

Your directors present the financial statements of The Albury Sailors, Soldiers and Airmen's Club Ltd (the Company) for the year ended 31 May 2020.

Directors

The names of the directors in office at any time during or since the end of the financial year are:

E. Dunlop - President

Board Member since 27 October 2010
Company Director at Dunlop Drilling

J. Walpole OAM

Board Member since 27 October 2010
Retired Army Major

C. Darts OAM JP

Board Member since 27 October 2010
Retired serviceman

M. Fowler

Board Member since 27 October 2010
Retired serviceman in the Australian Defence Force

M. Randall

Board Member since 29 October 2014
Partnership Manager Border Cafe

M. Chapman - Vice President

Board Member since 31 October 2012
Retired school principal

M. Leman - Vice President

Board Member since 27 October 2010
Catering and Hotel Services Manager at Albury
Wodonga Private Hospital

M. Ashcroft

Board Member since 31 October 2012
Insurance representative at Elders Insurance

M. Dando

Board Member since 29 October 2014
Retired Army Major

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company secretary

The Company's secretary is Mr Gerard Darmody, who was appointed on 29 February 2017. Mr Darmody is the Company's Chief Executive Officer.

Principal activities

The principal activities of the Company during the year were management of licensed social club facilities with associated sporting activities for members of the club.

Review of operations

The operating loss of the club for the year before income tax was \$51,881 (2019: \$1,989,672 profit). Income tax expense is nil (2019: nil).

Short term and long term objectives

The Club's short term objectives are to provide for members and guests a safe environment and to continue to provide members and guests the best service possible.

In the long term, the company has adopted the following strategies:

- To become financially secure;
- To grow the club operations in accordance with members interests; and
- To trade profitably to enable updating of amenities and guarantee future growth.

Meetings of directors

The number of meetings of the Company's directors held during the year ended 31 May 2020, and the numbers of meetings attended by each director were:

	Number of Meetings Attended	Number of Meetings Held*
E. Dunlop	13	14
M. Fowler	12	14
M. Leman	14	14
J. Walpole	13	14
C. Darts	11	14
M. Ashcroft	14	14
M. Chapman	13	14
M. Dando	11	14
M. Randall	11	14

* reflects the number of meetings held during the time the director held office during the year.

Member Liability

The Company is incorporated as a Company limited by guarantee. In accordance with the Memorandum of Association of the Company, every member of the Company undertakes to contribute an amount limited to \$1 per member in the event of winding up the Company during the time he or she is a member or within one year thereafter. The number of members at 31 May 2020 was 24,598 (2019: 23,922).

Core and Non-core Property

In accordance with Section 41 of the Registered Clubs Act 1976, core property of a registered club means any real property owned or occupied by the club that comprises:

- the defined premises of the club, or
- any facility provided by the club for the use of its members and their guests, or
- any other property declared, by a resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, to be core property of the club, but does not include any property referred to in paragraphs (a) - (b) that is declared, by a resolution passed by a majority of the members present at a general meeting of the ordinary members of the club, not to be core property of the club.

The following is a breakdown of the club's core and non-core real property:

Core Real Property

570-580 Olive Street, Albury (main club, with the exception of car park, refer below).

Non-core Real Property

Lot 2 in Deposited Plan 1090460
(land comprising Olive Street car park).

Auditor's independence

The lead auditor's independence declaration for the year ended 31 May 2020 has been received and can be found on page 5 of the financial report.

This report is signed in accordance with a resolution of the directors.

President
Eddie Dunlop

Vice President
Mark Leman

Albury
28 July 2020

Auditors' Independence Declaration

As lead auditor for the audit of The Albury Sailors, Soldiers and Airmen's Club Ltd for the year ended 31 May 2020, I declare that, 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.

Johnsons MME
Chartered Accountants

Stephen Clarke
Director

Albury
28 July 2020

directors' declaration

The directors declare that the financial statements and notes set out on pages 7 to 24:

- a. comply with Accounting Standards – Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b. give a true and fair view of the Company's financial position as at 31 May 2020 and of its performance, as represented by the results of its operations and its cash flows, for the financial year ended on that date.

In the director's opinion:

- a. the financial statements and notes are in accordance with the Corporations Act 2001; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

President
Eddie Dunlop

Vice President
Mark Leman

Albury
28 July 2020

statement of profit or loss and other comprehensive income

	Note	2020 \$	2019 \$
Revenue	2	22,364,317	25,919,909
Cost of goods sold	3	2,154,223	2,489,521
Employee related expense		7,106,922	6,920,778
Poker machines taxes & monitoring fees		3,714,427	4,384,620
Advertising, promotion and marketing expense		3,023,118	3,331,132
Depreciation and amortisation	3	2,567,807	2,527,142
Utilities and Rent		973,583	1,089,647
Repairs and maintenance		529,081	553,059
Security expenses		402,796	485,732
Professional fees		274,497	262,642
Finance costs	3	58,519	185,697
IT and communications		359,894	337,240
Insurance		249,308	194,928
Gifts and donations		372,862	337,912
Borrowing costs		42,211	42,530
Travel and accommodation		23,067	27,831
Other expenses		563,883	759,826
Profit/(Loss) before income tax		(51,881)	1,989,672
Income tax expense	1(b),4	-	-
Net Profit/(Loss) for the year		(51,881)	1,989,672
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss:			
- Revaluation of land		-	(580,000)
Total Comprehensive Result for the year		(51,881)	1,409,672

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

statement of financial position

	Note	2020 \$	2019 \$
ASSETS			
Current Assets			
Cash and cash equivalents	5	304,212	658,866
Trade and other receivables	6	254,790	217,424
Inventories	7	152,190	242,896
Other	8	137,138	120,976
Total Current Assets		848,330	1,240,162
Non-Current Assets			
Other financial assets		206	206
Property, plant and equipment	9	33,661,117	31,691,740
Intangible assets	10	-	4,769
Total Non-Current Assets		33,661,323	31,696,715
Total Assets		34,509,653	32,936,877
LIABILITIES			
Current Liabilities			
Trade and other payables	11	1,788,463	1,900,122
Borrowings	12	400,000	600,000
Lease Liabilities	13	1,425,101	806,345
Provisions	14	754,932	729,720
Other liabilities	15	264,756	262,868
Total Current Liabilities		4,633,252	4,299,055
Non-current liabilities			
Borrowings	16	3,186,398	2,019,606
Lease Liabilities	17	1,140,663	1,016,397
Provisions	18	47,447	48,045
Total Non-Current Liabilities		4,374,508	3,084,048
Total Liabilities		9,007,760	7,383,103
Net Assets		25,501,893	25,553,774
EQUITY			
Revaluation Reserve		3,370,000	3,370,000
Retained earnings		22,131,893	22,183,774
TOTAL EQUITY		25,501,893	25,553,774

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



statement of changes in equity

	Note	Retained Profits	Revaluation Reserve	Total
Balance at 1 June 2018		20,194,102	3,950,000	24,144,102
Net profit for the year		1,989,672	-	1,989,672
Other comprehensive income - Decrement from revaluation of land		-	(580,000)	(580,000)
Balance at 31 May 2019		22,183,774	3,370,000	25,553,774
Net profit for the year		(51,881)	-	(51,881)
Balance at 31 May 2020		22,131,893	3,370,000	25,501,893

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



	Note	2020 \$	2019 \$
Cash Flows from Operating Activities			
Receipts from members and customers		22,528,605	25,809,432
Payments to suppliers and employees		(19,739,667)	(20,765,399)
		2,788,938	5,044,033
Interest paid		(100,730)	(228,227)
Interest received		-	745
Taxes paid		12,742	(8,525)
Net cash inflow/(outflow) from operating activities		2,700,950	4,808,026
Cash Flows from Investing Activities			
Payments for property, plant and equipment	9	(4,898,538)	(5,157,597)
Proceeds from the sale of property, plant and equipment		133,120	360,474
Net cash inflow/(outflow) from investing activities		(4,765,418)	(4,797,123)
Cash flows from Financing Activities			
Proceeds from borrowings		1,466,792	-
Proceeds from leases		1,867,062	2,117,727
Repayment of borrowings		(500,000)	(792,369)
Repayment of leases		(1,124,040)	(1,372,930)
Net cash inflow/(outflow) from financing activities		1,709,814	(47,572)
Net Increase/(Decrease) in Cash Held		(354,654)	(36,669)
Cash at the beginning of the financial year		658,866	695,535
Cash at the End of the Financial Year	5	304,212	658,866

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Albury Sailors, Soldiers and Airmen's Club Ltd applies Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB), and the Corporations Act 2001. The company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

The principal accounting policies adopted in the presentation of the financial statements are set out below. These policies have been consistently applied to both years presented, unless otherwise stated.

The financial statement, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified where applicable, by the measurement at fair value of land and buildings.

Under Australian Accounting Standards, there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting Standards (IFRS) requirements. The company has analysed its purpose, objectives and operating philosophy and determined that it does not have profit generation as a prime objective. Consequently, where appropriate the Company has elected to apply options and exemptions within the accounting standards which are applicable to not-for-profit entities.

Comparative information has been reclassified where appropriate to enhance comparability.

On 22 March 2020 the Federal Government announced measures and restrictions on social gatherings to protect the Australian Community from the spread of the coronavirus (COVID-19). The measures announced included a restriction on all licensed and registered clubs from opening for business with effect from 12 midday on 23 March 2020. Consequently, the Club was closed from 23 March 2020 and re-opened with capacity and social distancing restrictions on 1 June 2020. Government policy and restrictions relating to Covid-19 continue to evolve which will continue to create a level of uncertainty over the Club's operating environment. The financial impact of the measures imposed by the Federal Government on the club has been significant with key operating income reducing by \$3.6 million or 15% on the prior year, resulting in an operating loss of \$51,881 for the year ended 31 May 2020. The directors and management have developed and are continuing to implement measures to attempt to limit the severity of the financial impact from the forced closures and subsequent restricted trading environment, in order to ensure the long term future of the Club.

Accounting policies

(a) Revenue

All revenue is stated net of the amount of goods and services tax (GST).

(i) Sale of goods and services

Revenue from the sale of food, beverage and other goods is recognised at the point in time the goods are delivered to customers.

Revenue from gaming and other services rendered is recognised at the point in time the service is provided to customers.

Summary of significant accounting policies (continued)

(ii) Membership revenue is recognised over time as the performance obligations to deliver member services are satisfied, which are expected to occur over periods of up to five years. Subscriptions received where the performance obligation remains unsatisfied are shown as contract liabilities under the heading of other liabilities (refer note 15).

(iii) Interest

Interest revenue is recognised when accrued taking into account applicable interest rates..

(b) Income Tax

Income tax comprises current tax and deferred tax. Income tax expense is recognised in the profit or loss of the club except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

The mutuality principle has been applied to the income tax calculation of the Club. The Club has applied a non-member apportionment rate for the 2020 financial year of 16.07% (2019: 19.63%).

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, and the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they

reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(c) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(d) Maintenance & Repairs

Maintenance, repair costs and minor renewals are charged as expenses as incurred.

(e) Cash and Cash Equivalents

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

(f) Trade and Other Receivables

All trade receivables initially recorded at fair value and subsequently measured at cost using the effective interest method, less any provision for impairment. Refer note 1(l).

(g) Inventories

Inventory is stated at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

(h) Property, Plant & Equipment

All plant and equipment is stated at cost less depreciation and impairment losses. Cost is measured as the fair value of the assets given up, liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition. The purchase method of accounting is used for all acquisitions of assets.

Summary of significant accounting policies (continued)

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amount arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation that results in a decrement is initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a diminishing value basis over the estimated useful lives of each part of an item of property, plant and equipment, with the exception of buildings for which depreciation is recognised on a straight line basis. Land is not depreciated. All assets purchased from 1 June 2012 have the straight line method of depreciation applied to them.

The estimated useful lives for the current and comparative periods are as follows:

	2020	2019
Buildings	3%	3%
Plant and equipment	3-20%	3-20%
Motor vehicles	33%	33%
Computers	20%	20%
Gaming machines	20-30%	20-30%

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss and other comprehensive income.

(i) Employee Benefits

(i) Short-term employee benefits

A provision is made for the Company's obligation for short-term employee benefits. Short-term

employee benefits are benefits (other than termination benefits) that are expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service, including wages and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The Company's obligations for short-term employee benefits such as wages and salaries are recognised as part of current trade and other payables in the statement of financial position.

(ii) Other long-term employee benefits
The Company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits as they are not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Provision is made for the Company's obligation for other long-term employee benefits, which are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Upon the re-measurement of obligations for other long-term employee benefits, the net change in the obligation is recognised in profit or loss classified under employee benefits expense.

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

Summary of significant accounting policies (continued)

(j) Intangible Assets

Other Intangible Assets - Software

Software acquired is measured at cost less accumulated amortisation.

Amortisation

Amortisation is recognised in the statement of profit or loss and other comprehensive income on a diminishing value basis over the estimated useful lives of intangible assets.

The estimated useful lives for the current and comparative periods are as follows:

- Software 6 years

(k) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year and which are unpaid. These amounts are unsecured and usually paid within 30 days of recognition.

(l) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value, less cost to sell and value in use.

(m) Critical Accounting Estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on

current trends and economic data obtained both internally and externally.

Key Estimates

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment. Where evidence of impairment exists, the recoverable amount of the asset is determined. The calculations performed in assessing recoverable amounts incorporate a number of estimates. No impairment has been recognised for the year ended 31 May 2020.

(n) Borrowings

Borrowings are carried at their principal amounts, which is not materially different to the present value of future cash flows associated with servicing the debt. Any interest payable on borrowings is accrued over the period it becomes due and is recorded as part of other creditors.

(o) Leases

The Company assesses whether a contract contains a lease at the inception of the contract. The Company recognises a right of use asset and a corresponding lease liability in respect to all lease arrangements in which it is the lessee, with the exception for short term leases (leases with a term of less than 12 months) and leases of low value assets (less than \$10,000). For these leases, the Company recognises the lease payments as an operating expense on a straight line basis over the term of the lease.

The lease liability is initially measured at the net present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

The right of use assets recognise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs. They are subsequently measured at cost less

Summary of significant accounting policies (continued)

accumulated depreciation and impairment. Right-of-use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

(p) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

(q) Fair Value

The Company measures some of its assets on a recurring basis. Fair value is the price the Company would receive to sell an asset in an orderly transaction between independent, knowledgeable and will market participants at the measurement date. As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset. The fair values of assets that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset. In the absence of such a market, market information is extracted from the most advantageous market available to the Company at the end of the reporting period. For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

(r) Adoption of new and revised accounting standards

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for the current and future reporting periods. The directors have decided not to early adopt any accounting standards not yet effective, as they are not expected to have a material impact on the Company. The Company has adopted all new and revised accounting standards issued by the AASB that are relevant to its operation and effective for accounting periods beginning 1 June 2019, as follows:

AASB 15: Revenue from Contracts with Customers

AASB 15 replaces AASB 118 Revenue and related interpretations and requires the Company to recognise revenue when the Company satisfies a performance obligation by transferring a promised good or services to a customer. The impact of the initial application of AASB 15 is not significant. After applying the 5 step model per AASB 15 the Directors have assessed there was no material difference in the recognition of revenue between AASB 15 and the former AASB 118, other than disclosures reflected in note 2.

AASB 16: Leases

This standard introduces a single lessee accounting model that eliminates the requirements for leases to be classified as operating or finance leases. The main change introduced by the standard will be for all leases to be recognised on the statement of financial position at the inception of the lease with the exception of short term leases (less than 12 months) and leases of low value assets. The lessee must recognise a right of use asset and a corresponding lease liability in the amount of the net present value of the lease payments. Subsequent to this initial measurement, the right

Summary of significant accounting policies (continued)

of use asset is depreciated over the lease term, whilst lease payments are separated into principal and interest portion to wind up the lease liability over the lease term.

The company has applied AASB 16 using the modified retrospective approach. Therefore, the cumulative effect of applying AASB 16 is recognised as an adjustment to the opening balance of retained earnings at 1 June 2019, with no restatement of comparative information. There was no transitional impact from the adoption of AASB 16 and no adjustment was required to opening retained earnings. Existing leased assets and their associated lease liabilities were reclassified as follows:

- 1/6/2019 Transfer to right of use gaming assets from plant and equipment \$1,933,799
- 1/6/2019 Transfer to lease liabilities from gaming machine borrowings \$1,822,742

NOTE 2. REVENUE

		2020	2019
		\$	\$
Continued Operations:			
Revenue from contracts with customers	a	21,921,097	25,686,779
Other sources of revenue	b	443,220	233,130
		22,364,317	25,919,909

a. Disaggregated revenue

The company has disaggregated revenue into various categories in the following table.

The revenue is disaggregated by service lines and timing of revenue recognition

Service Lines

Sale of goods and services	6,041,293	7,039,616
Gaming revenue	14,854,155	17,431,025
Membership subscriptions	120,599	119,304
Marketing and entertainment sales	368,319	483,913
Other Income-Services	536,731	612,921
	21,921,097	25,686,779

Timing of revenue recognition

Products and services transferred to customers:

At a point in time	21,800,498	25,567,475
Over time	120,599	119,304
	21,921,097	25,686,779

b. Other Sources of Revenue

Interest revenue	-	745
Rental revenue received	59,500	45,626
Profit/(Loss) on disposal of non-current assets	(189,217)	122,503
Sundry revenue	572,937	64,256
	443,220	233,130

NOTE 3. PROFIT

	2020	2019
	\$	\$
Net gains and expenses		
Profit/(Loss) before income tax expense includes the following expenses:		
Expenses		
Cost of goods sold		
- Bar	1,128,240	1,312,235
- Catering	1,025,983	1,177,286
	2,154,223	2,489,521
Depreciation and amortisation		
- Buildings	563,209	784,841
- Plant and equipment	1,332,306	1,741,771
- Right of use assets	671,816	-
- Amortisation of software	476	530
	2,567,807	2,527,142
Finance costs	58,519	185,697
Buildings revaluation decrement	-	74,071
Movement in provisions	24,613	99,314

NOTE 4. INCOME TAX EXPENSE

Reconciliation of income tax expense to prima facie tax payable

Profit/(Loss) before income tax	(51,881)	1,989,672
Prima facie tax payable on current year surplus before income tax 30% (2019: 30%)	(15,564)	596,902
Add/(Less) tax effect of:		
- Non-deductible expenses/ non-assessable income	151,773	227,565
- Exempt Income - Non Taxable member income	(253,041)	(753,626)
- Current year tax loss not recognized/(Tax Losses recouped)	116,832	(70,841)
Income tax expense	-	-

Deferred tax balances

No deferred tax balances have been recognised in the financial statements on the basis that a conservative approach has been taken in relation to the probability that they will be utilised in the future.

As at 31 May 2020 the Club had unrecognised carry forward tax losses of \$509,333 (2019: \$138,154).

notes to and forming part of the financial statements

NOTE 5. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2020	2019
	\$	\$
Cash at bank	47,916	216,617
Cash on hand	256,296	442,249
	304,212	658,866

NOTE 6. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

Trade debtors	454	185,404
Other	254,336	32,020
	254,790	217,424

All debtors are considered collectible.

NOTE 7. CURRENT ASSETS – INVENTORIES

Bar stocks	93,701	137,127
Catering stocks	23,435	42,306
Promotion stocks	35,054	63,463
	152,190	242,896

NOTE 8. CURRENT ASSETS – OTHER

Prepayments	137,138	120,976
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notes to and forming part of the financial statements

NOTE 9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	\$	\$
Land and buildings		
Land – at fair value (i)	7,720,000	7,720,000
Buildings – at fair value (i)	17,810,000	17,810,000
– at cost	254,862	-
Less: Accumulated depreciation	(563,209)	-
	17,501,653	17,810,000
Total Land and Buildings	25,221,653	25,530,000
Plant and equipment		
Plant and Equipment – at cost	11,268,985	19,391,846
Less: Accumulated Depreciation	(8,216,566)	(13,273,891)
	3,052,419	6,117,955
Right of use assets (leased gaming machines)		
At cost	3,904,403	-
Less: Accumulated Depreciation	(945,082)	-
	2,959,321	-
Capital works in progress	2,427,724	43,785
Total Property, Plant and Equipment	33,661,117	31,691,740

- (i) Freehold land and buildings in Olive Street Albury were independently valued by Daniel Hogg AAPI, MRICS, Certified Practising Valuer of Preston Rowe Paterson Albury Wodonga as at 30 June 2019. Land was valued using the market approach and buildings were valued using the depreciated replacement cost approach.

NOTE 9. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT CONTINUED

MOVEMENTS IN CARRYING AMOUNTS:

	Land	Buildings	Plant and equipment	Right of use assets	Capital works in progress	Total
WDV 1 June 2018	8,300,000	15,550,395	4,634,572	-	1,493,806	29,978,773
Additions	-	45,972	2,562,366	-	2,549,259	5,157,597
Disposals	-	-	(237,971)	-	(25,975)	(263,946)
Transfers	-	3,072,545	900,760	-	(3,973,305)	-
Revaluation	(580,000)	(74,071)	-	-	-	(654,071)
Depreciation	-	(784,841)	(1,741,772)	-	-	(2,526,613)
WDV 31 May 2019	7,720,000	17,810,000	6,117,955	-	43,785	31,691,740
Additions	-	254,862	518,614	1,697,338	2,427,724	4,898,538
Disposals	-	-	(318,045)	-	(43,785)	(361,830)
Transfers to Right of use assets	-	-	(1,933,799)	1,933,799	-	-
Revaluation	-	-	-	-	-	-
Depreciation	-	(563,209)	(1,332,306)	(671,816)	-	(2,567,331)
WDV 31 May 2020	7,720,000	17,501,653	3,052,419	2,959,321	2,427,724	33,661,117

NOTE 10. NON-CURRENT ASSETS – INTANGIBLE ASSETS

	2020	2019
	\$	\$
Software	-	4,769

NOTE 11. CURRENT LIABILITIES – TRADE AND OTHER PAYABLES

Trade creditors	315,296	476,265
Accrued expenses	1,473,167	1,423,857
	1,788,463	1,900,122

NOTE 12. CURRENT LIABILITIES – BORROWINGS

Business market loans	400,000	600,000
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Security:

- (i) NAB business loans are secured by registered mortgage debenture over the assets and income of the Club and transfer of the liquor licence.

NOTE 13. CURRENT LIABILITIES – LEASE LIABILITIES

	2020	2019
	\$	\$
Gaming machines lease liability	1,425,101	806,345

Security:

- (i) Leases are secured against the relevant asset subject to finance

NOTE 14. CURRENT LIABILITIES – PROVISIONS

Employee Entitlements - Annual Leave	257,322	377,456
Employee Entitlements - Long Service Leave	246,501	249,942
Redundancies	108,272	-
Points Redemption	71,842	7,022
Bingo Cash	8,572	16,385
Link Jackpots	62,423	78,915
	754,932	729,720

NOTE 15. CURRENT LIABILITIES – OTHER LIABILITIES

Unearned revenue - Membership subscriptions	191,075	199,132
Unearned revenue - Car parking lease	29,982	29,518
Unearned revenue - Stored Value Cards	27,032	17,551
Unearned revenue - Beverage Rebate	16,667	16,667
	264,756	262,868

NOTE 16. NON-CURRENT LIABILITIES – BORROWINGS

Business Markets Loans	3,186,398	2,019,606
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Security: Refer note 12.

NOTE 17. NON-CURRENT LIABILITIES – LEASE LIABILITIES

Gaming machines lease liability	1,140,663	1,016,397
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Security: Refer note 13.

NOTE 18. NON-CURRENT LIABILITIES – PROVISIONS

Employee Entitlements – Long Service Leave	47,447	48,045
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NOTE 19. RELATED PARTY TRANSACTIONS

(a) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company either directly or indirectly. The key management personnel of the company comprise the directors and executives who are responsible for the financial and operational management of the company.

	2020	2019
	\$	\$
Compensation paid to key management personnel of the company was as follows:		
Short-term employee benefits	323,507	329,981
Post-employment benefits	37,999	44,729
	<u>361,506</u>	<u>374,710</u>

(b) Transactions with related parties

Other related parties include close family members of key management personnel and entities controlled or jointly controlled by these key management personnel individually or collectively with those close family members. Director Mr M. Randall was a Partnership Manager at Border Cafe during the 2020 financial year. Border Cafe have provided professional services to the Albury Sailors, Soldiers and Airmen's Club Ltd during the year. This engagement was based on normal commercial terms and conditions and the aggregate amount paid to Border Cafe for services was \$7,178 (2019: \$6,380).

NOTE 20. FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and leases. The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

(i) Financial Assets at amortised cost

Cash on hand	5	304,212	658,866
Trade and other receivables	6	254,790	208,899
Total Financial Assets		<u>559,002</u>	<u>867,765</u>

(ii) Financial Liabilities

Trade and other payables	11	1,788,463	1,900,122
Borrowings	12,16	3,586,398	2,619,606
Leases	13,17	2,565,764	1,822,742
Total Financial Liabilities		<u>7,940,625</u>	<u>6,342,470</u>

NOTE 21. COMMITMENTS

	2020	2019
	\$	\$
Lease Commitments		
Commitments in relation to leases are payable as follows:		
- Not later than 1 year	1,425,101	806,345
- Between 1 year and 5 years	1,140,663	1,016,397
	<u>2,565,764</u>	<u>1,822,742</u>
Represented by:		
Current (note 13)	1,425,101	806,345
Non-current (note 17)	1,140,663	1,016,397
	<u>2,565,764</u>	<u>1,822,742</u>
Capital Commitments		
Commitments in relation to capital expenditure on the renovation of the Club's facilities are as follows:		
- Not later than 1 year	336,705	86,909

NOTE 22. FINANCING ARRANGEMENTS

Finance Facilities Available

Bank overdraft	500,000	500,000
Business market loans	7,200,000	7,700,000
Master finance lease facility	2,500,000	2,500,000
Business Visa facility	30,000	30,000
	<u>10,230,000</u>	<u>10,730,000</u>

Finance Facilities Used

Bank overdraft	-	-
Business market loans	3,586,398	2,619,606
Master finance lease facility	-	-
Business visa facility	2,855	12,090
	<u>3,589,253</u>	<u>2,631,696</u>

Finance Facilities Unused

Bank overdraft	500,000	500,000
Business market loans	3,613,602	5,080,394
Master finance lease facility	2,500,000	2,500,000
Business visa facility	27,145	17,910
	<u>6,640,747</u>	<u>8,098,304</u>

NOTE 23. GROUP ENTITIES

Ultimate parent Company

The ultimate parent company is the Albury Sailors, Soldiers and Airmen's Club Ltd

	Country of incorporation	Ownership interest	
		2020	2019
Olive Street Management Group Pty Ltd*	Australia	100%	100%
Tourism Information Solutions Pty Ltd*	Australia	100%	100%

These companies have not been consolidated into the financial statement on the basis they did not trade and there are no transactions to consolidate.

NOTE 24. EVENTS OCCURRING AFTER REPORTING DATE

On 1 June 2020 Covid-19 restrictions were reduced to enable the Club to re-open, but with capacity and social distancing restrictions limiting the number of patrons allowed in the Club. Government policy and restrictions relating to Covid-19 continue to evolve which will continue to create a level of uncertainty over the Club's operating environment. Given the uncertainty over the period the restrictions on trading will be in force, the financial impact cannot be reliably measured at the time of issue of these financial statements.

There are no other events since the balance date to the date of this report that would have a material effect on the operations of the Club.

NOTE 25. CONTINGENCIES

Contingent Asset

The Company owns 375 gaming machine entitlements acquired at no cost. These gaming machine entitlements are a tradable commodity within the NSW licensed club industry. However, the value of these gaming machine entitlements have not been recognised as an intangible asset in the statement of financial position on the basis that their value cannot be reliably measured and an active market does not exist.

Contingent liability

The Company has provided a bank guarantee to the value of \$155,000 in favour of the LAB/ TAB in relation to its liquor and TAB operations.

NOTE 26. FAIR VALUE MEASUREMENTS

The Company has the following assets that are measured at fair value on a recurring basis after initial recognition. The Company does not subsequently measure any liabilities at fair value on a recurring basis and has no assets or liabilities that are measured at fair value on a non-recurring basis.

The company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset being measured. The valuation techniques selected by the entity are consistent with one or more of the following valuation approaches:

- the market approach, which uses prices and other relevant information generated by market transactions for identical or similar assets;
- the cost approach, which reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including assumptions about risks. When selecting a valuation technique, the Company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

	2020	2019
	\$	\$
Assets		
Land (i)	7,720,000	7,720,000
Buildings (i)	17,501,653	17,810,000
	25,221,653	25,530,000

The fair value of freehold land and buildings is based on an external independent valuation performed in June 2019 using the market approach for land and depreciated replacement cost approach for buildings.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ALBURY SAILORS, SOLDIERS AND AIRMEN'S CLUB LTD**

Opinion

We have audited the financial statements, being general purpose financial statements – reduced disclosure requirements, of The Albury Sailors, Soldiers and Airmen's Club Ltd (the Company), which comprises the statement of financial position at 31 May 2020, and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes to the financial statements, including a summary of accounting policies and other explanatory notes and the directors' declaration.

In our opinion, the accompanying financial statements of the Company are in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the Company's financial position as at 31 May 2020 and of its performance for the year ended on that date; and
- b. complying with Australian Accounting Standards - reduced disclosure requirements and the Corporations Regulations 2001.

Basis of 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 Statements section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial statements in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

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

Emphasis of Matter – Effects of Covid 19

We draw attention to note 1 of the financial report, which describes the impacts of Covid-19 related closures and restrictions on the Company's financial results and ongoing trading environment. Our opinion is not modified in respect to this matter.

Information Other than the Financial Report and Auditor's Report

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 May 2020, but does not include the financial report and our auditor's report thereon.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
THE ALBURY SAILORS, SOLDIERS AND AIRMEN'S CLUB LTD**

Independent auditor's report to the members (continued)

Our opinion on the financial statements 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 statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements 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.

Directors' Responsibility for the Financial Statements

The directors of the Company are responsible for the preparation of the financial statements that give 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 statements that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

Johnsons MME
Chartered Accountants

Stephen Clarke
Director

Albury
29 July 2020