

# ANNUAL REPORT 2020



THE GRANGE  
golf · weddings · events





A division of NSW Business Chamber



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# CONGRATULATIONS

TO OUR CEO, DAVID HISCOX ON  
ACHIEVING THE TITLE OF OUTSTANDING  
BUSINESS LEADER AT THE 2019  
ILLAWARRA BUSINESS AWARDS



# President's Report

**Anthony O'Donnell**

Without a doubt 2020 is a year that will stay with everybody as the year of the coronavirus, the club experienced huge changes that we had no control over. The economic impact on all of us is huge and will be for some time to come.

The ever evolving restrictions have meant significant changes to how we operate and certain promotions and activities are not available at this time, though the board is committed to ensuring your club is COVID safe and will make the most prudent of decisions with this front of mind. The financial impacts were significant with the club posting a deficit of \$2,529,614, though this still resulted in a positive EBTDA of \$1,176,686 a satisfactory result considering the circumstances.

The year started with the club halfway through the construction of The MILL, this was completed in November 2019, and was so well received, we traded for only 4 months before the Government closed the industry on the 23rd March. Originally the Government had indicated a 6-month closure however we did reopen on the 22nd June with heavy restrictions on how we could trade and limited numbers in our club. The Grange also had the same issues and consequently had weddings already booked, cancelled or postponed. This virus also took its toll on our sporting bodies. Even you our members had to cope with your own restrictions.

However, your board believes strongly that we will come through this crisis and be stronger for it. Your board and your management team will strive to bring to you our members the best we can offer. We will continue to support our Dapto community and our sporting clubs, even in these difficult times the club was able to provide support in excess \$750,000.

On a more positive note, our CEO David Hiscox earned the prestigious award of Outstanding Business Leader in the 2019 Illawarra Business Chamber Awards. The award recognised his positive contribution to the Club and our staff and within the Club Industry as the President of the

Club Managers Association of Australia. We are proud of his dedication as the CEO of our Club and it's an honour that his efforts have been recognised amongst his peers, the Local Business Leaders.

We also supported the bushfire relief appeal, and our drought-stricken communities with Wildlife Heroes Appeal and Buy from The Bush Campaigns. A huge thank you to our own members for their contributions.

I know we all would like to go back to normal, but we need old fashioned community spirit and all work for each other will help and show respect for health and welfare of each other.

Once again your Directors have continued to work for our members, and together with management throughout the closedown to navigate through the health rules that changed almost daily and the financial challenges of firstly reopening and secondly our future.

To all my Directors a huge thanks for your input and guidance in a most difficult time, one we will never forget and hopefully never see again.

To our Management team lead by CEO David Hiscox, the hardest year anyone could face, but I am sure they will bring us out to be much stronger and the best club for you our members.

To our Staff, under very difficult times you supported your club, thank you.

To all our Members, support your club, support your loved ones, stay safe and take care.

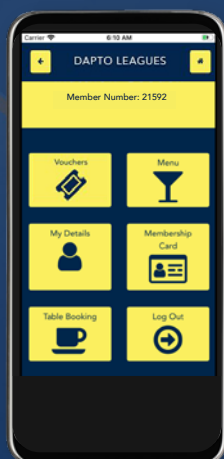
Best wishes for the future.

**Anthony O'Donnell**  
President

# We Want To Keep You Safe

## Download the Dapto Leagues Club Member App Today!

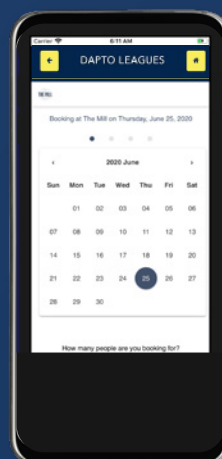
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Membership Experience



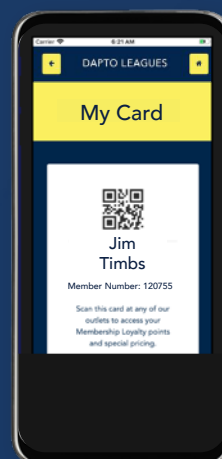
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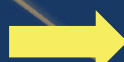
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# **DAPTO LEAGUES CLUB LTD**

ABN 52 001 020 480

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## **ANNUAL FINANCIAL REPORT 30 JUNE 2020**

# Dapto Leagues Club Ltd

## Directors' Report

The directors present their report, together with the financial statements of Dapto Leagues Club Ltd (the company) for the year ended 30 June 2020.

### Directors

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

Name	Occupation	Period of directorship (years)
Anthony O'Donnell (appointed 14 June 2005)	Retired	15
David Smith (appointed 3 September 2000)	Retired	21
Michael Clark (appointed 3 September 2000)	Retired	21
Edward Bate (appointed 7 September 1997)	Retired	27
Ron Adams (appointed 29 September 2013)	Retired	7
David Jones (appointed 8 October 2017)	Business Engineer	3
Tony Bullman (appointed 8 October 2017)	Retired	3
Rob Kirkwood (appointed 24 November 2019)	National Sales Manager	1
Gary Tozer (appointed 24 November 2019)	Retired	1
William Crowther (resigned 24 November 2019)	Retired	24
Barry Lewis (resigned 24 November 2019)	Retired	2

### Directors' meetings

The number of meetings of the company's Board of Directors (the Board) and of each board committee held during the year ended 30 June 2020, and the number of meetings attended by each director were:

Director	BOARD MEETINGS	
	Number of Meetings Attended	Number of Meetings Held*
Anthony O'Donnell	13	13
David Smith	12	13
Michael Clark	12	13
Edward Bate	12	13
Ron Adams	12	13
David Jones	12	13
Tony Bullman	13	13
Rob Kirkwood	9	9
Gary Tozer	9	9
William Crowther	4	4
Barry Lewis	4	4

\* Number of meetings held during the time the director held office during the year.

# Dapto Leagues Club Ltd

## Directors' Report (continued)

### Membership

The company is a company limited by guarantee and is without share capital. The number of members as at 30 June 2020 and the comparison with last year is as follows:

	2020	2019
Ordinary	23,108	23,184
Life	11	11
	<hr/>	<hr/>
	23,119	23,195
	<hr/>	<hr/>

### Members' limited liability

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter. The total liability in the event of winding up is \$46,238 (2019: \$46,390).

### Operating result

The table below shows a reconciliation of earnings before interest, income tax, depreciation, amortisation and impairment losses (EBITDA).

	2020 \$	2019 \$
Net (loss)/profit after income tax expense attributable to members	(2,529,614)	1,049,973
Add back:		
Depreciation and amortisation expense	2,876,037	2,638,263
Finance costs	381,268	259,061
Loss on Disposal of Property, Plant and Equipment	448,995	102,910
Income tax expense	-	-
	<hr/>	<hr/>
EBITDA	1,176,686	4,050,207
	<hr/>	<hr/>

### Objectives

The short and long term objective for the club is to continue to trade successfully by delivering quality food, beverages, gaming, golfing and function facilities whilst meeting community needs.

# Dapto Leagues Club Ltd

## Directors' Report (continued)

### Strategy for achieving the objectives

**1. High Performance Organisation**

Invest in our people to develop the necessary culture and capabilities to achieve the club's strategic and operational objectives.

**2. Financial Strength**

Ensure business sustainability by achieving greater revenue balance across a stream of compatible and profitable business opportunities.

**3. Property Diversity**

Execute masterplan which optimises the return and opportunities from existing properties and identifies potential strategic acquisitions.

**4. Effective Communications**

Achieve strong community recognition as a trusted and respected brand.

**5. Community Engagement**

To deepen the relationship between the club and its local community by further integrating the club's activities into the lives and lifestyles of its members.

**6. Leadership**

Ensure the leadership of the club has the capabilities and support to successfully guide the future direction of the club.

### Principal activities

The principal activities of the company during the financial year were those of a leagues club and golf club. No significant change in the nature of these activities occurred during the year.

### Performance measurement and key performance indicators

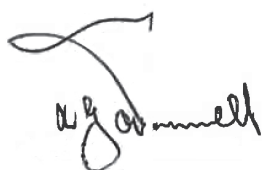
The club uses industry accepted KPIs and budget tracking to monitor performance in terms of service delivery to members, financial results and liquidity levels.

### Auditor's independence declaration

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of the directors.

Dated at Dapto the 29<sup>th</sup> day of September 2020



Anthony O'Donnell  
President



**DECLARATION OF INDEPENDENCE BY CLAYTON EVELEIGH TO THE DIRECTORS OF DAPTO LEAGUES CLUB LIMITED**

As lead auditor of Dapto Leagues Club Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

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



**Clayton Eveleigh**

**Director**

**BDO Audit Pty Ltd**

**Sydney, 29 September 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the members of Dapto Leagues Club Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Dapto Leagues Club Limited (the Company), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other comprehensive income, the statement of changes in members' funds and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the directors' declaration.

In our opinion the accompanying financial report of Dapto Leagues 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 ended on that date; 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 *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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 obtained at the date of this auditor's report is information included in the Annual report, 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibilities of the directors for the Financial Report**

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

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or has 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 (<http://www.auasb.gov.au/Home.aspx>) at:

[http://www.auasb.gov.au/auditors\\_responsibilities/ar4.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf)

This description forms part of our auditor's report.

**BDO Audit Pty Ltd**

*BDO*



Clayton Eveleigh  
Director

Sydney, 29 September 2020



# Dapto Leagues Club Ltd


## Directors' Declaration

The directors of the company declare that:

- (a) In the Directors' opinion the financial report and notes set out on pages 9 to 31, are 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 performance, for the financial year ended on that date; and
  - (ii) Complying with Australian Accounting Standards - Reduced Disclosure Requirements; the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- (b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors made pursuant to section 295 (5)(a) of the *Corporations Act 2001*.

Dated at Dapto on 29 September 2020

A handwritten signature in dark ink, appearing to read 'A O'Donnell', with a large, stylized initial 'A'.

Anthony O'Donnell  
President

# Dapto Leagues Club Ltd

## Statement of Profit or Loss and Other Comprehensive Income

### For the Year Ended 30 June 2020

	Note	2020 \$	2019 \$
<b>Revenue and other income</b>			
Sale of goods revenue		6,714,119	8,176,294
Rendering of services revenue		13,008,708	17,217,945
Other income		1,280,949	131,613
		<hr/>	<hr/>
Total revenue and other income	1	21,003,776	25,525,852
		<hr/>	<hr/>
<b>Expenses</b>			
Raw materials and consumables used		(2,791,765)	(3,287,440)
Employee benefits expense		(7,719,857)	(7,534,586)
Depreciation and amortisation		(2,876,037)	(2,636,263)
Finance costs		(381,268)	(259,061)
Grants paid		(354,238)	(345,902)
Donations		(8,118)	(5,560)
Sponsorship expenses		(475,469)	(417,265)
Marketing and promotional expenses		(1,683,092)	(2,167,739)
Poker machine licences and taxes		(2,467,667)	(3,437,910)
Occupancy expenses		(1,424,488)	(1,689,266)
Repairs and maintenance		(237,332)	(257,206)
Subscriptions		(311,108)	(320,174)
Loss on disposal of property, plant and equipment		(448,995)	(102,910)
Other expenses		(2,353,956)	(2,014,597)
		<hr/>	<hr/>
Total expenses		(23,533,390)	(24,475,879)
		<hr/>	<hr/>
<b>(Loss)/profit before income tax</b>		(2,529,614)	1,049,973
Income tax expense	2	-	-
		<hr/>	<hr/>
<b>Net (loss)/profit after income tax expense</b>		(2,529,614)	1,049,973
		<hr/>	<hr/>
Other comprehensive income for the year, net of tax	3	-	(389,905)
		<hr/>	<hr/>
<b>Total comprehensive (loss)/income for the year</b>		(2,529,614)	660,068
		<hr/>	<hr/>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 15 to 32.

# Dapto Leagues Club Ltd

## Statement of Financial Position

### As at 30 June 2020

	Note	2020 \$	2019 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents		1,006,188	1,414,205
Trade and other receivables		1,352	2,691
Inventories - finished goods		319,936	272,715
Other current assets		578,299	334,942
<b>Total Current Assets</b>		<b>1,905,775</b>	<b>2,024,553</b>
<b>Non-Current Assets</b>			
Financial assets		750	750
Property, plant and equipment	3	47,305,965	43,737,933
Intangible assets	4	1,069,125	888,914
<b>Total Non-Current Assets</b>		<b>48,375,840</b>	<b>44,627,597</b>
<b>Total Assets</b>		<b>50,281,615</b>	<b>46,652,150</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	5	1,943,231	1,215,003
Financial liabilities	7	7,689,360	1,513,860
Employee benefits	6	1,402,684	1,208,293
Other provisions		58,974	9,498
Income received in advance		352,430	245,542
<b>Total Current Liabilities</b>		<b>11,446,679</b>	<b>4,192,196</b>
<b>Non-Current Liabilities</b>			
Financial liabilities	7	3,418,617	4,530,843
Employee benefits	6	96,002	79,180
<b>Total Non-Current Liabilities</b>		<b>3,514,619</b>	<b>4,610,023</b>
<b>Total Liabilities</b>		<b>14,961,298</b>	<b>8,802,219</b>
<b>Net Assets</b>		<b>35,320,317</b>	<b>37,849,931</b>
<b>Members' Funds</b>			
Reserves		5,122,796	5,122,796
Retained earnings		30,197,521	32,727,135
<b>Total Members' Funds</b>		<b>35,320,317</b>	<b>37,849,931</b>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 15 to 32.



# Dapto Leagues Club Ltd

## Statement of Changes in Members' Funds

### For the Year Ended 30 June 2020

	Reserves	Retained Earnings	Total Members' Funds
	\$	\$	\$
<b>Balance at 1 July 2018</b>	5,512,701	31,677,162	37,189,863
Net profit after income tax expense for the year	-	1,049,973	1,049,973
Other comprehensive income/(loss) for the year, net of tax	(389,905)	-	(389,905)
<b>Total comprehensive income for the year</b>	<b>(389,905)</b>	<b>1,049,973</b>	<b>660,068</b>
<b>Balance at 30 June 2019</b>	<b>5,122,796</b>	<b>32,727,135</b>	<b>37,849,931</b>
Net loss after income tax expense for the year	-	(2,529,614)	(2,529,614)
Other comprehensive income for the year, net of tax	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(2,529,614)</b>	<b>(2,529,614)</b>
<b>Balance at 30 June 2020</b>	<b>5,122,796</b>	<b>30,197,521</b>	<b>35,320,317</b>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 15 to 32.

# Dapto Leagues Club Ltd

## Statement of Cash Flows

### For the Year Ended 30 June 2020

	2020 \$	2019 \$
<b>Cash Flows From Operating Activities</b>		
Receipts from customers (inclusive of GST)	21,812,683	28,046,609
Payments to suppliers and employees (inclusive of GST)	(20,862,278)	(24,158,541)
Rent received	93,464	131,613
Government grants received	1,187,485	-
Finance costs paid	(381,268)	(259,061)
<b>Net cash inflow from operating activities</b>	<b>1,850,086</b>	<b>3,760,620</b>
<b>Cash Flows From Investing Activities</b>		
Purchase of property, plant and equipment	(7,207,301)	(4,539,916)
Purchase of poker machine entitlements	-	(800,000)
Purchase of other intangible assets	(180,211)	-
<b>Net cash outflow from investing activities</b>	<b>(7,387,512)</b>	<b>(5,339,916)</b>
<b>Cash Flows From Financing Activities</b>		
Proceeds from borrowings	6,500,000	3,932,250
Repayment of borrowings	(1,359,353)	(2,302,465)
Lease payments	(11,238)	(22,985)
<b>Net cash inflow from financing activities</b>	<b>5,129,409</b>	<b>1,606,800</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(408,017)</b>	<b>27,504</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>	<b>1,414,205</b>	<b>1,386,701</b>
<b>Cash and cash equivalents at the end of the financial year</b>	<b>1,006,188</b>	<b>1,414,205</b>

The Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes set out on pages 15 to 32.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## About this report

Dapto Leagues Club Limited is a company limited by guarantee, incorporated and domiciled in Australia and is a non-for-profit entity for the purposes of preparing the financial statements. The financial statements are for Dapto Leagues Club Limited as a standalone legal entity.

The financial statements were approved for issue by the Directors on 29 September 2020.

The financial statements are general purposes financial statements which:

- Have been prepared in accordance with the requirements of the Corporations Act 2001 and Australia Accounting Standards - Reduced Disclosure Requirements of the Australia Accounting Standards Board;
- Have been prepared under the historical cost convention;
- Are presented in Australian dollars; and
- Where necessary comparative information has been restated to conform with changes in presentation in the current year.

## New or amended Accounting Standards and Interpretations adopted

The Company has adopted all new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. The following Accounting Standards and Interpretations are most relevant to the Company:

### *AASB 15 Revenue from Contracts with Customers*

The Company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers, i.e. performance obligations, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

### *AASB 16 Leases*

The Company has adopted AASB 16 from 1 July 2019. The standard replaces AASB 117 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognised in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognised lease liabilities (included in finance costs). For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Company did not have any operating leases which were required to be recognised on the statement of financial position as a result of the adoption of the new accounting standard.

### *Impact of adoption*

The adoption of new Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Company as at 30 June 2020 or on opening retained profits as at 1 July 2019.



# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### Going Concern

The financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlements of liabilities in the ordinary course of business for a period of at least twelve months from the date of these financial statements were approved.

As at 30 June 2020, the company incurred a net loss of \$2,529,614 (2019: net profit of \$1,049,973) due to enforced shutdown of the company as a result of COVID-19. The Club has obtained a waiver from its lender, National Australia Bank, which confirms the bank will not be seeking to withdraw any of the facilities in place. Further, the bank has indicated the intention to consolidate existing facilities into a single long-term facility, with no capital repayments due until July 2021.

The company notes the unpredictability of the COVID-19 situation, and the potential impact on the going concern basis of preparation. On 22 March 2020, the Government announce forced closure of the registered and licensed clubs, licensed premises in hotels and pubs, entertainment venues and cinemas, casinos and nightclubs effective from Midday 23 March 2020 until further notice. On 22 June 2020, the company reopened on legislated social distancing requirements. This closure has had a significant impact on the company's operating cash flows and financial position for the period prior to year-end. At the date of this report, the company has been trading for approximately three months, and as a result the financial position of the company has recovered substantially. Due to the uncertainty around the ongoing impacts of COVID and any potential future increases in restrictions, there is a high degree of uncertainty associated with forecasting cash flows over the following 12 month period.

However, the directors believe there are reasonable grounds to conclude the company will continue as a going concern on the basis of the following:

- Trading since reopening in June 2020 has been strong and above originally budgeted expectations, which has resulted in a significant recovery of the cash and debt position since balance date;
- Cash flow forecasts indicate sufficient cash flow for the period of 12 months from the date of this report;
- The ability of the company to defer repayments on its borrowing facilities, in accordance with the terms of the waiver letter provided; and
- The intention of the company and its' lender to consolidate its loan facilities into a single long-term facility, which will defer capital repayments until FY2022.

#### Critical Accounting Judgements, Estimates and Assumptions

In the process of applying the company's accounting policies, management has made a number of judgements and applied estimates of future events. Judgements and estimates that are material to the financial statements include:

Estimation of useful lives of assets	Note 3
Fair Value of Land and Buildings	Note 3
Impairment of Poker Machine Entitlements	Note 4
Long service leave liability	Note 6

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 1 Revenue and Other Income

	2020 \$	2019 \$
<b>Sale of Goods Revenue</b>		
Bar and catering sales	6,633,551	8,095,432
Pro shop sales	80,568	80,862
	<hr/>	<hr/>
	6,714,119	8,176,294
	<hr/>	<hr/>
<b>Rendering of Services Revenue</b>		
Poker machines - net clearances	10,870,087	14,817,112
Members' subscriptions	514,605	535,777
Entertainment and promotions	307,991	334,168
Keno and TAB sales	261,790	344,372
Commission received	177,962	239,979
Golf club revenue	645,581	707,737
Sundry income	230,692	238,800
	<hr/>	<hr/>
	13,008,708	17,217,945
	<hr/>	<hr/>
<b>Other Income</b>		
Rent received	93,464	131,613
Government grant income	1,187,485	-
	<hr/>	<hr/>
Total other income	1,280,949	131,613
	<hr/>	<hr/>
<b>Total Revenue and Other Income</b>	<hr/> <b>21,003,776</b> <hr/>	<hr/> <b>25,525,852</b> <hr/>

## Recognition and Measurement

### AASB 15 Revenue from Contracts with Customers

The Company has adopted AASB 15 from 1 July 2019. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers, i.e. performance obligations, at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the taxation authority. Transfer Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 1 Revenue and Other Income (continued)

### Recognition and Measurement (continued)

#### Sale of Goods

Revenue from the sale of goods comprises revenue earned from the provision of food, beverage and other goods and is recognised (net of rebates, returns, discounts and other allowances) at the point in time when the performance obligation is satisfied, that is, on delivery of goods to the customer.

#### Rendering of Services

Revenue from rendering services comprises revenue from gaming facilities together with other services to members and other patrons of the club and is recognised at the point in time the services are provided.

Golf club revenue comprises competitions fees, green fees, cart hire fees and sponsorship sales. Revenue is recognised at the point in time the services are provided.

Members' subscriptions are payable in advance which represents fees for a one year or three year membership, and the membership fees are generally paid for the year from July to June. Membership subscription revenue is recognised over time, through the period to which it relates. Any membership subscription revenue relating to periods beyond the current financial year is carried forward in the Statement of Financial Position as income received in advance.

#### Interest Income

Interest income is recognised using the effective interest rate method, which, for floating rate financial assets is the rate inherent in the instrument.

#### Rent Income

Rent income is recognised on a straight-line basis over the term of the relevant lease.

#### Grant Income

Grant revenue is recognised over time, as the company satisfies its performance obligations as stated in the grant funding agreements. Where performance obligations are not sufficiently specific, or there are no performance obligations, the grant is recognised as income when the right to receive payment is established.

## 2 Income Tax

The club only pays tax on income derived other than from members. The club has carried forward losses for income tax purposes.

### Deferred Tax Assets Not Taken to Account

	2020 \$	2019 \$
Deferred tax assets attributable to tax losses carried forward and temporary differences has not been recognised as an asset because recovery is not probable:		
Tax losses carried forward	516,274	511,283
Temporary differences - employee provisions	123,518	77,674
	<hr/>	<hr/>
	639,792	587,957
	<hr/>	<hr/>

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 2 Income Tax (continued)

### Recognition and Measurement

Current tax assets and liabilities are measured at the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted in Australia by the reporting date.

The company calculates its income in accordance with the mutuality principle which excludes from taxable income, any amounts of subscriptions and contributions from members, and payments received from members for particular services provided by the club or association, eg. Poker machines, bar and dining room service in the case of social clubs. The Commissioner of Taxation accepts this method of calculating income as appropriate for recognised clubs and associations.

Amendments to the Income Tax Assessment Act 1997 ensure social clubs continue not to be taxed on receipts from contributions and payments received from members.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates that are enacted or substantively enacted.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle the claim simultaneously.

These benefits will only be obtained if:

- i) The company derives future assessable income of a nature and of an amount sufficient to enable the benefit to be realised;
- ii) The company continues to comply with the conditions for deductibility imposed by law; and
- iii) No changes in tax legislation adversely affect the company in realising the benefit.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 3 Property, Plant and Equipment

	2020 \$	2019 \$
Freehold Land and Buildings <i>At revalued amount</i>	40,693,453	35,472,971
Plant and Equipment <i>At cost</i> <i>Accumulated depreciation</i>	13,869,641 (9,081,739)	11,974,959 (7,716,961)
	4,787,902	4,257,998
Poker Machines <i>At cost</i> <i>Accumulated depreciation</i>	8,763,586 (6,938,976)	8,604,526 (6,237,788)
	1,824,610	2,366,738
Total plant and equipment	6,612,512	6,624,737
Work in progress <i>At cost</i>	-	1,640,225
Total property, plant and equipment net book value	47,305,965	43,737,933

Refer to Note 7 for details of security over property, plant and equipment.



# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 3 Property, Plant and Equipment (continued)

### Valuation

An independent valuation by Global Valuation Services Pty Ltd of the company's freehold land and buildings was carried out on 20 March 2018 and on 24 May 2019 on the basis of open market value for existing use resulted in a valuation of \$35,473,000. Additions since this date amount to approximately \$6,145,175, relating to a major renovation of the bistro area.

The directors do not believe that there has been a material movement in the fair value of the previous Land and Buildings amount since the valuation date.

	2020 \$	2019 \$
Reconciliations		
<b>Movements in Carrying Amounts</b>		
Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year are set out below:		
<b>Land and Buildings</b>		
Carrying amount at beginning of year	35,472,971	35,273,154
Additions	4,550,110	864,208
Revaluation	-	(389,905)
Transfer from Work in Progress	1,640,225	361,392
Disposals	(320,535)	(58,735)
Depreciation expense	(649,318)	(577,143)
	<hr/>	<hr/>
Carrying amount at end of year	40,693,453	35,472,971
	<hr/>	<hr/>

Dapto Leagues Club Ltd  
Notes to the Financial Statements  
For the Year Ended 30 June 2020

### 3 Property, Plant and Equipment (continued)

	2020 \$	2019 \$
<b>Reconciliations (continued)</b>		
<b>Plant and Equipment</b>		
Carrying amount at beginning of year	4,257,998	3,979,400
Additions	1,899,817	1,290,221
Disposals	(131,142)	(32,603)
Depreciation expense	(1,238,771)	(979,020)
	<hr/>	<hr/>
Carrying amount at end of year	4,787,902	4,257,998
	<hr/>	<hr/>
<b>Poker Machines</b>		
Carrying amount at beginning of year	2,366,738	2,527,626
Additions	433,454	930,784
Disposals	-	(11,572)
Depreciation expense	(975,582)	(1,080,100)
	<hr/>	<hr/>
Carrying amount at end of year	1,824,610	2,366,738
	<hr/>	<hr/>
<b>Work in progress</b>		
Carrying amount at beginning of year	1,640,225	547,078
Additions	-	1,454,539
Transfer to land and buildings	(1,640,225)	(361,392)
	<hr/>	<hr/>
Carrying amount at end of year	-	1,640,225
	<hr/>	<hr/>

#### Core Properties held by the Club are:

- Licensed premises at Princes Highway, Kembla Grange
- Car park at Princes Highway, Kembla Grange
- Golf course at Princes Highway, Kembla Grange
- Squash centre at 123 Lakelands Drive, Dapto

#### Non-core Properties held by the Club are:

- Licensed premises at Bong Bong Road, Dapto
- Car park at Station Street, Dapto
- Commercial property located at Princes Highway, Kembla Grange
- Land used for the greenkeepers shed at Princes Highway, Kembla Grange
- Land which does not form part of the golf course at Princes Highway, Kembla Grange

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 3 Property, Plant and Equipment (continued)

### Recognition and Measurement

Freehold land and buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income, except to the extent that it reverses a revaluation decrease for the same class of land and buildings recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to that class of land and buildings.

All other property, plant and equipment is stated at historical cost less depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company/group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, is depreciated using the straight line / diminishing value methods to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	2.5%
Plant and Equipment	10 - 30%
Poker Machines	20 - 30%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the profit or loss. When revalued assets are sold the amounts included in the revaluation reserve relating to those assets are transferred to retained earnings.

### Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 3 Property, Plant and Equipment (continued)

### Key Estimate and Judgement: Estimated useful lives of Assets

The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

### Key Estimate and Judgement: Fair value of Land and Buildings

The fair value of land and buildings is determined by the use of independent valuations performed by external registered valuers performed on at least triennial basis. The valuations are performed on the basis of open market value for existing use and are determined using comparable sales evidence of similar assets. The valuation methodology involves significant estimates and judgements in relation to the fair value of land and buildings.

## 4 Intangible Assets

	2020 \$	2019 \$
Poker machine entitlements		
<i>At cost</i>	888,914	888,914
<i>Accumulated impairment</i>	-	-
Website and brand development costs		
<i>At cost</i>	192,577	-
<i>Accumulated amortisation</i>	(12,366)	-
	<hr/>	<hr/>
Net carrying value	1,069,125	888,914
	<hr/>	<hr/>
<b>Reconciliations</b>		
<b>Movements in Carrying Amounts</b>		
Carrying amount at beginning of year	888,914	88,914
Additions	192,577	800,000
Amortisation	(12,366)	-
	<hr/>	<hr/>
Carrying amount at end of year	1,069,125	888,914
	<hr/>	<hr/>

### Recognition and Measurement

#### *Poker Machine Entitlements*

Poker machine entitlements are considered to be intangible assets with an indefinite life as there is no set term for holding the entitlements. As a result the entitlements are not subject to amortisation. Instead, poker machine entitlements are tested for impairment annually and are carried at cost less accumulated impairment losses. Poker machine entitlements are not considered to have an active market, hence the recoverable amount is calculated using the value in use method, based on management's five year forecasts.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 4 Intangible Assets (continued)

### Key Estimate and Judgement: Impairment of Poker Machine Entitlements

Impairment of poker machine entitlements is recognised based on a value-in-use calculation and is measured at the present value of the estimated future cash flows available to the company from the use of these entitlements. In determining the present value of the future cash flows, assumptions regarding growth rates and appropriate discount factors have been applied to the cash flows.

At the end of the reporting period the company assessed the recoverable amount of poker machine entitlements based on the value-in-use methodology. The company use pre-tax cash flows generated from the poker machines net revenues generated and calculated the present values of these future cash flows at a discount rate of 5.00%, to arrive at the total value of these entitlements. The value-in-use for each entitlement is calculated by dividing the total value of the entitlements with the actual number of poker machines. The value-in-use calculated by management was in excess of the carrying value and accordingly no impairment losses were recognised.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the poker machine entitlements:

- a) 5.00% pre-tax discount rate;
- b) 1.2% per annum projected revenue growth rate;
- c) 3.00% per annum increase in operating costs and overheads.

## 5 Trade and Other Payables

	2020 \$	2019 \$
Trade payables	371,714	402,131
Other payables and accrued expenses	1,571,517	879,007
	<hr/>	<hr/>
	1,943,231	1,281,138
	<hr/>	<hr/>

### Recognition and Measurement

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of the financial year which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.



# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 6 Employee benefits

	2020 \$	2019 \$
<b>Current</b>		
Provision for annual leave	863,405	720,918
Provision for long service leave	539,279	487,375
	<hr/>	<hr/>
	1,402,684	1,208,293
	<hr/>	<hr/>
<b>Non-current</b>		
Provision for long service leave	96,002	79,180
	<hr/>	<hr/>

The present value of employee benefits not expected to be settled within 12 months of reporting date have been calculated using the following weighted averages:

Inflation rate	1.35%	1.60%
Discount rate	2.53%	2.73%

## Superannuation Plans

### Contributions

The company is under a legal obligation to contribute 9.5% of each employee's base salary to a superannuation fund. The company has no legal or constructive obligation to fund any deficit.

	2020 \$	2019 \$
Defined contribution superannuation expense	<hr/> 495,728	<hr/> 556,650

## Recognition and Measurement

The employee benefits liability represents accrued wages and salaries, leave entitlements and other incentives recognised in respect of employees' services up to the end of the reporting period. These liabilities are measured at the amounts expected to be paid when they are settled and include related on-costs, such as worker's compensation insurance, superannuation and payroll tax.

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables with respect to employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

### Superannuation Plan

The company contributes to defined contribution superannuation plans. Contributions are recognised as an expense as they are made.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 6 Employee benefits (continued)

### Key estimate and judgement: Long Service Leave Provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect to all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

## 7 Financial Liabilities

	2020 \$	2019 \$
<b>Current</b>		
Secured		
Bank loans	7,655,798	1,497,071
Hire purchase liabilities	33,562	16,789
	<hr/>	<hr/>
	7,689,360	1,513,860
	<hr/>	<hr/>
<b>Non-Current</b>		
Secured		
Bank loan	3,371,716	4,481,497
Hire purchase liabilities	46,901	49,346
	<hr/>	<hr/>
	3,418,617	4,530,843
	<hr/>	<hr/>
<b>Financing Arrangements</b>		
The company has access to the following lines of credit:		
Total facilities available:		
Bank loans	11,100,000	12,010,000
Bank guarantee	5,600	5,600
Asset finance facility	730,335	886,331
	<hr/>	<hr/>
	11,835,935	12,901,931
	<hr/>	<hr/>
Facilities utilised at reporting date:		
Hire purchase facility	80,463	66,135
Bank loans	11,027,514	5,978,568
	<hr/>	<hr/>
	11,107,977	6,125,617
	<hr/>	<hr/>

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 7 Financial Liabilities (continued)

### Bank Loans

All bank loans are denominated in Australian dollars. The bank loans amount in current liabilities comprises the portion of the company's bank loan payable within one year. The bank loans non-current balance represents the portion of the company's bank loans not due within one year.

The loans bear interest at the weighted average of the interest rates applicable to each of the Business Markets Facility Components (being the Fixed Amount, the Flexible Maturity Fixed Amount, the Cap Amount, the Range Amount and/or the Floating Amount). The weighted average interest rate is 3.43% (2019: 4.41%).

### Security

The bank loans are secured by registered first mortgages over the present and future rights, property and undertakings of the company.

The carrying amount of the pledged assets is as follows:

	2020 \$	2019 \$
Freehold land and buildings	40,693,453	35,472,971
Total pledged	40,693,453	35,472,971

### Recognition and Measurement

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of borrowings using the effective interest method.

Borrowings are classified as non-current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare to their intended use or sale are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 8 Key Management Personnel Details

### (a) Directors

The following persons were non-executive directors of the company during the financial year:

Anthony O'Donnell	Ron Adams
Tony Bullman	Rob Kirkwood (appointed 24 November 2019)
Edward Bate	Gary Tozer (appointed 24 November 2019)
Michael Clark	William Crowther (resigned 24 November 2019)
David Smith	Barry Lewis (resigned 24 November 2019)
David Jones	

### (b) Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly during the financial year:

Name	Position
David Hiscox	Chief Executive Officer
Bronwyn Newman	Gaming and Marketing Manager
Matt Gooden	Food and Beverage Operations Manager
David Chamberlain	Finance Manager
Scott McCaw	Golf Operations Manager

### (c) Key Management Personnel Compensation

	2020 \$	2019 \$
Benefits and payments made to the Directors and Other Key Management Personnel	806,921	816,274

## 9 Related Parties

### Key Management Personnel

Disclosures relating to key management personnel are set out in Note 8.

### Transactions with Related Parties

From time to time, directors of the company, or their director-related entities, may purchase goods from the company. These purchases are on the same terms and conditions as those entered into by other company employees or customers.

Apart from the details disclosed in this note, no director has entered into a material contract with the company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year end.

Dapto Leagues Club Ltd  
Notes to the Financial Statements  
For the Year Ended 30 June 2020

## 9 Related Parties (continued)

## Receivable From and Payable to Related Parties

There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

## 10 Company Details

The Club is incorporated and domiciled in Australia as a company limited by guarantee. At 30 June 2020 there 23,119 were members (2019: 23,195).

In accordance with the Constitution of the company, every member of the company undertakes to contribute an amount limited to \$2 per member in the event of the winding up of the company during the time that he/she is a member or within one year thereafter.

The registered office of the company is:

Dapto Leagues Club Ltd  
Bong Bong Road  
DAPTO NSW 2530

## 11 Commitments

	2020 \$	2019 \$
<b>Capital Expenditure Commitments</b>		
Main Club renovations	-	5,425,940

The Club engaged external contractors in the 2019 financial year to perform a renovation of the bistro area. Construction began during the financial year and was completed within the 2020 financial year.

## Hire Purchase Commitments

Hire purchase payments are payable as follows:

Within one year	33,562	16,789
One year or later and no later than five years	46,901	62,771
	<hr/>	<hr/>
Minimum hire purchase payments	80,463	79,560

The company hires a motor vehicle under hire purchase agreements expiring in June 2021. The hire purchase facility is secured against the assets purchased under this facility.



# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 11 Commitments (continued)

	2020 \$	2019 \$
<b>Management Fees</b>		
Management fee payments are payable as follows:		
Within one year	57,500	57,500
One year or later and no later than five years	57,500	115,000
More than five years	-	-
	<hr/>	<hr/>
Minimum management fee payments	115,000	172,500
	<hr/>	<hr/>

The company has engaged with an independent advisor to provide advisory and management services for the Grange with the agreement to expire in June 2022.

### Recognition and Measurement

A lease asset and a lease liability are recorded at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments.

Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed. Contingent rentals are expensed as incurred.

## 12 Events Subsequent to Reporting Date

There are no other matters or circumstances that have arisen since the end of the financial year that have significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

## 13 Summary of other Significant Accounting Policies

### (a) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Statement of Financial Position are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included 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.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

### (b) 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 overdraft. Bank overdrafts are shown within short-term financial liabilities in current liabilities in the statement of financial position.

### (c) Inventories

Inventories are measured at the lower of cost or net realisable value. Costs are assigned on the basis of weighted average costs.

### (d) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets such as trading and available for sale securities is based on quoted market prices at the end of bid price. The quoted market price used for financial assets held by the company is the current.

The carrying value of trade receivables and payables are assumed to approximate their fair value due to their short term nature.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar liabilities.

# Dapto Leagues Club Ltd

## Notes to the Financial Statements

### For the Year Ended 30 June 2020

#### 13 Summary of Significant Accounting Policies (continued)

##### (e) Customer Loyalty Program

The company operates a loyalty program where customers accumulated points for dollars spent. The award points are recognised as a separately identifiable component of the initial sale transaction, by allocating the fair value of the consideration received between the award points and the other components of the sale that the award points are recognised at their fair value. Revenue from the award points is recognised when the points are redeemed. The amount of revenue is based on the number of points redeemed relative to the total number expected to be redeemed.



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