271	46,438,889

*Short-term deposits have the average maturity of 4 months however are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Cash at bank earns interest at floating rates based on daily bank deposit rates. The carrying amounts of cash and cash equivalents represents fair value.

8 TRADE AND OTHER RECEIVABLES		
Current		
Trade receivables	**143,358**	76,030
Provision for expected credit losses	**(1,330)**	(1,330)
Sundry debtors	**904,474**	499,251
GST receivable	**79,521**	-
Total current trade and other receivables	**1,126,023**	573,951
9 INVENTORIES		
Catering stock at cost	**59,421**	81,770
Liquor stock at cost	**144,197**	161,195
Total inventory at the lower of cost and net realisable value	**203,618**	242,965
10 OTHER ASSETS		
Current		
Prepayments	**482,221**	351,191
Deposits	**3,432**	3,432
Deferred lease income - Childcare	**35,089**	12,503
	520,742	367,126
Non-current		
Deferred lease income - 7-Eleven Petrol Station	**192,314**	183,386

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

11 PROPERTY, PLANT AND EQUIPMENT

	Capital works $	Land $	Buildings $	Plant and equipment $	Total $
Year ended 30 June 2020					
Net book value at 1 July 2019	**31,549,589**	**19,660,457**	**20,208,500**	**13,421,277**	**84,839,823**
Additions	**41,872,373**	**-**	**4,950**	**964,467**	**42,841,790**
Transfers	**(9,533,395)**	**-**	**8,224,681**	**1,308,714**	**-**
Net disposals	**-**	**-**	**-**	**(45,699)**	**(45,699)**
Depreciation charge for the year	**-**	**-**	**(1,688,072)**	**(3,475,294)**	**(5,163,366)**
Net book value at 30 June 2020	**63,888,567**	**19,660,457**	**26,750,059**	**12,173,465**	**122,472,548**
At 30 June 2020					
Cost	**63,888,567**	**19,660,457**	**54,098,145**	**48,359,016**	**186,006,185**
Accumulated depreciation	**-**	**-**	**(27,348,086)**	**(36,185,551)**	**(63,533,637)**
Net carrying amount	**63,888,567**	**19,660,457**	**26,750,059**	**12,173,465**	**122,472,548**
At 30 June 2019					
Cost	31,549,589	19,660,457	46,157,897	48,613,366	145,981,309
Accumulated depreciation	-	-	(25,949,397)	(35,192,089)	(61,141,486)
Net carrying amount	31,549,589	19,660,457	20,208,500	13,421,277	84,839,823

12 INVESTMENT PROPERTIES

	Land and Buildings - Investment - Non Core Property - Seniors' living village $	Land and Buildings - Investment - Non Core Property - Other $	Total $
Year ended 30 June 2020			
Opening balance at 1 July	**70,714,099**	**9,000,000**	**79,714,099**
Additions	**38,262**	**-**	**38,262**
Disposals	**(42,322)**	**-**	**(42,322)**
Movement in fair value	**(264,071)**	**(400,000)**	**(664,071)**
Closing balance at 30 June	**70,445,968**	**8,600,000**	**79,045,968**
Year ended 30 June 2019			
Opening balance at 1 July	68,468,103	10,793,410	79,261,513
Additions	51,949	-	51,949
Transfer to property, plant and equipment	-	(2,568,410)	(2,568,410)
Disposals	(22,425)	-	(22,425)
Movement in fair value	2,216,472	775,000	2,991,472
Closing balance at 30 June	70,714,099	9,000,000	79,714,099

Valuation

Independent valuation of the investment property at Oceangrove Seniors' Living Village, was carried out as at 30 June 2020 by Jones Lang LaSalle on the basis of the market value for existing use resulted in a valuation of $14,950,000 (2019: $14,580,000) net of resident loans. As investment properties are recorded at fair value, the valuation has been brought to account as part of the calculation for this year's movement in fair value of investment properties. The valuer has reported their valuation on the basis of significant valuation uncertainty due to COVID-19.

A Director's valuation of the investment property at 2-6 Dee Why Parade, Dee Why, was carried out as at 30 June 2020 on the basis of the market value for existing use resulted in a valuation of $3,400,000 (2019: $3,800,000). As investment properties are recorded at fair value, the valuation has been brought to account in this year's movement in fair value of investment properties.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

12 INVESTMENT PROPERTIES (continued)

A Director's valuation of the investment property at 940 Pittwater Road, Dee Why, was carried out as at 30 June 2020 on the basis of the market value for existing use resulted in a valuation of $5,200,000 (2019: $5,200,000). As investment properties are recorded at fair value, the valuation has been brought to account in this year's movement in fair value of investment properties.

The property at 2 Clarence Avenue, Dee Why was reclassified to Property, Plant and Equipment in 2019 to reflect the nature of the site and is shown within land and buildings accordingly.

Such valuations are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

As at 30 June 2020, there was significant valuation uncertainty relating to the investment property fair value. COVID-19 and the response has impacted our operations as well as the market. This uncertainty affects our ability to reliably determine the key judgements and assumptions used in the property valuations. Two property valuation approaches are generally used: the Income Capitalisation approach and the Discounted Cash Flow approach to arrive at a range of valuation outcomes, from which a best estimate of fair value is derived at a point in time. The Club has followed the Discounted Cash Flow approach ("DCF") and the key assumptions and estimates used in these valuation approaches which have been impacted by COVID-19 include:

- DCF model incorporates actuarial tables and probability analysis to estimate when residents are likely to terminate their resident agreements.

- It also considers the market value of the Independent Living Units within the village, the possible escalation in unit prices, and the sharing of capital gain between the operator and residents.

- The discount rate derived from recent comparable market transactions adjusted for COVID-19 to reflect the uncertainty in the amount and timing of cash flows.

Due to the valuation uncertainty the investment property values may change significantly and unexpectedly over a relatively short period of time. The property valuations have been prepared based on the information that is available at 30 June 2020.

13 FAIR VALUE MEASUREMENT

The following table provides the fair value measurement of the Club's assets as at 30 June 2020.

	Date of valuation	Fair value
		$
Investment in properties		
Land and Buildings - Investment - Non Core Property - Seniors' living village	30 June 2020	**14,950,000**
Land and Buildings - Investment - Non Core Property - Other		
2-6 Dee Why Parade, Dee Why - Residential/Commercial properties	30 June 2020	**3,400,000**
940 Pittwater Road, Dee Why - 7-Eleven Petrol Station	30 June 2020	**5,200,000**
		8,600,000

	2020	*2019*
	$	*$*
14 INTANGIBLE ASSETS		
Poker machine licenses at cost (gross carrying amount)	**4,069,303**	4,069,303
Net carrying amount	**4,069,303**	4,069,303
(a) Reconciliation of carrying amount at beginning and end of the year		
Poker machine licenses at cost (gross carrying amount)	**4,069,303**	
Carrying amount - opening	**4,069,303**	
Carrying amount - closing	**4,069,303**	

(b) Description of the Club's intangible assets

Poker machine licenses are carried at cost less accumulated impairment losses and have been determined to have indefinite useful lives.

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

	2020	*2019*
	$	*$*
15 TRADE AND OTHER PAYABLES		
Current		
Trade payables	**1,961,605**	1,737,968
Accrued expenses	**7,441,246**	2,684,459
Goods and services tax	**-**	158,053
	9,402,851	4,580,480

Due to the short-term nature of payables, their carrying value is assumed to approximate their fair value. Trade payables are non-interest bearing and normally settled on 30 day terms.

16 PROVISIONS

Current		
Poker machine link jackpot	**598,667**	602,202
Members jackpot	**16,364**	15,909
	615,031	618,111

(a) Movements in provisions

Movements in each class of provision during the financial year, other than provisions relating to employee benefits, are set out below:

	Poker machine link jackpot	*Members' jackpot*	*Total*
	$	*$*	*$*
At 1 July 2019	**602,202**	**15,909**	**618,111**
(Utilised)/reversed during the year	**(3,535)**	**455**	**(3,080)**
At 30 June 2020	**598,667**	**16,364**	**615,031**

17 EMPLOYEE BENEFIT LIABILITIES

Current		
Annual leave	**969,263**	847,328
Long service leave	**1,428,611**	1,308,563
	2,397,874	2,155,891
Non-current		
Long service leave	**378,543**	374,618

18 INTEREST-BEARING LOANS AND BORROWINGS

Non-current		
Loans	**8,831,965**	-

Terms and conditions

The loan amount is drawn from the loan facility with Commonwealth Bank of Australia.

The Club has a loan facility of $18,000,000 (2019: $nil) with $8,831,965 (2019: $nil) being drawn as of 30 June 2020. The interest rate is the CBA Variable Base Rate less a negotiated margin resulting in a net 2.86%. The bank loan is secured by registered mortgages over five of the Club's properties. The loans maturity is in December 2021.

19 OTHER LIABILITIES

Current		
Deferred subscription income	**91,392**	104,120
Deferred income - loyalty points	**1,148,965**	1,272,631
	1,240,357	1,376,751
Non-current		
Deferred subscription income	**236,293**	213,828

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

20 ASSET REVALUATION RESERVE

The asset revaluation reserve was used to record increments and decrements in the fair value of land and buildings on transition 30 June 2020, the Club's asset revaluation reserve is $468,359 (2019: $468,359).

21 EVENTS AFTER THE REPORTING PERIOD

The Club was the subject of a disciplinary complaint by L&GNSW. ILGA issued their determination of the complaint on 16 July 2020. The decision imposed two monetary penalties totalling $100,000 plus payment of $99,628.05 representing 80% of L&GNSW's costs of the investigation. As at 30 June 2020, no amounts have been brought to account in the financial statements due to the date of the determination. The decision imposed three licence conditions on the Club's liquor licence which were due to take effect from 14 August 2020. In relation to at least one of these conditions, it is highly impracticable, if not impossible, for the Club to comply. The Club has sought a review by the NSW Civil and Administrative Tribunal (NCAT) of ILGA's determination. A stay on all orders originally imposed by ILGA (including the three licence conditions) has been granted, pending and subject to the ultimate determination of the review application by NCAT.

The Club has paid the total amount of the monetary penalties and L&GNSW costs into the trust account of the Club's solicitors to be held pending the determination of the review application, as a condition of the stay on ILGA's orders. L&GNSW has also filed its own application for review of ILGA's determination.

There have been no other significant events occurring after the reporting period which may affect either the Club's operations or results of those operations or the Club's state of affairs. It is noted that the COVID-19 pandemic is ongoing and COVID-19 trading restrictions continue to limit the operations of the Club.

22 COMMITMENTS AND CONTINGENCIES

(a) Commitments

Leasing commitments

Operating lease commitments – Club as lessee

The Club has various lease contracts that have not yet commenced as at 30 June 2020. The future minimum rentals payable for these non-cancellable lease contracts are $23,496 within one year, $15,336 within five years and $nil thereafter.

The future minimum rentals payable for these non-cancellable lease contracts as at 30 June 2019 is $86,863.

Operating lease commitments receivable – Club as lessor

The Club has entered into a property lease consisting of the childcare building.

The Club has purchased land at 940 Pittwater Rd, Dee Why. This is leased to 7-Eleven Stores Pty Ltd.

The Club has entered into a lease with the Veterans' Centre Sydney Northern Beaches to occupy office space within the Club.

The non-cancellable leases have remaining terms of between 1 and 9 years. The leases include clauses to enable upward revision of the rental charge on an annual basis. Option to extend the 7-Eleven lease exists.

The Club is no longer leasing properties at 2-4 Dee Why Parade. These short term residential leases expired.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	2020	*2019*
	$	*$*
Within one year	**668,108**	644,752
After one year but not more than five years	**2,249,594**	2,584,687
After more than five years	**346,335**	679,350
Total minimum lease payments receivable	**3,264,037**	3,908,789

Commitments - contractual

The Club has contractual commitments relating to construction of additional parking spaces, reception and porte chochere for a total of $2,116,302 (2019 : $34,953,598).

Notes to the Financial Statements (continued).

For the year ending 30 June 2020

22 COMMITMENTS AND CONTINGENCIES (continued)

(b) Contingencies

The Club has an approved loan facility with the Commonwealth Bank of Australia for $18m. $8.8m of this facility is drawn. Refer to Note 18.

23 KEY MANAGEMENT PERSONNEL

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Club.

	2020	*2019*
	$	*$*
(a) Total compensation of Key Management Personnel	**2,614,373**	2,536,096

In the course of attending the Club and/or representing the Club in an official capacity, Directors were provided with goods and services provided by the Club up to and not exceeding the honorariums agreed by resolution at a previous Annual General Meeting. The total amount charged to those honorariums totalled $41,945 (2019: $61,274).

24 MEMBERSHIP

	2020	*2019*
	No.	*No.*
Social Members	**47,537**	53,850
Sub-Branch Members	**511**	545
	48,048	54,395

25 CORE AND NON-CORE LAND

With reference to section 41J of the Registered Clubs Act as amended by the Registered Clubs Amendment Act 2006, the properties owned or occupied by the Dee Why RSL Club Ltd, as at 30 June 2020, are as follows:

Non-core properties:

- 825 Pittwater Rd, Dee Why (Dee Why RSL carwash)
- 2 Clarence Avenue , Dee Why (Dee Why Kindergarten childcare centre)
  Previously 14 Dee Why Parade & 2 Clarence Avenue – land has been consolidated into one title
- 8 Dee Why Parade, Dee Why (Oceangrove – Seniors' Living Village)
  Previously 914 Pittwater Rd, 916 Pittwater Rd, 918 Pittwater Rd, 920 Pittwater Rd, 922-930 Pittwater Rd & 8 Dee Why Parade – land has been consolidated into one title
- 940 Pittwater Rd, Dee Why (7-Eleven Petrol Station)
- 2 - 6 Dee Why Parade (Residential / Commercial Properties / Vacant land)

The above properties are owned by the Dee Why RSL Club and were purchased by the Club as investment properties and not for the licensed premises of the Club.

Core properties:

- 932 Pittwater Rd, Dee Why (Dee Why RSL Club premises)

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Independent Auditor's Report to the Members of Dee Why RSL Club Limited

Opinion

We have audited the financial report of Dee Why RSL Club Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the Company's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Emphasis of Matter: Investment Properties Valuation

We draw attention to Note 12 of the financial report which describes the impact of the COVID-19 pandemic on the determination of fair value of Investment properties and how this has been considered by the Directors in the preparation of the financial report. Due to the heightened degree of valuation uncertainty, property values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect of this matter.

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

The directors are responsible for the other information. The other information is the directors' report accompanying the financial report.

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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 relating 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 judgment 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.

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- 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.

Ernst & Young

Daniel Cunningham
Partner
Sydney
8 September 2020

More than $1,780,000 in community support.

2019 - 2020

Aboriginal Support Group
Aglow Dee Why
Allambie Rugby Club Inc
ANZAC Day Dawn Service Dee Why Beach 2020
Artability
Autism Spectrum Australia (Aspect)
Be Centre Foundation Ltd
Beacon Hill Youth Club (Soccer Division)
Brazengrowth
Brookvale - Curl Curl Scout Group
Cerebral Palsy Alliance
Collaroy Plateau Physical Culture Club
Collaroy Plateau Public School P&C
Community Northern Beaches Inc
Computer Pals for Seniors Northern Beaches Inc
Cromer Kingfishers JRLFC
Curl Curl Longboard Club
Dalwood Spilstead Service
Day Club for Seniors
Dee Why Football Club
Dee Why Public School
Dee Why RSL Camera Club
Dee Why RSL Chaplain
Dee Why RSL Golf Club
Dee Why RSL Ladies Golf Club
Dee Why RSL School Scholarship Program
Dee Why RSL Swimming Club
Dee Why RSL Toastmasters
Dee Why RSL Touch Football Club
Dee Why RSL Winter Swimming Club
Dee Why Rugby Football Club
Dee Why School for Seniors
Dee Why Surf Life Saving Club Inc
Early Education (EarlyEd) Inc
Easylink
Fight for a Cure Ltd
Fighting Chance Australia Ltd
Fisher Road Special School
Foster Care Angels Inc
Furlough House
Girls Boardrider Fraternity
Gotcha 4 Life Foundation Ltd
Grace City Care Inc
Harbord Harlequins Junior Rugby Club
If u like ART
KYDS Youth Development Service
Ladies Probus Club of Dee Why Inc
Legacy Club Services
Lions Club of Manly Inc
Literacy Network Manly Warringah Inc
Manly United Football Club
Manly Warringah Gymnastic Club
Manly Warringah Orchid Society
Manly Warringah Womens Resource Centre
MWP Community Aid
Narrabeen Beach Surf Life Saving Club Inc
Narrabeen Sports High School
Narraweena Public School Band
North Curl Curl Knights JRLFC
Northern Beaches Business Education Network Inc
Northern Beaches Child and Family Interagency
Northern Beaches Chorus Inc
Northern Beaches Community Services
Northern Beaches Eisteddfod
Northern Beaches Gideons
Northern Beaches Interchange
Northern Beaches Local Business Awards
Northern Beaches Multiple Birth Club
Northern Beaches Retired Police Association
Northern Sydney Gridiron
Northside Enterprise
NSW Police
One Door Mental Health - Pioneer Clubhouse
Pasifika Community Northern Beaches
Peninsula Senior Citizens Toy Repair Group Inc
Pins and Needles Group - St Johns Anglican Church
Probus Club of Brookvale
Probus Club of Dee Why Inc
Rainbow Club Australia
Roseville Kids Care
Rotary Club of Dee Why Warringah
Salty Paddlers Inc
Special Olympics Australia
St Vincent de Paul Society NSW
Stand Tall - The Event
Stewart House
Street Mission Inc
Sunnyfield
Surf Life Saving Sydney Northern Beaches Inc
TAD (Technical Aid to the Disabled)
Taldumande Youth Services Inc
Teen Connect
The Association of Independent Retirees (A.I.R.) Ltd
The Burdekin Association
The Community Pantry
The Cottage Counselling Centre
The Manly Warringah Choir Inc
Tibetan Community of Australia (NSW) Inc
Uniting Church Kaddy Transport Gift Fund
Veterans Centre Sydney Northern Beaches
War Widows' Guild of Australia NSW
Warringah Cricket Club
Water Skills For Life Inc
Zonta Club of Northern Beaches Inc

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