DIRECTORS' REPORT

Your Directors present this report on the Company for the financial year ended 30 June 2020.

Directors

The names of each person who has been a Director during the year and to the date of this report are:

WOODBRIDGE, David
JONES, Patty
McCALL, Michael
BARRETT, Neil
ROBB, Stephen
MCLEAN, Ronald (from October 2019)
CLARKE-BRUCE, Ronald (from October 2019)
DURANT, David (from October 2019)
WILD, Lynn (to October 2019)
SELBY, Bob (to October 2019)
MERCER, Jim (to October 2019)
PROSSER, Phillip (to May 2020)

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

Principal Activities

The principal activity of the Company during the financial year was the carrying on trade as a Licensed RSL Club.

Short-term and Long-term Objectives

The Company's short-term objectives are:

- to trade profitably as a Licensed Club
- to maintain the Club's current working capital
- to achieve the strongest financial position as possible

The Company's long-term objectives are:

- to maintain and where possible update Club facilities
- to protect the member's assets

Strategies

To achieve its stated objectives, the Company has adopted the following strategies:

- monitoring monthly results
- developing KPI's
- developing and following a long-term strategic plan

DIRECTORS' REPORT

Information on Directors

WOODBRIDGE, David	–	President
Experience	–	13 years on the board
JONES, Patty	–	Senior Vice President
Experience	–	5 years on the board
McCALL, Michael	–	Junior Vice President
Experience	–	3 years on the board
BARRETT, Neil	–	Junior Vice President
Experience	–	8 years on the board
PROSSER, Phillip	–	Director
Experience	–	3 years on the board
ROBB, Stephen	–	Director
Experience	–	2 year on the board
MCLEAN, Ronald	–	Director
Experience	–	1 year on the board
CLARKE-BRUCE, Ronald	–	Director
Experience	–	1 year on the board
DURANT, David	–	Director
Experience	–	1 year on the board

DIRECTORS' REPORT

Meetings of Directors

During the financial year, 10 meetings of Directors were held and 6 special meetings. Attendances by each Director were as follows:

	Directors' Meetings (general)	
	Number eligible to attend	**Number attended**
WOODBRIDGE, David	10	10
JONES, Patty	10	10
McCALL, Michael	10	10
BARRETT, Neil	10	10
ROBB, Stephen	9	8
MCLEAN, Ronald	7	7
CLARKE-BRUCE, Ronald	7	6
DURANT, David	7	7
WILD, Lynn	4	4
SELBY, Bob	4	3
MERCER, Jim	4	3
PROSSER, Phillip	9	6

	Directors' Meetings (special)	
	Number eligible to attend	**Number attended**
WOODBRIDGE, David	6	6
JONES, Patty	6	6
McCALL, Michael	6	5
BARRETT, Neil	6	2
ROBB, Stephen	6	3
MCLEAN, Ronald	3	0
CLARKE-BRUCE, Ronald	3	0
DURANT, David	3	0
WILD, Lynn	3	2
SELBY, Bob	3	2
MERCER, Jim	3	2
PROSSER, Phillip	6	2

The Company is incorporated under the *Corporations Act 2001* and is a Company limited by guarantee. If the Company is wound up, the constitution states that each member is required to contribute a maximum of $2 each towards meeting any outstanding obligations of the entity.

Environmental regulations

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

Future Developments

The Company is currently undertaking steps for future upgrades to the bar, carpet and furniture, as well as a refresh of the gaming floor. No commitments have been made as at the date of this report. Stage one of these upgrades will be the bar and the Company envisage that this will start in May 2021.

DIRECTORS' REPORT

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its Auditors, Morton & Cord, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Morton & Cord during or since the financial year.

Proceedings on behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

New Accounting Standards Implemented

The Entity has implemented three new Accounting Standards that are applicable for the current reporting period.

AASB 15: *Revenue from Contracts with Customers*,

AASB 1058: *Income of Not-for-Profit Entities*

AASB 16: *Leases*

All have been assessed by the Directors and they have concluded that there are no effects to the financial statements.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

This Directors' report is signed in accordance with a resolution of the Board of Directors.

D W Woodbridge

David Woodbridge
22 September 2020

P. Jones

Patty Jones

AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SUSSEX INLET RSL CLUB LIMITED CLUB LIMITED

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Sussex Inlet RSL Club Limited for the financial year ended 30 June 2020, I declare to the best of my knowledge and belief, there have been:

i. no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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

Morton + Cord

Morton & Cord

Michael Lees

22 September 2020

21 Moss Street Nowra NSW 2541

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

	Note	2020	2019
		$	$
Sale of goods	2	1,397,703	1,731,223
Other income	2	3,720,119	4,030,475
		5,117,822	5,761,698
Cost of goods sold		(603,414)	(708,787)
Employee benefits expense		(1,705,889)	(1,734,569)
Depreciation and amortisation expense	3b	(441,391)	(434,610)
Bar operating expenses		(44,270)	(49,585)
Poker machine operating expenses		(486,348)	(634,130)
Catering expenses		(39,245)	(41,165)
Sussex Shores operating expenses		(33,193)	(49,958)
TAB and Keno operating expenses		(25,513)	(36,989)
Promotions and entertainment expenses		(493,085)	(652,822)
Occupancy expenses		(289,007)	(382,353)
Finance expenses		(45,622)	(70,788)
Other expenses		(415,137)	(362,813)
Profit before income tax		495,708	603,129
Income tax expense	4	(9,683)	20,003
Profit for the year		486,025	623,132
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Net gain on revaluation of land and buildings		-	-
Total comprehensive income for the year		-	-
Profit attributable to members of the entity		486,025	623,132
Total comprehensive income attributable to members of the entity		486,025	623,132

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020

	Note	2020	2019
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	970,815	295,302
Trade & other receivables	6	16,308	16,104
Inventories	7	34,465	32,662
Other assets	8	186,977	109,254
TOTAL CURRENT ASSETS		1,208,565	453,322
NON-CURRENT ASSETS			
Investment property	9	1,025,000	1,025,000
Property, plant and equipment	10	8,158,777	8,334,357
Deferred tax assets	4	63,494	73,177
TOTAL NON-CURRENT ASSETS		9,224,271	9,432,534
TOTAL ASSETS		10,455,836	9,885,856
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	409,882	223,986
Provisions	12	214,785	177,213
Interest bearing loans and borrowings	13	433,426	462,772
Other liabilities	14	-	10,938
TOTAL CURRENT LIABILITIES		1,058,093	874,909
NON-CURRENT LIABILITIES			
Provisions	12	27,023	29,819
Interest bearing loans and borrowings	13	234,889	331,322
TOTAL NON-CURRENT LIABILITIES		261,912	361,141
TOTAL LIABILITIES		1,320,005	1,236,050
NET ASSETS		9,135,831	8,649,806
EQUITY			
Retained earnings		6,139,760	5,653,735
Reserves		2,996,071	2,996,071
TOTAL EQUITY		9,135,831	8,649,806

STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2020

	Note	Retained Earnings	Revaluation Surplus	Total
		$	$	$
Balance at 1 July 2018		5,030,603	2,996,071	8,026,674
Comprehensive income				
Profit (loss) for the year		623,132	-	623,132
Other comprehensive income for the year:				
– Net fair value gain available-for-sale financial assets		-	-	-
Total comprehensive income attributable to members of the entity for the year		623,132	-	623,132
Balance at 30 June 2019		5,653,735	2,996,071	8,649,806
Balance at 1 July 2019		5,653,735	2,996,071	8,649,806
Comprehensive income				
Profit (loss) for the year		486,025	-	486,025
Other comprehensive income for the year:				
– Net fair value gain available-for-sale financial assets		-	-	-
Total comprehensive income attributable to members of the entity for the year		-	-	-
Balance at 30 June 2020		6,139,760	2,996,071	9,135,831

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020	2019
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		5,601,457	6,335,186
Payments to suppliers and employees and customers		(4,559,617)	(5,622,385)
Interest received		270	2,438
Net cash generated from operating activities	21	1,042,110	715,239
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		55,784	57,783
Payment for property, plant and equipment		(274,628)	(453,300)
Net cash used in investing activities		(218,844)	(395,517)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in borrowings		-	226,117
Repayment of borrowings		(196,874)	(340,454)
Repayment of finance lease commitments		(143,464)	(361,077)
Increase in finance lease commitments		192,585	178,770
Net cash generated by/(used in) financing activities		(147,753)	(296,644)
Net increase in cash held		675,513	23,078
Cash and cash equivalents at beginning of financial year		295,302	272,224
Cash and cash equivalents at end of financial year	5	970,815	295,302

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

Sussex Inlet RSL Club Limited 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.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

The financial statements were authorised for issue on 21 September 2020 by the Directors of the Company.

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.

Accounting Policies

a. **Revenue**

The Entity has applied AASB 15: Revenue from Contracts with Customers (AASB 15) and AASB 1058: Income of Not-for-Profit Entities (AASB 1058). The classification and measurement requirements of these standards have no material impact on the financial statements and no adjustments to equity were necessary in adopting the new standards.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customer.

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

b. **Inventories**

Inventories held for sale are measured at the lower of cost and net realisable value. Inventories held for distribution are measured at cost adjusted, when applicable, for any loss of service potential.

c. **Property, Plant and Equipment**

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

Freehold property

Freehold land and buildings are shown at their fair value based on periodic valuations by external independent valuers, less subsequent depreciation for buildings.

In periods when the freehold land and buildings are not subject to an independent valuation, the Directors conduct Directors' valuations to ensure the carrying amount for the land and buildings is not materially different to the fair value.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in the revaluation surplus in equity. Revaluation decreases that offset previous increases of the same class of assets shall be recognised in other comprehensive income under the heading of revaluation surplus. All other decreases are recognised in profit or loss.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

Freehold land and buildings that have been contributed at no cost, or for nominal cost, are initially recognised and measured at the fair value of the asset at the date it is acquired.

Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment losses. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1(f) for details of impairment).

Plant and equipment that have been contributed at no cost, or for nominal cost, are valued and recognised at the fair value of the asset at the date it is acquired.

Depreciation

The depreciable amount of all fixed assets, including buildings and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Buildings	2.5%
Plant and equipment	15–30%
Poker machines	12.5-30%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are recognised in profit or loss in the period in which they arise. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

d. **Leases**

The Entity as lessee

At inception of a contract, the Entity assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Entity where the Entity is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Entity uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

– fixed lease payments less any lease incentives;
– variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest.

Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Entity anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

e. **Financial Instruments**

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is the date that the entity commits itself to either the purchase or sale of the asset (ie trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified as “at fair value through profit or loss”, in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain significant financing component or if the practical expedient was applied as specified in AASB 15: *Revenue from Contracts with Customers*.

Classification and subsequent measurement

Financial liabilities

Financial liabilities are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit or loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: *Business Combinations* applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense over in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability cannot be reclassified.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through other comprehensive income; or
- fair value through profit or loss.

Measurement is on the basis of two primary criteria:

- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

A financial asset that meets the following conditions is subsequently measured fair value through other comprehensive income:

- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates; and
- the business model for managing the financial asset comprises both contractual cash flows collection and the selling of the financial asset.

By default, all other financial assets that do not meet the measurement conditions of amortised cost and fair value through other comprehensive income are subsequently measured at fair value through profit or loss.

The entity initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy and information about the groupings is documented appropriately, so the performance of the financial liability that is part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis; and
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability, is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All the following criteria need to be satisfied for the derecognition of a financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the entity no longer controls the asset (i.e. has no practical ability to make unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which the entity elected to classify under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

General approach

Under the general approach, at each reporting period, the entity assesses whether the financial instruments are credit-impaired, and:

- if the credit risk of the financial instrument has increased significantly since initial recognition, the entity measures the loss allowance of the financial instruments at an amount equal to the lifetime expected credit losses; and
- if there is no significant increase in credit risk since initial recognition, the entity measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times.

This approach is applicable to:

- trade receivables

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (ie diversity of its customer base, appropriate groupings of its historical loss experience, etc).

f. **Impairment of Assets**

At the end of each reporting period, the entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs of disposal and value in use, is compared to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised in profit or loss.

Where the assets are not held primarily for their ability to generate net cash inflows – that is, they are specialised assets held for continuing use of their service capacity – the recoverable amounts are expected to be materially the same as fair value.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where an impairment loss on a revalued individual asset is identified, this is recognised against the revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of asset.

g. **Employee Benefits**

Short-term employee benefits

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, salaries and sick leave. 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, salaries and sick leave are recognised as part of current trade and other payables in the statement of financial position.

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 are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Upon the remeasurement 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 Company 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.

h. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

i. **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 Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

j. **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 period 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.

k. **Provisions**

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

l. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the Company during the reporting period that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

n. **Critical Accounting Estimates and Judgements**

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 externally and within the Company.

Key estimates

(i) *Valuation of freehold land and buildings*

The freehold land and buildings were independently valued and adopted at 30 June 2017 by Walsh & Monaghan Valuers. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a revaluation increment of $976,385 being recognised for the year ended 30 June 2018.

(ii) *Valuation of investment property*

The investment property was independently valued and adopted at 30 June 2017 by Walsh & Monaghan Valuers. The valuation was based on the fair value less costs of disposal. The critical assumptions adopted in determining the valuation included the location of the land and buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties. The valuation resulted in a fair value adjustment of $67,000 being recognised for the year ended 30 June 2017.

At 30 June 2019, the Directors reviewed the key assumptions made by the valuers at 30 June 2017. They have concluded that these assumptions remain materially unchanged and are satisfied that carrying amount does not exceed the recoverable amount of land and buildings at 30 June 2019.

Key judgements

(i) *Employee benefits*

For the purpose of measurement, AASB 119: *Employee Benefits* defines obligations for short-term employee benefits as obligations expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service. As the Company expects that most employees will not use all of their annual leave entitlements in the same year in which they are earned or during the 12-month period that follows (despite an informal Company policy that requires annual leave to be used within 18 months), the Directors believe that obligations for annual leave entitlements satisfy the definition of other long-term employee benefits and, therefore, are required to be measured at the present value of the expected future payments to be made to employees.

(ii) Poker machine licences

The Company holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW government. AIFRS requires that licences outside of a pre AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss to recognise the grant immediately as income. Until new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the Company has determined that fair value at grant date for licences granted pre April 2002 to be zero. Should licences be granted to the Company post April 2002 they will be initially recognised at fair value. The Company has determined that the market for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

(iii) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is *probable* that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

o. **Fair Value of Assets and Liabilities**

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

“Fair value” is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (ie unforced) transaction between independent, knowledgeable and willing 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 or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, the use of observable market data.

To the extent possible, market information is extracted from the principal market for the asset or liability (ie the market with the greatest volume and level of activity for the asset or liability). In the absence of such a market, market information is extracted from the most advantageous market available to the entity at the end of the reporting period (ie the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

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.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The fair value of liabilities and the entity's own equity instruments (if any) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

p. NSW Bushfire Crisis

A reduction in tourism in the greater Shoalhaven region and the forced evacuation orders in January 2020 saw trade decrease significantly in comparison to previous years. The bushfires in NSW lasted from December 2019 to January 2020.

q. COVID-19

The Company was placed into forced shut down between 23 March 2020 and 1 June 2020 due to the COVID-19 pandemic. This materially impacted trading. The Company has implemented the following measures to mitigate the financial impacts including;

- Applying for and receiving JobKeeper and Cash Flow Boost payments
- 25% NSW payroll tax concession
- Suspended bank loan repayments to the St George Bank for a period of six months ending September 2020
- Poker machine tax for the quarter ended 29 February 2020 has been deferred until September 2020 as per announcements from the NSW State Government COVID-19 concessions.

The Company is continuing to monitor the situation and adjust its continuity measures as the situation evolves. The Club continues to assess the potential short-term and long-term impacts.

The duration and intensity of this global health crisis and related disruptions is uncertain. As at the date of this report given the fluid and evolving nature of COVID-19, the Club is unable to assess the medium to long term impact COVID-19 may have on the Club's ability to trade without further restrictions.

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

NOTE 2: REVENUE AND OTHER INCOME

		Note	2020	2019
			$	$
Revenue		**Note**		
Trading income				
–	bar sales		1,397,703	1,731,223
			1,397,703	1,731,223
Other income				
–	poker machine net revenue		2,487,099	3,097,517
–	keno commission		107,792	134,568
–	TAB commission		13,941	18,579
–	ATM commission		32,105	39,267
–	interest received		270	2,438
–	member subscriptions		42,176	40,026
–	entertainment & promotion revenue		195,580	253,555
–	accommodation receipts		122,286	179,019
–	Proceeds from sale of assets		16,822	49,080
–	catering trading		48,084	65,600
–	insurance recoveries		174,646	-
–	rebates		102,874	84,114
–	bushfire evacuation centre recoveries		49,461	-
–	proceeds from sale of assets		24,993	49,080
–	other income		23,490	17,632
–	JobKeeper		216,000	-
–	Cash flow boosts		62,500	-
Total other income			3,720,119	4,030,475
Total revenue and other income			5,117,822	5,761,698

NOTE 3: PROFIT FOR THE YEAR

			2020	2019
	Expenses			
a.	Employee benefits expense:			
	–	superannuation contributions	122,633	136,590
b.	Depreciation and amortisation:			
	–	land and buildings	135,007	135,007
	–	poker machines	216,582	193,742
	–	plant and equipment	89,802	105,861
	Total depreciation and amortisation		441,391	434,610
c.	Auditors' remuneration			
	–	auditors' remuneration	17,150	16,750
	–	other services	19,020	18,260
	Total auditors remuneration		36,170	35,010

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

NOTE 4: INCOME TAX

(a) The major components of income tax expense for the years ended 30 June 2020 and 2019 are:

	2020	2019
Current income tax charge:	$	$
Current income tax charge	-	80,460
Deferred tax:		
Relating to the origination and reversal of temporary differences	9,683	(6,050)
Adjustments relating to prior year	-	(94,413)
Income tax expense reported in the statement of profit and loss and other comprehensive income	9,683	(20,003)

(b) A reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate for the years 2020 and 2019:

	2020	2019
	$	$
Accounting profit before tax	495,708	603,129
At Company's statutory tax rate of 27.5%	136,320	165,860
Add the tax effect of:		
Non-deductible member only expenses	175,147	197,874
Add the tax effect of:		
Other non-temporary differences	(74,590)	(27,963)
Tax losses deducted	(19,101)	(31,318)
Deductible expenses	(20,031)	(22,357)
Adjustments relating to prior year	-	(94,413)
Net income from members not subject to income tax	(188,062)	(207,686)
	9,683	(20,003)

(c) Recognised deferred tax assets

	2020	2019
	$	$
(ii)DEFERRED TAX LIABILITIES:		
Fixed assets	11,175	22,957
	11,175	22,957
(ii)DEFERRED TAX ASSETS:		
Accruals	1,648	(647)
Provisions	12,075	9,946
Carried forward tax losses	60,946	86,835
	74,669	96,134
Net deferred tax asset	63,494	73,177

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

NOTE 5: CASH AND CASH EQUIVALENTS

	2020	2019
	$	$
CURRENT		
Cash at bank	859,346	177,795
Cash on hand	111,469	117,507
	970,815	295,302

NOTE 6: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade debtors	16,308	16,104
	16,308	16,104

NOTE 7: INVENTORIES

CURRENT		
At cost:		
Stock on hand	34,465	32,662
	34,465	32,662

NOTE 8: OTHER ASSETS

CURRENT		
Prepayments	104,477	108,254
Bond	1,000	1,000
JobKeeper receivable	69,000	-
Cash flow boost receivable	12,500	-
	186,977	109,254

NOTE 9: INVESTMENT PROPERTY

Investment Property		
-– at valuation	840,000	840,000
-– fair value adjustments	185,000	185,000
	1,025,000	1,025,000

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

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	$	$
Land and Buildings		
Land & improvements:		
– independent valuation - 2017	1,684,000	1,684,000
Total land & bowling greens	1,684,000	1,684,000
Buildings at fair value:		
– independent valuation - 2017	5,365,000	5,365,000
– additions	22,051	22,051
Less accumulated depreciation	(404,625)	(269,618)
Total buildings	4,982,426	5,117,433
Total land and buildings	6,666,426	6,801,433
Poker Machines		
At cost	2,903,480	2,806,603
Less accumulated depreciation	(1,820,663)	(1,692,397)
Total Poker Machines	1,082,817	1,114,206
Plant & Equipment		
Bar equipment:		
At cost	573,549	573,549
Less accumulated depreciation	(558,819)	(552,089)
	14,720	21,460
Bowling green equipment:		
At cost	34,919	34,919
Less accumulated depreciation	(27,546)	(24,982)
	7,373	9,937
Furniture & fittings:		
At cost	2,028,577	2,025,370
Less accumulated depreciation	(1,953,743)	(1,925,025)
	74,834	100,345
Motor vehicles:		
At cost	129,691	196,332
Less accumulated depreciation	(59,512)	(114,281)
	70,179	82,051
Office equipment:		
At cost	436,472	417,569
Less accumulated depreciation	(403,319)	(388,253)
	33,153	29,316

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

NOTE 10: PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	$	$
Carpets & curtains:		
At cost	4,863	4,863
Less accumulated depreciation	(4,366)	(3,867)
	497	996
Kitchen equipment:		
At cost	201,253	201,253
Less accumulated depreciation	(179,860)	(170,483)
	21,393	30,770
Games equipment:		
At cost	23,286	25,427
Less accumulated depreciation	(20,827)	(22,651)
	2,459	2,776
Outdoor plant and equipment:		
At cost	180,980	179,798
Less accumulated depreciation	(52,776)	(42,154)
	128,204	137,644
Investment property fittings:		
At cost	33,763	32,401
Less accumulated depreciation	(31,532)	(30,996)
	2,231	1,405
Cafe:		
At cost	4,091	4,091
Less accumulated depreciation	(2,755)	(2,073)
	1,336	2,018
Bar development costs:		
At cost	53,145	-
Less accumulated depreciation	-	-
	53,145	-
Total plant and equipment	409,534	418,718
Total property, plant and equipment	8,158,777	8,334,357

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Buildings	Poker Machines	Plant and Equipment	Total
	$	$	$	$
2020				
Balance at the beginning of the year	6,801,433	1,114,206	418,718	8,334,357
Additions at cost	-	194,760	79,868	274,628
Revaluation	-	-	-	-
Reclassifications	-	-	-	-
Disposals	-	(8,817)	-	(8,817)
Depreciation expense	(135,007)	(217,332)	(89,052)	(441,391)
Carrying amount at the end of the year	6,666,426	1,082,817	409,534	8,158,777

Core Properties

The following are core properties:

- 200 Jacobs Drive, Sussex Inlet NSW 2540

The following are non-core properties

- 'Sussex Shores', 209 Jacobs Drive, Sussex Inlet NSW 2540

NOTE 11: TRADE AND OTHER PAYABLES

	2020	2019
	$	$
CURRENT		
Trade payables	144,173	84,177
Other current payables	265,709	139,809
	409,882	223,986

a. **Financial liabilities at amortised cost classified as trade and other payables**

Trade and other payables:		
– total current	-	-
– total non-current	-	-
Financial liabilities as trade and other payables	-	-

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

NOTE 12: PROVISION FOR EMPLOYEE BENEFITS

	2020	2019
CURRENT		
Provision for employee benefits:		
Annual leave	112,634	98,193
Long service leave	102,151	79,020
	214,785	177,213
NON-CURRENT		
Provision for employee benefits:		
Long service leave	27,023	29,819
	27,023	29,819
Total provision for employee benefits	241,808	207,032

Provision for employee benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Company does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Company does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1(g).

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

NOTE 13: INTEREST BEARING LOANS AND BORROWINGS

	2020	2019
	$	$
CURRENT		
Lease liabilities	-	34,143
Master asset finance facility	122,312	90,360
Insurance funding loan	98,921	86,545
Bank loan - fixed	-	-
Bank loan - variable	212,193	251,724
	433,426	462,772
NON-CURRENT		
Lease liabilities		-
Master asset finance facility	80,243	23,634
Bank - fixed	-	-
Bank - variable	154,646	307,688
	234,889	331,322

In respect of the Bank loans, totalling $366,839 the bank holds a First Registered Mortgage over all the Company's property and a fixed and floating charge over all the Company's assets in support of its guarantee and loan.

In respect of the Master Asset Finance Facility, totalling $202,555 the bank holds a First Registered Mortgage over all of the Company's property and a fixed and floating charge over all the Company's assets in support of its facility.

Loan Facility Limits	
Bank loan – variable	785,000
Master asset finance facility	250,000
Overdraft facility	200,000
	1,235,000
Loan facilities available	
Bank loan – variable	-
Master asset finance facility	47,445
Overdraft facility	200,000
	247,445

NOTE 14: OTHER LIABILITIES

	2020	2019
	$	$
CURRENT		
Income in advance	-	10,938
	-	10,938

NOTE 15: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Due to the forced shut down from COVID-19 the Club was closed for trading from 23 March 2020 to 1 June 2020. This meant that the Club did not reach the $250,000 threshold for poker machine tax to be levied in the quarter ending 31 May 2020 and received a $nil payable invoice. The Club did subsequently reach $1,000,000 annually and could be liable to pay the March 2020 poker machine tax ($25,474) in a future period. The Club has sought to clarify its position with government bodies but at the date of this report has not received a response.

The Directors do not believe that there are any other contingent assets or liabilities as at the date of this report.

NOTE 16: EVENTS AFTER THE REPORTING PERIOD

The Company has applied for and been approved for a $300,000 Bushfire Recovery Loan. The loan is a 10 year loan, with the first two (2) years interest free period and the remainder is repayable over the following eight 8 years with the interest rate being 50% of the government 10-year bond rate. Indicatively, at the time of this report the rate is 0.82%.

The Board believe that entering into this loan represents a sound financial decision to further reduce interest payable by the Club on its current debts which the proceeds of this loan will be used to pay down.

The Directors are not aware of any other significant events since the end of the reporting period.

NOTE 17: KEY MANAGEMENT PERSONNEL COMPENSATION

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any Director (whether executive or otherwise) of that entity is considered key management personnel (KMP).

The total remuneration/honorarium paid to Key Management Personnel (KMP) of the Company during the year is as follows:

	2020	2019
	$	$
KMP compensation	471,720	475,649

NOTE 18: OTHER RELATED PARTY TRANSACTIONS

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Patty Jones has disclosed she is related to Cheyne Jones, an employee of the Club. Employment is on normal terms and conditions and no more favourable than those offered to others.

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

NOTE 19: FAIR VALUE MEASUREMENTS

The Company has the following assets, as set out in the table below, that are measured at fair value on a recurring basis after their 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.

	Note	2020	2019
		$	**$**
Recurring fair value measurements			
Property, plant and equipment			
Freehold land (i)	10	1,684,000	1,684,000
Freehold buildings (i)	10	5,365,000	5,365,000
Investment property			
Sussex Shores (ii)	9	1,025,000	1,025,000

(i) For freehold land and buildings, the fair values are based on a valuation, which used comparable market data for similar properties.

(ii) For investments in listed shares, the fair values have been determined based on closing quoted bid prices at the end of the reporting period.

NOTE 20: RESERVES

a. **Revaluation Surplus**

The revaluation surplus records the revaluations of non-current assets. Where revaluations are deemed to represent profits of a permanent nature, dividends may be declared from this reserve.

NOTE 21: RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2020	2019
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the period	486,025	623,132
Depreciation	441,391	434,610
(Gain)/loss on sale of property, plant and equipment	(24,993)	(49,080)
Operating profit before changes in working capital and provisions	902,423	1,008,662
(Increase)/decrease in trade and other receivables	(204)	(6,466)
(Increase)/decrease in inventories	(1,803)	(2,920)
(Increase)/decrease in other assets	(68,040)	(44,620)
(Decrease)/increase in trade and other payables	185,896	(218,755)
(Decrease)/Increase in provisions and employee benefits	34,776	(7,079)
(Decrease)/Increase of other liabilities	(10,938)	(13,583)
Net cash from operating activities	1,042,110	715,239

DIRECTORS' DECLARATION

In accordance with a resolution of the Directors of Sussex Inlet RSL Club Limited, the Directors of the Company declare that:

1. The financial statements and notes, as set out on pages 6 to 31, are in accordance with the *Corporations Act 2001* and:

    a. comply with Australian Accounting Standards – Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position of the Company as at 30 June 2020 and of its performance for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

D Woodbridge

David Woodbridge
22 September 2020

P Jones

Patty Jones

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUSSEX INLET RSL CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Sussex Inlet RSL Club Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

In our opinion, the accompanying financial report of Sussex Inlet RSL Club Limited is in accordance with the Corporations Act 2001, including:

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

(ii) 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 (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.

Impact of the Coronavirus (COVID-19) outbreak

We draw attention to Note 1(q) of the financial report which notes the World Health Organisations' declaration of the outbreak of COVID-19 as a global pandemic and how this has been considered by the Directors in the preparation of the financial report. As set out in Note 1(q), no adjustments have been made to the financial statements as of 30 June 2020 for the impacts of COVID-19. 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 comprises the information included in the Company's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SUSSEX INLET RSL CLUB LIMITED

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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.

Morton + Cord

Morton & Cord

22 September 2020

21 Moss Street Nowra NSW 2541

Michael Lees