

**Pacific Palms Recreation Club**



**PACIFIC PALMS RECREATION CLUB LIMITED**

ABN 47 000 910 378

ACN 000 910 378

**ANNUAL REPORT**

FOR THE YEAR ENDED

**30 JUNE 2020**

TO BE PRESENTED AT THE  
**ANNUAL GENERAL MEETING**  
TO BE HELD AT THE CLUB ON  
**SUNDAY 25 October 2020 at 10:15am**

3957 THE LAKES WAY, ELIZABETH BEACH, NSW

## **Contents**

Annual General Meeting 2020 Agenda

President's Report

Secretary Manager's Report

Treasurer's Report

Directors' Report

Auditor's independence declaration

Statement of Profit or Loss and Other Comprehensive Income

Statement of Changes in Equity

Statement of Financial Position

Statement of Cash Flows

Notes to the financial statements

1. Statement Of Significant Accounting Policies
2. Revenue & Other Income
3. Finance Income
4. Result for the year
5. Income Tax
6. Related Party & Key management disclosure
7. Cash And Cash Equivalents
8. Trade And Other Receivables
9. Inventories
10. Property Plant And Equipment
11. Other Assets
12. Trade And Other Payables
13. Financial Liabilities
14. Employee Benefits
15. Other Liabilities
16. Capital & Leasing Commitments
17. Cash Flow Information
18. Events After Reporting Date
19. Financial Risk Management
20. Contingent Liabilities
21. Economic Dependency
22. Company Details
23. Core Property

Directors' declaration

Independent audit report

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the Annual General Meeting of the Pacific Palms Recreation Club Limited (ABN: 47 000 910 378) will be held on Sunday 25 October, 2020 commencing at 10.15am.

**AGENDA**

1. Apologies
2. Minutes Silence
3. Confirm the minutes of the Annual General Meeting held on Sunday 27 October 2019
4. To appoint from among the members present five (5) persons who shall appoint one (1) of their number Returning Officer with the remainder being Assistant Returning Officers all of whom shall act on and for the purpose of the ballot
5. To receive and adopt the Auditor's and Director's reports for the financial year ended 30 June 2020
6. To receive and adopt the Full Financial Report for the year ended 30 June 2020
7. To declare all Board of Directors positions vacant
8. To appoint a temporary Chairman
9. Election of the Board of Directors for the ensuing year
10. To consider and if thought fit approve payment of Honorariums to the Board of Directors
11. Ordinary Resolutions – to consider and if thought fit pass Ordinary Resolutions conferring benefits on Directors
12. To deal with any business of which due notice in writing has been given
13. To receive recommendations for the incoming Board

Nominations for Board positions must be received by no later than Saturday 17 October 2020 at 12 Noon.

Any clarification of the Full Financial Statements that requires an answer at the Annual General Meeting to be placed in writing to the Club President Mr L Schubert by Saturday 17 October 2020 at 12 Noon.

**DIRECTORS HONORARIUMS**

That the members approve an honorarium of \$2000 each for the Executive Directors which include the President, Vice President and Treasurer. Further, that the members approve an honorarium of \$1000 each for the remaining four (4) directors.

**FIRST ORDINARY RESOLUTION**

“That pursuant to the Registered Clubs Act:

- (a) The members hereby approve and agree to reasonable expenditure by the Club for the following activities of the Directors:
  - (i) The reasonable cost of a meal and beverage for each director immediately before or after a Board or Committee meeting on the day of that meeting when that meeting corresponds with a normal meal time;
  - (ii) Reasonable expenses incurred by directors in relation to such other activities including entertainment of special guests of the Club;
  - (iii) Reasonable expenses involved in attending intra-club activities at the Club or the community and other promotional activities performed by directors and supported by the Board;

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

- (iv) Reasonable costs of Directors attending functions and activities at the Club which are deemed by the Board to be of benefit to the Club;
  - (v) Reasonable costs of Directors and their spouses in attending functions as required by the Board and the above expenses are to be approved by the Board before payment is made on the production of receipts;
- (b) The members acknowledge that the benefits referred to above are not available to members generally but only those who are Directors of the Club and those members directly involved in the above activities”.

**SECOND ORDINARY RESOLUTION**

“That pursuant to the Registered Clubs Act:

- (a) The members hereby approve and agree to reasonable expenditure by the Club for the professional development and education of Directors such as:
  - (i) The reasonable cost of Directors attending the Clubs NSW General Meeting;
  - (ii) The reasonable cost of Directors attending seminars, lectures, trade displays and similar organized events as may be determined by the Board from time to time;
  - (iii) The reasonable cost of Directors attending other clubs or similar types of business for the purpose of observing their facilities and methods of operation;
- (b) The members acknowledge that the benefits referred to above are not available to members generally but only to those who are Directors of the Club and those members directly involved in the above activities”

**THIRD ORDINARY RESOLUTION**

“That pursuant to the Registered Club’s Act the members hereby approve and agree to permit members who are directors of the Club to utilise dedicated parking spaces. The members agree that this benefit is not open to members who are not Directors of the Club”

**NOTES TO MEMBERS**

**First Ordinary Resolution**

The First Ordinary Resolution is to have the members in General Meeting approve reasonable expenditure by the Club in relation to duties performed by the Club’s Directors.

**Second Ordinary Resolution**

The Second Ordinary Resolution is to have the members in General Meeting approve reasonable expenditure by the Club for Directors to attend seminars, lectures, trade displays and other similar events including Clubs NSW Annual General Meeting and to visit other clubs to enable the Board to keep abreast of current trends and developments which may have a significant bearing on the nature and way in which the Club conducts its business.

**Third Ordinary Resolution**

The Third Ordinary Resolution is to have members approve preferential car spaces for Directors.

**General**

Each of the resolutions must be passed as a whole and cannot be amended from motions from the floor of the meeting or divided into two or more parts.

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

## **President's Report**

On behalf of the Board of Directors, I submit for your consideration and adoption the Annual Report for the year ended 30 June 2020.

I am pleased to report a profit of \$160,922 for the 2019/20 financial year.

Thank you to my fellow Directors, our staff, and all members who have supported the Club throughout the year.

During the year we have continued to improve the facilities available for members and guests including:

- New furniture in the Bistro
- Upgraded furniture in the auditorium (utilising the old Bistro furniture)
- New raffle fridge
- New Disabled Access doors
- New heaters in our outdoor area behind the Gaming Lounge
- New poker machines and an additional poker machine link.

The Club has also provided support to local groups through grants, sponsorship, donations, and the opportunity to run community raffles on Friday nights and weekends. Groups include Pacific Palms Soccer Club, Pacific Palms SLSC, Bungwahl P&C Association, Pacific Palms Public School, Pacific Palms Netball Club, Boomerang Beach Boardriders, Wallis Spirit Dragons, Coomba Golf, Sandbar Ladies & Mens Golf, Pacific Palms Social Golf, Special Children's Christmas Party, Koori Kids, and many local fundraisers including the fundraiser for Bobin Public School.

The Club also helped support our local Rural Fire Service Brigades during the summer bushfires by providing at cost meals to firefighters and putting on a thank you evening for the firefighters and their families. The Club also supported Rural Aid by participating in the Parma for a Farmer initiative which saw the Club donate \$3 from every Parmy sale to Rural Aid to provide water and hay to struggling farmers.

We are also pleased to advise that the Club is once again offering around \$10,000 in grant funding to local Community Groups. Submissions close in late September, and grant funding will be allocated prior to the AGM in late October.

Thanks again for your support throughout the year, and hope to see you at your Club soon!

Larry Schubert  
President

## **Secretary Manager's Report**

Well, what a year! Bushfires, flooding rain, and the Covid-19 pandemic.

During this tumultuous year the Club has endeavoured to respond nimbly to the many changes thrown our way, including:

- Instituting a weekend cocktail offering
- Instituting a takeaway and delivery food service whilst the Club was closed down from March 23 until June 1 to continue to support the community (which proved to be very popular)
- Running our raffles online during the lockdown
- Creating new menus to suit operating conditions – takeaway and delivery, limited in house dining, table service dining and eventually back to full service dining.

When we finally opened the doors in June it was great to see all of our regulars back. Whilst not back to “normal” yet, we have been able to slowly bring back some of your favourites including happy hour, \$12 dinner specials, Seniors Lunch, and in-house raffles.

We now have a new electronic sign in system, an absolute must during these difficult times as a means of being able to quickly identify people potentially at risk should someone attend the Club who has Covid-19.

We have also upgraded some of our equipment including replacing our aging (and failing) Combi Oven in the Bistro.

I would like to give a shout out to all of my staff for their willingness to adapt and change under some fairly trying circumstances. I think they have done a tremendous job.

And I think it is testament to the hard work of all Staff and the Board of Directors that the Club has been able to post a profit even though we were locked down with minimal income for 10 weeks. My thanks go to them all.

Diane Ellis  
Secretary Manager

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**Treasurer's Report**

Financially the Club has again reported another successful year. Whilst our usual fixed and variable expenditure were contained within budgeted levels our debts continued to reduce within arrangements which, in turn, strengthened the Club's balance sheet.

Further the cash position improved which is reflected in the Club's various gearing and working ratios. Even with the closure of trading for two months the Federal Government's stimulus package was of great assistance in enabling the Club to maintain staff and recommence trading.

Moving forward the Club will continue to be an industry leader for the Pacific Palms area.

This is my final Treasurer's report as I will not be seeking re-election after 25 years service to the members. The Club is in good hands with its management structure and Board experience. Thank you to everyone over the years with whom I have worked or had an acquaintance. Ann and I wish you health and happiness for the future.

Ted Lawson  
Treasurer

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**FINANCIAL REPORT**  
**FOR THE YEAR ENDED**  
**30 JUNE 2020**

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**DIRECTORS' REPORT**

The directors present their report together with the financial report of Pacific Palms Recreation Club Ltd ("the Company") for the financial year ended 30 June 2020 and the auditor's report thereon.

**Directors**

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

Diane Ellis	President to 16 October 2019 Elected to the Board - January 2009 Life Member Resigned 16 October 2019 Project management and IT
Larry Schubert	President from 16 October 2019 Vice President to 16 October 2019 Elected to the Board - October 1993 Life Member Electrician
Ted Lawson	Treasurer Elected to the Board - February 1996 Past President Life Member Banking & Finance
Claire Maclure	Elected to the Board - 29 October 2017 Business management & hospitality
Ken Reynolds	Elected to the Board - 28 October 2012 Past President Life Member Business owner
Nick Montague	Vice President from 16 October 2019 Elected to the Board - April 2013 Business owner
Mark Workum	Elected to the Board - September 2013 Printing and hospitality
Saimaa Miller	Elected to the Board - 27 October 2019 Health & Wellbeing, Marketing

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

**Company Secretary**

Ms Diane Ellis was appointed as company secretary on 17 October 2019. Ms Ellis is the Secretary Manager of the Club.

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**DIRECTORS' REPORT**

**Life Members**

S Allan, K Clifton, D Hughes, J Palmer, S Kenyon, B Stone, T Johnston, J Blanche, K Reynolds, T Lawson, L Schubert, D Ellis.

**Meetings of Directors**

During the financial year 28 meetings of directors were held. Attendances by each director during the year were as follows:

Director	Board of Directors Meetings		Special Director Meetings	
	Eligible to Attend	Attended	Eligible to attend	Attended
Diane Ellis (1)	3	3	5	5
Larry Schubert	12	11	16	14
Ted Lawson	12	8	16	11
Claire Maclure	12	11	15	11
Ken Reynolds	12	11	15	15
Nick Montague	12	12	16	16
Mark Workum	12	11	15	11
Saimaa Miller (2)	8	5	8	8

(1) Resigned 16/10/19

(2) Elected to the Board 27 /10/19

**Description of Company**

This report covers the single entity Pacific Palms Recreation Club Ltd a public company limited by guarantee.

**Description of Objectives**

The principal objective of the company is to promote sporting and social activities and citizen recreation and to aid in the civic development of the district.

Specific objectives are:

**Short-term**

Our short term objective is to make the Pacific Palms Recreation Club the hub of the community by offering entertainment, sporting activities, dining and other recreation options for the benefit of members whilst being financially responsible.

**Long-term**

As per our Constitution, the long term objective of the Pacific Palms Recreation Club is:

1. To promote sporting and social activities and citizen recreation and to aid in the civic development of the district.
2. To form friendly associations with other social groups.
3. To establish and maintain a Club for the benefit of its members and their friends.
4. To provide Clubhouses, lounges, refreshment rooms, recreational rooms and properly maintain same
5. To provide meals and other refreshments and to purchase and sell foodstuff and liquors both intoxicating and non-intoxicating, tobacco, cigars and cigarettes, sports equipment and other goods, wares and merchandise likely to be required by members.

### **DIRECTORS' REPORT**

6. Subject to the provision of any relevant statute and to the conditions attached to any licence issued therein, to conduct or assist or take part in the conduct of art unions dances, balls or other public or charitable balls, entertainments or functions for the purpose of raising funds and to accept donations or gifts from any source for all or any of the above purposes or for the benefit of or to carry out the objects of the Club.
7. To diffuse and disseminate knowledge and information or otherwise further the objects of the Club by the printing, publication, issue and circulation of papers, periodicals, books, circulars, brochures and other literary or artistic matter and by advertisement of all kinds and by purchase of the exhibition of works of art or interest and by granting prizes and donations.

#### **Strategy for Achieving Those Objectives**

To achieve these objectives, the company has adopted the following strategies:

- ensure a wide variety of activities and entertainment is available to members which reflects local interest and tastes
- explore additional options to encourage more visitors to the Club, especially during the quieter months
- sponsor and support local sporting and community groups.

#### **Principal Activities**

The principal activity of the company during the year was operating as a licenced club and there has been no change in that activity from the prior year.

#### **Measures of performance**

The key performance indicators that the Board of Directors use to monitor the overall performance of the Club are:

- Profit & loss statements
- Cash flow
- Wages versus Sales
- Gross Profit in Bar and Bistro
- Poker Machine Retention.

#### **Operating Results**

The result of the company was a profit of \$160,922 (2019: profit \$96,766).

#### **Guarantee of Members**

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 \$2.00 each towards meeting any outstanding obligations of the company. At 30 June 2020, the total amount that members of the company are liable to contribute if the company is wound up is \$7,068 (2019: \$6,870).

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**DIRECTORS' REPORT**

**Auditor's Independence Declaration**

The auditor's independence declaration for the year ended 30 June 2020 has been received and can be found following the directors' report.

**Rounding of Amounts**

Amounts in the financial statements and directors' report have been rounded to the nearest dollar and accordingly small rounding errors may occur.

Signed in accordance with a resolution of the Board of Directors.

---

Larry Schubert – President

---

Nick Montague – Vice President

Dated this 16th day of September 2020

**PACIFIC PALMS RECREATION CLUB LTD  
ABN 47 000 910 378**

**AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE  
CORPORATIONS ACT 2001 TO THE DIRECTORS OF PACIFIC PALMS RECREATION  
CLUB LTD**

We declare that, to the best of our knowledge and belief, during the year ended 30 June 2020 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

Essential Assurance Services Pty Ltd  
ABN 51 119 802 229  
Authorised Audit Company #305383

Signed by:

Rhonda Futterleib  
17<sup>th</sup> September 2020  
22 Pulteney Street, Taree, NSW, 2430

Liability limited by a scheme approved under Professional Standards Legislation

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

	Note	2020 \$	2019 \$
Revenue & other income	2	3,292,774	3,422,986
Cost of goods sold		(918,313)	(1,017,337)
Employee benefits expense		(1,245,666)	(1,222,090)
Depreciation and amortisation expense	10	(274,388)	(253,045)
Other expenses		(688,419)	(824,089)
Finance costs		(5,066)	(9,659)
Profit/(loss) before income tax		<u>160,922</u>	<u>96,766</u>
Income tax expense	5	-	-
<b>Profit/(loss) for the year</b>		<u>160,922</u>	<u>96,766</u>
<b>Other Comprehensive income/ (loss)</b>		-	-
<b>Total Comprehensive income/ (loss) for the year</b>		<u>160,922</u>	<u>96,766</u>

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

	Retained Earnings \$	Total \$
<b>Balance at 30 June 2018</b>	1,615,843	1,556,060
2019 Profit/(loss) for the year	96,766	59,783
Other Comprehensive income/ (loss) for the year	-	-
<b>Balance at 30 June 2019</b>	<u>1,712,609</u>	<u>1,615,843</u>
2020 Profit/(loss) for the year	160,922	96,766
Other Comprehensive income/ (loss) for the year	-	-
<b>Balance at 30 June 2020</b>	<u>1,873,531</u>	<u>1,712,609</u>

The accompanying notes form part of these financial statements.

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	176,027	102,492
Trade and other receivables	8	131,378	32,201
Inventories	9	33,123	44,760
Other assets	11	38,651	33,080
<b>TOTAL CURRENT ASSETS</b>		<b>379,179</b>	<b>212,533</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	2,163,449	1,979,852
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,163,449</b>	<b>1,979,852</b>
<b>TOTAL ASSETS</b>		<b>2,542,628</b>	<b>2,192,385</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	12	214,481	221,587
Financial liabilities	13	226,753	86,892
Employee benefits	14	50,260	47,824
Income tax payable	5	-	(1,154)
Other liabilities	15	69,939	72,054
<b>TOTAL CURRENT LIABILITIES</b>		<b>561,433</b>	<b>427,203</b>
<b>NON-CURRENT LIABILITIES</b>			
Financial liabilities	13	95,649	37,951
Employee benefits	14	12,015	14,622
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>107,664</b>	<b>52,573</b>
<b>TOTAL LIABILITIES</b>		<b>669,097</b>	<b>479,776</b>
<b>NET ASSETS</b>		<b>1,873,531</b>	<b>1,712,609</b>
<b>EQUITY</b>			
Retained earnings		1,873,531	1,712,609
<b>TOTAL EQUITY</b>		<b>1,873,531</b>	<b>1,712,609</b>

The accompanying notes form part of these financial statements.

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 30 JUNE 2020**

	Note	2020 \$	2019 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers & sponsors		3,589,577	3,763,413
Payments to suppliers and employees		(3,099,975)	(3,258,180)
Interest received		81	48
Interest paid		(5,066)	(9,659)
Net GST remitted to ATO		(151,651)	(163,413)
Income taxes paid		1,154	1,406
Net cash provided by (used in) operating activities	17	334,120	333,615
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(458,144)	(197,175)
Net cash provided by (used in) investing activities		(458,144)	(197,175)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		197,559	-
Repayment of borrowings		-	(118,163)
Net cash provided by (used in) financing activities		197,559	(118,163)
Net increase/(decrease) in cash held		73,535	18,277
Cash at beginning of financial year		102,492	84,215
Cash at end of financial year	7	176,027	102,492

The accompanying notes form part of these Financial Statements.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Financial Statements cover the single entity Pacific Palms Recreation Club Ltd a public company limited by guarantee, incorporated and domiciled in Australia.

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 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.

Unless otherwise stated, Australian Accounting Standards that have recently been issued or amended but are not yet effective have not been adopted for the annual reporting period ending 30 June 2020.

The financial statements were authorised for issue on 16<sup>th</sup> September 2020 by the directors of the company.

**Accounting Policies**

**a. Principal Activity**

The company operates as a licensed recreation club.

**b. Income Tax**

When applicable, the charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items and is calculated using tax rates in effect at year end.

Deferred tax liabilities, when applicable, are accounted for using the Statement of Financial Position liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are only recognised in the event that it becomes probable that future tax profits will be available against which deductible temporary differences and tax losses can be utilised.

When applicable, deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. If applicable, deferred tax is credited in the Statement of Profit or Loss and Other Comprehensive Income except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

If applicable, the amount of benefits brought to account, or which may be realised in the future, is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**c. Inventories**

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first in first out basis.

**d. Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. The NSW Land and Property Management Authority valued the company's land at \$723,000 on 1/7/2014. This valuation has not been brought to account in the Statement of Financial Position but is provided for information purposes only. Land at cost in the Statement of Financial Position is \$10,000.

**Carrying amounts**

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure there have been no impairment losses as a consequence of the carrying amounts exceeding the recoverable amount of the assets. The recoverable amount is assessed on the basis of expected net cash flows that will be received from the asset's employment and subsequent disposal. A formal assessment of recoverable amounts is made when improvement indicators are present.

Costs subsequent to the original purchase are either aggregated with the asset's original carrying amount or recognised as a separate asset, as appropriate, but only when it is probable that future economic benefits associated with the item will flow to the company. All other repairs and maintenance costs are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial period in which they are incurred.

**Depreciation**

All fixed assets including building and capitalised lease assets, but excluding land, are depreciated on a prime cost (or straight line) method over their useful lives to the company commencing from the time the asset is held ready for use.

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

<b>Class of Fixed Asset</b>	<b>Method</b>	<b>Depreciation Rate</b>
Buildings	PC	2.50 – 10.00%
Furniture and fittings	PC	2.00 – 100.00%
Office equipment	PC	5.00 – 100.00%
Other plant and equipment	Both	6.67 – 37.50%
Bar Plant	PC	5.00 – 33.00%
Catering equipment	PC	5.00 – 33.00%
Poker Machines	PC	14.29 – 100.00%
TAB	PC	10.00%
Motor vehicles	PC	20.00%
Member amenities	PC	10.00 – 100.00%

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Glossary**

DV means the diminishing value method

PC means the prime cost (or straight line) method

Both means both the DV and PC methods are used in the asset class

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting date.

If an asset's carrying amount is greater than its estimated recoverable amount it is written down to the recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Profit or Loss and Other Comprehensive Income.

**e. Company Limited by Guarantee**

The company is limited by a guarantee of members to contribute in the event of a winding up, a sum not exceeding \$2.00 per member. At 30 June 2020 there were 3,534 (2019: 3,435) members so the total amount members of the company are liable to contribute if the company is wound up is \$7,068 compared to \$6,870 at 30 June 2019. As the company does not have share capital it cannot pay dividends.

**f. Leases**

Leases are capitalised, recognising a right to use asset and a lease liability.

The right to use asset is initially recognised at the present value of the lease payments that are unpaid at the date of recognition. Lease payments are discounted at the interest rate implicit in the lease.

The lease liability is initially recognised at the carrying amount of the right to use asset increased by the interest on the lease liability.

Right of use assets are depreciated on a straight-line basis over their estimated useful lives.

Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period

**g. 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 equivalent to the date that the company commits itself to either purchase or sell the asset (ie trade date accounting is adopted). Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified "at fair value through profit or loss" in which case transaction costs are expensed to profit or loss immediately.

**Classification and subsequent measurement**

Financial instruments are subsequently measured at fair value, amortised cost using the effective interest method, or cost. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(i) **Financial assets at fair value through profit or loss**

Financial assets are classified at "fair value through profit or loss" when they are held for trading for the purpose of short-term profit taking. Such assets are subsequently measured at fair value with changes in carrying amount being included in profit or loss.

(ii) **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iii) ***Amortised cost investments***

Amortised cost investments are financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial asset is derecognised.

(iv) ***Fair value through profit or loss investments***

Fair value through profit or loss investments are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

They are subsequently measured at fair value with any re-measurements other than impairment losses and foreign exchange gains and losses recognised in other comprehensive income. When the financial asset is derecognised, the cumulative gain or loss pertaining to that asset previously recognised in other comprehensive income is reclassified into profit or loss.

Fair value through profit or loss financial assets are classified as non-current assets when they are expected to be sold within 12 months after the end of the reporting period. All other fair value through profit or loss financial assets are classified as current assets.

(v) ***Financial liabilities***

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost. Gains or losses are recognised in profit or loss through the amortisation process and when the financial liability is derecognised.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Impairment of financial assets**

At the end of each reporting period, the company assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence that impairment as a result of one or more events (a "loss event") has occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of fair value through profit or loss financial assets, a significant or prolonged decline in the market value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

In the case of financial assets carried at amortised cost, loss events may include: indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments; indications that they will enter bankruptcy or other financial reorganisation; and changes in arrears or economic conditions that correlate with defaults.

For financial assets carried at amortised cost (including loans and receivables), a separate allowance account is used to reduce the carrying amount of financial assets impaired by credit losses. After having taken all possible measures of recovery, if management establishes that the carrying amount cannot be recovered by any means, at that point the written-off amounts are charged to the allowance account or the carrying amount of impaired financial assets is reduced directly if no impairment amount was previously recognised in the allowance accounts.

When the terms of financial assets that would otherwise have been past due or impaired have been renegotiated, the company recognises the impairment for such financial assets by taking into account the original terms as if the terms have not been renegotiated so that the loss events that have occurred are duly considered.

**De-recognition**

Financial assets are derecognised when the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised when the related obligations are discharged or cancelled, or have expired. The difference between the carrying amount of the financial liability, which is extinguished or transferred to another party, and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**h. Impairment of Assets**

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

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.

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

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**i. Intangibles**

**Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business exceeds the fair value attributed to its net assets at date of acquisition. Goodwill, when applicable, is included in intangible assets. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

**Poker machine licences**

Purchased poker machine licences are recorded at cost. They have a finite life and are carried at cost less accumulated amortisation and impairment losses. Existing poker machine licences granted at nil cost have not been brought to account.

**j. 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 a part of current employee benefits in the statement of financial position.

Where annual leave is wholly expected to be settled within 12 months of reporting date it is recognised in other payables in respect of employee service up to the reporting date. It is measured at the amount expected to be paid when liabilities are settled.

**Other long-term employee benefits**

The company classifies employees' long service leave and annual leave entitlements as other long-term employee benefits where 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 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 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.

**k. 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 (unless held for long-term investment), and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position. Term deposits held for long-term investment are disclosed as financial assets.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**l. Revenue**

Revenue from the sale of goods is recognised upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

Revenue from investment properties is recognised on an accruals basis or straight-line basis in accordance with lease agreements.

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

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

**m. Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised exclusive 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 the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

**n. Comparative Figures**

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

**o. Rounding of Amounts**

Amounts in the Financial Statements and directors' report have been rounded off to the nearest \$1 and accordingly small rounding errors may result.

**Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the Financial Statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and internally.

*Key Estimates — Impairment*

The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

*Key Judgments*

No specific key judgements were required in the preparation of the financial report.

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

<b>NOTE 2: REVENUE &amp; OTHER INCOME</b>	2020	2019
	\$	\$
Revenue		
— bar & bistro operations	2,225,991	2,513,847
— poker machine receipts	579,740	698,064
— member activities	48,335	49,706
— Interest received – third parties	81	48
— government subsidies received	308,216	17,180
— other revenue	5,003	3,525
— services revenue-member subscriptions	30,335	22,574
— bus income	13,419	17,397
— rebates received	19,099	24,448
— Commissions	62,555	76,197
Total Revenue	<u>3,292,774</u>	<u>3,422,986</u>
Total	<u>3,292,774</u>	<u>3,422,986</u>

**NOTE 3: FINANCE INCOME**

Interest received	<u>81</u>	<u>48</u>
-------------------	-----------	-----------

**NOTE 4: RESULT FOR THE YEAR**

Included in the result are the following items requiring specific disclosure:

**Expenses**

Movement in employee leave entitlements	(172)	(14,859)
Director honorariums	10,000	10,000
Electricity	69,037	79,254
Repairs and maintenance	86,337	124,682
Insurance	68,999	67,874
Loss or sale property, plant & equipment	159	3,388

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

	2020	2019
	\$	\$
<b>NOTE 5: INCOME TAX</b>		
Recognised in the Statement of Comprehensive Income:		
a. Income tax expense		
Profit/(loss) before tax	160,922	96,766
Income tax using corporate tax rate 27.5% (2019: 27.5%)	44,254	26,611
Increase in income tax expense due to:		
— non-deductible depreciation	5,170	5,156
— non-recognition of deferred tax	46,063	19,814
	95,487	51,581
Decrease in income tax expense due to:		
— Income attributable to members	(95,487)	(51,581)
Income tax expense/(benefit) on pre tax net profit	-	-
Income tax expense		
— Current income tax expense	-	-
— Deferred income tax expense	-	-
Total income tax expense in Statement of Comprehensive Income	-	-
b. Current tax payable		
Movements during the year		
— Balance at beginning of year	1,154	2,560
— Income tax (paid)/refunded	(1,154)	(3,714)
— Current year income tax expense	-	-
	-	1,154
c. Deferred tax assets		
The potential deferred tax asset arising from tax losses and other temporary differences has not been recognised as an asset because recovery of the tax losses is not probable.		
The potential deferred tax asset will only be obtained if:		
— the Company derives future assessable income of a nature and amount sufficient to enable the asset to be realised;		
— the Company continues to comply with the conditions of deductibility imposed by law; and		
— no changes in tax legislation adversely affect the Company in realising the asset.		
Tax losses carried forward	222,212	177,433

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

<b>NOTE 6: RELATED PARTY &amp; KEY MANAGEMENT DISCLOSURE</b>	2020	2019
	\$	\$
<i>Key management personnel compensation</i>		
Key management personnel comprise directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company.		
Total key management personnel compensation	61,992	86,434
<i>Other related parties</i>		
Employees related to key management personnel	23,250	38,440
<i>Other related entities</i>		
Purchases from Bluey's Cellars	48,559	223,023
Bluey's Cellars is a related entity of director Nick Montague		
Purchases from Boomerang Beach Surf Co	-	498
Boomerang Beach Surf Co is a related entity of director Ken Reynolds		
Accounting & Administration fees – Guiberelli Pty Ltd	63,632	46,200
Guiberelli Pty Ltd is a related entity of Secretary Manager Diane Ellis		
 <b>NOTE 7: CASH &amp; CASH EQUIVALENTS</b>		
Cash on hand	60,269	60,719
Cash at bank	115,758	41,773
	176,027	102,492

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

**NOTE 8: TRADE AND OTHER RECEIVABLES**

	2020	2019
	\$	\$
CURRENT		
Accrued income	123,101	8,118
ATM clearing account	4,350	21,130
Trade Debtors	-	60
Eftpos clearing account	3,927	2,893
	<u>131,378</u>	<u>32,201</u>

**PROVISION FOR IMPAIRMENT OF RECEIVABLES**

There are no trade receivables and therefore no provision for impairment is required.

**NOTE 9: INVENTORIES**

CURRENT

At lower of cost and net realisable value

Finished goods	33,123	44,760
	<u>33,123</u>	<u>44,760</u>

**NOTE 10: PROPERTY, PLANT & EQUIPMENT**

LAND AND BUILDINGS

Freehold Land at cost (value \$900,000 at 1/07/2019)	10,000	10,000
Building works in progress	8,220	-
Buildings at cost	2,798,677	2,582,774
Accumulated depreciation	(1,265,197)	(1,176,230)
	<u>1,533,480</u>	<u>1,406,544</u>
Right to use assets	17,026	-
Accumulated amortisation	(3,106)	-
	<u>13,920</u>	<u>-</u>

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

**NOTE 10: PROPERTY, PLANT & EQUIPMENT (cont)**

	2020	2019
	\$	\$
Plant and equipment at cost	1,284,461	1,051,446
Accumulated depreciation	(975,504)	(838,857)
	<u>308,957</u>	<u>212,589</u>
Office equipment at cost	10,546	18,648
Accumulated depreciation	(4,459)	(15,349)
	<u>6,087</u>	<u>3,299</u>
Furniture and fittings at cost	56,809	268,690
Accumulated depreciation	(32,343)	(103,845)
	<u>24,466</u>	<u>164,845</u>
Catering plant and equipment at cost	224,822	160,022
Accumulated depreciation	(123,057)	(85,997)
	<u>101,765</u>	<u>74,025</u>
Members amenities – equipment at cost	-	10,382
Accumulated depreciation	-	(10,382)
	<u>-</u>	<u>-</u>
Other equipment at cost	293,136	357,123
Accumulated depreciation	(170,091)	(296,563)
	<u>123,045</u>	<u>60,560</u>
Motor Vehicles at cost	92,111	92,111
Accumulated depreciation	(58,602)	(44,121)
	<u>33,509</u>	<u>47,990</u>
Total Property Plant and Equipment	<u>2,163,449</u>	<u>1,979,852</u>

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

**a. 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 financial year:

	30 June 2019	Adds	Disposals Transfers	Depreciation	30 June 2020
	\$	\$	\$	\$	\$
Land	10,000	-	-	-	10,000
Building works in progress	-	8,220	-	-	8,220
Buildings	1,406,544	44,002	167,165	(84,231)	1,533,480
Right to use assets	-	17,026	-	(3,106)	13,920
Office equipment	3,299	4,661	1,731	(3,604)	6,087
Furniture and fittings	164,845	22,506	(160,064)	(2,821)	24,466
Motor Vehicles	47,990	-	-	(14,481)	33,509
Plant and equipment	212,589	223,172	(5,409)	(121,395)	308,957
Other equipment	60,560	83,367	5,609	(26,491)	123,045
Catering	74,025	41,070	4,929	(18,259)	101,765
Total excluding WIP	1,979,852	435,804	13,961	(274,388)	2,155,229
Total including WIP	1,979,852	444,024	13,961	(274,388)	2,163,449

**Core Property**

For the purposes of the Registered Clubs Act all land and buildings are core property.

**NOTE 11: OTHER ASSETS**

	2020 \$	2019 \$
CURRENT		
Prepayments	38,651	33,080
	<u>38,651</u>	<u>33,080</u>

**NOTE 12: TRADE AND OTHER PAYABLES**

CURRENT		
Trade creditors	53,806	27,382
Other creditors	23,864	25,311
Accrued expenses	121,957	154,501
GST liabilities	14,854	14,393
	<u>214,481</u>	<u>221,587</u>

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

<b>NOTE 13: FINANCIAL LIABILITIES</b>	2020	2019
	\$	\$
<b>CURRENT</b>		
Lease liabilities – rentals	10,440	-
Lease liabilities - Poker machine	126,136	79,653
Commonwealth Bank loan	57,464	7,239
Insurance Loan	32,713	-
	226,753	86,892
<b>NON-CURRENT</b>		
Lease liabilities – rentals	3,480	-
Lease liabilities - Poker machine	92,169	37,951
	95,649	37,951
<b>a. <u>Secured liabilities</u></b>		
Poker machine – type 4 finance	218,305	117,604
Bank loan	57,464	7,239
	275,769	124,843
<b>b. The carrying amounts of fixed assets pledged as security for the above liabilities</b>		
	2,163,449	1,979,852
<b>c. The bank facility is secured by:</b>		
-	Registered equitable mortgage by Pacific Palms Recreation Club Ltd over the whole of the company's assets and undertakings.	
-	First registered mortgage by Pacific Palms Recreation Club Ltd over the licensed club property situated at The Lakes Way, Pacific Palms, NSW.	
<b>d. Other facilities</b>		
Other facilities such as the Type 4 poker machine finance agreements are secured over the related assets.		

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

	2020 \$	2019 \$
<b>NOTE 14: EMPLOYEE BENEFITS</b>		
<b>CURRENT</b>		
Annual Leave	32,621	27,535
Long Service Leave	17,639	20,289
	<u>50,260</u>	<u>47,824</u>
<b>NON CURRENT</b>		
Long Service Leave	<u>12,015</u>	<u>14,622</u>
<b>NOTE 15: OTHER LIABILITIES</b>		
<i>Current</i>		
Subscriptions in advance	<u>69,939</u>	<u>72,054</u>
<b>NOTE 16: CAPITAL AND LEASING COMMITMENTS</b>		
<b>Lease Commitments</b>		
Payable within 1 year	136,576	79,653
Payable between 1 year and 5 years	95,649	37,951
	<u>232,225</u>	<u>117,604</u>

**Capital Expenditure Commitments**

The directors have estimated costs involved with the purchase of new capital equipment at 30 June 2020 to be \$26,360.

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

**NOTE 17: CASH FLOW INFORMATION**

<b>a. Reconciliation of Cash Flow from Operations with Profit/(loss) after Income Tax</b>	2020 \$	2019 \$
Profit/(loss) after income tax	160,922	96,766
Non-cash flows in profit		
Depreciation	274,388	253,045
Net (gain)/loss on disposal of non current assets	159	3,388
Increase/(decrease) in taxes payable	1,154	1,406
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(99,177)	(7,702)
(Increase)/decrease in prepayments	(5,571)	9,406
(Increase)/decrease in inventories	11,637	(7,284)
Increase/(decrease) in trade payables and accruals	(7,106)	(12,944)
Increase/(decrease) in subscriptions in advance	(2,115)	12,393
Increase/(decrease) in provisions	(171)	(14,859)
Cash flow from operations	334,120	333,615
 <b>b. Non-cash Financing and Investing Activities</b>		
 <b>c. Credit Standby Arrangements with Banks</b>		
Business direct credit facility	100,000	100,000
Amount utilised	-	-
Un-utilised	100,000	100,000
 <b>d. Loan Facilities</b>		
Loan facilities	85,000	181,566
Amount utilised	(57,464)	(7,140)
	27,536	174,426
 The major facilities are summarised as follows:		
Better Business Variable Rate Loan (4.72% @ 30 June 2020	85,000	181,566
Overdraft – variable rate	100,000	100,000
	185,000	281,566

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

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

**NOTE 18: EVENTS AFTER THE REPORTING DATE**

No matter or circumstance has arisen since 30 June 2020 which has or will significantly affect

- i The operations of the company
- ii The results of those operations
- iii The state of affairs of the company in financial years subsequent to 30 June 2020.

**NOTE 19: FINANCIAL RISK MANAGEMENT**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Accordingly financial instruments include both financial assets and financial liabilities.

The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

**Financial Risk Management Policies**

The company's financial instruments consist mainly of deposits with banks, accounts receivable and payable and hire purchase commitments.

*Credit risk*

The company does not have any material credit risk exposure to any single receivable.

*Price risk*

The company is not materially exposed to price risk.

**Financial Instrument Composition & Maturity Analysis**

The company's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and financial liabilities, is as follows:

	Note	2020 \$	2019 \$
<b>Financial Assets Comprise:</b>			
Cash and cash equivalents	7	176,027	102,492
Trade and other receivables	8	131,378	32,201
<b>Total Financial Assets</b>		<u>307,405</u>	<u>134,693</u>
<b>Financial Liabilities Comprise:</b>			
Trade and other payables	12	214,481	221,587
Financial liabilities – current	13	226,753	86,892
Financial liabilities – non current	13	95,649	37,951
<b>Total Financial Liabilities</b>		<u>536,883</u>	<u>346,430</u>

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

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**Net Fair Values**

- (i) For listed available-for-sale financial assets and financial assets at fair value through profit or loss the fair values have been based on closing quoted bid prices at the end of the reporting period.
- (ii) For other Financial Assets and Financial Liabilities there is no material difference between the carrying amount and net fair value.

**NOTE 20: CONTINGENT LIABILITIES**

Security deposit guarantee - TAB	5,000	5,000
----------------------------------	-------	-------

**NOTE 21: ECONOMIC DEPENDENCY**

The company is not economically dependent on any other single entity other than government and regulatory authorities who administer and control liquor and gaming licences and the intrinsic value of poker machine entitlements. The Directors are of the opinion that any significant poker machine reforms could materially impact the operations of the company.

**NOTE 22: COMPANY DETAILS**

The registered office and principal place of business of the company is:

3957 The Lakes Way  
Pacific Palms NSW 2428

**NOTE 23: CORE PROPERTY**

Core property is defined as any real property owned 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. Core properties of the club consist of the land occupied by the clubhouse and car park at 3957 The Lakes Way, Pacific Palms NSW 2428. Non-core property of the club means any real property owned by the club that is not core property. The club does not have any non-core property.

**PACIFIC PALMS RECREATION CLUB LTD**  
**ABN 47 000 910 378**

**DIRECTORS' DECLARATION**

In accordance with a resolution of the directors of Pacific Palms Recreation Club Ltd, the directors of the company declare that:

- I. The financial statements, comprising the:
  - Statement of Profit or Loss and Comprehensive Income,
  - Statement of Financial Position as at 30 June 2020,
  - Statement of Changes in Equity
  - Statement of Cash Flows for the year then ended, and
  - Notes to the Financial Statementsare in accordance with the *Corporations Act 2001*, comply with Australian Accounting Standards – Reduced Disclosure Requirements, and 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 director's 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.

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

.....  
Larry Schubert - President

...

.....  
Nick Montague – Vice President

Dated this 16<sup>th</sup> day of September 2020

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PACIFIC PALMS RECREATION CLUB LTD**

**Report on the Audit of the Financial Report**

**Opinion**

We have audited the financial report of Pacific Palms Recreation Club Ltd. (the Company), which comprises the Statement of Financial Position as at 30 June 2020, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Financial Statements, including a summary of significant accounting policies, and the Directors' Declaration.

In our opinion, the accompanying financial report of Pacific Palms Recreation Club Ltd, is in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the company's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards 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 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.

**Other Information**

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.

Liability limited by a scheme approved under Professional Standards Legislation

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PACIFIC PALMS RECREATION CLUB LTD**

**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 and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Report**

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

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.

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.

Liability limited by a scheme approved under Professional Standards Legislation

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF  
PACIFIC PALMS RECREATION CLUB LTD**

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 I identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards. From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, We determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Essential Assurance Services Pty Ltd  
ABN 51 119 802 229  
Authorised Audit Company #305383

Signed by:

Rhonda Futterleib  
Address: 22 Pulteney Street, Taree, NSW, 2430  
Dated this 17<sup>th</sup> day of September 2020

Liability limited by a scheme approved under Professional Standards Legislation