

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Financial Statements

For the Year Ended 30 June 2020

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

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For the Year Ended 30 June 2020

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South Newcastle Rugby League Club Limited

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Directors' Report

30 June 2020

The directors present their report on South Newcastle Rugby League Club Limited for the financial year ended 30 June 2020.

Information on directors

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

Paul Merlo (President)

Ross Hodge (Senior Vice President)

Peter O'Grady (Vice-President)

Terence Davies (resigned 27/11/2019)

Peter Strickleton

Matthew Argent

Bruce Mackie

David Stanbridge

Paul Quealey (appointed 27/11/2019)

Renae Carey

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

The company Secretary is Mr Steve Pringle. Mr Pringle was appointed to this position on 30 January 2007.

Principal activities

The principal activity of South Newcastle Rugby League Club Limited during the financial year were:

- a) the operation of a Registered Club; and
- b) the promotion and provision of sporting and social amenities to members and their guests.

No significant changes in the nature of the Company's activity occurred during the financial year.

Review and results of operations

The Company has recorded a net profit of \$297,510 for 2019/20 compared to a net loss of (\$12,193) for 2018/19.

Total income has decreased by \$900,449 (16%) to \$4,696,411. Direct expenses (including cost of goods sold) have decreased by \$796,735 (23%) to \$2,650,556. This has resulted in a decrease to gross profit of \$573,351 (32%) to \$1,245,513.

The Company recorded income of \$245,000 relating to government stimulus programs for 2019/20.

Non-direct expenses (overheads) including community donations have decreased by \$373,185 (17%) to \$1,761,852.

The profit from operating activities before interest, tax, depreciation, amortisation and donations (EBITDAD) increased by \$121,626 (15%) to \$945,285.

There were no transactions or events other than those described above, that had a significant impact to the reported financial results for the year.

South Newcastle Rugby League Club Limited

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Directors' Report

30 June 2020

Long term objectives

The Company's long term objectives are to:

- To offer a social venue for Members and their guests that provides excellent facilities and activities in a safe and comfortable environment.
- To maintain the principles of the Responsible Service of Alcohol and the Responsible Conduct of Gaming.
- To foster and promote the game of rugby league and other sports in its local community, being Merewether and surrounding suburbs.

Strategy for achieving the objectives

The Board of Directors, management and staff are committed to achieving the Company's objectives by setting financial goals which are constantly reviewed and reassessed using industry benchmarks, feedback from members as well as advice from industry associations and professionals.

Performance measures

The Company measures its own performance through the use of both quantitative and qualitative benchmarks. The benchmarks are used by the Directors to assess the financial sustainability of the Company and whether the Company's short-term and long-term objectives are being achieved. Performance is assessed regularly against previous results, approved budgets and relevant industry benchmarks.

	2020	2019	2018
Key Performance Indicators			
Beverage sales gross profit percentage	63.50 %	63.90 %	62.70 %
Beverage wages to sales percentage *	- %	22.40 %	23.70 %
Earnings before interest, tax, depreciation, amortisation and donations (EBITDAD)	\$ 945,285	\$ 829,048	\$ 917,257

* This ratio is not comparable in the current period due to the impacts of COVID-19.

Members' guarantee

South Newcastle Rugby League Club Limited is a Company limited by guarantee. In the event of, and for the purpose of winding up of the Company, the amount capable of being called up from each member and any person or association who ceased to be a member in the year prior to the winding up, is limited to \$ 2 for members that are corporations and \$ 2 for all other members, subject to the provisions of the Company's constitution.

Membership Category	2020	2019	Maximum Liability
Full Member	3,233	4,421	\$6,466
Pension Member	3,198	3,526	\$6,396
Other Member	393	35	\$786
Total	6,824	7,982	\$13,648

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Directors' Report

30 June 2020

Coronavirus Pandemic

On 11 March 2020, the World Health Organization declared a pandemic due to the spread of coronavirus (SARS-CoV-19) across the world. Due to the spread of the coronavirus, global and local economies have been significantly affected, for example due to restrictions in production, trade and consumption or due to travel bans and social distancing requirements. Due to these effects, the Company was closed from 15 March 2020 to 1 June 2020.

As of the date of this financial report, the Board is unable to determine the future impact of the pandemic on the Company and the financial report. However, the Company has applied for government relief where available through the Job Keeper and Cash Flow Boost support programs. The Board and management continue to assess the situation on an ongoing basis.

The Board is confident that the Company will be successful in navigating the challenges of the pandemic and accordingly, the Board have prepared the financial report on a going concern basis.

Directors interests and benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with a director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest other than as disclosed in Note 13.

Meetings of directors

During the financial year, 12 meetings of directors (including committees of directors) were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
Paul Merlo (President)	15	15
Ross Hodge (Senior Vice President)	15	13
Peter O'Grady (Vice-President)	15	13
Peter Strickleton	15	15
Matthew Argent	15	15
Terence Davies	4	3
David Stanbridge	15	15
Paul Quealey	11	9
Bruce Mackie	15	15
Renae Carey	15	15

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 4 of the financial report.

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

Director: 
Paul Merlo (President)

Director: 
Ross Hodge (Senior Vice President)

Dated 28 October 2020

South Newcastle Rugby League Club Limited

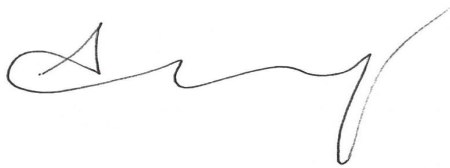
Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of South Newcastle Rugby League Club Limited

I declare that, to the best of my 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 audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES



ALEX HARDY
Associate Director

28 October 2020
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South Newcastle Rugby League Club Limited

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Statement of Profit or Loss and Other Comprehensive Income For the Year Ended 30 June 2020

		2020	2019
	Note	\$	\$
Revenue	3	3,896,069	5,266,155
Cost of Goods Sold		(476,250)	(635,494)
Other Direct Expenses		(2,174,306)	(2,811,797)
Gross profit		1,245,513	1,818,864
Other income	3	800,342	330,705
Expenses			
Community donations and sponsorships		(94,978)	(132,517)
Administrative expenses		(294,334)	(345,579)
Finance costs		(123,077)	(166,318)
Occupancy costs		(627,694)	(768,407)
Service Expenses		(621,769)	(722,216)
		(1,761,852)	(2,135,037)
Profit before income tax		284,003	14,532
Income tax income/(expense)	5	13,507	(26,725)
		297,510	(12,193)
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Decrease/(increase) in deferred tax liability on reserves		6,356	(3,654)
Other comprehensive income for the year, net of tax		6,356	(3,654)
Total comprehensive income attributable to members		303,866	(15,847)

The accompanying notes form part of these financial statements.

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Statement of Financial Position As At 30 June 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	6	574,634	55,511
Trade and other receivables		74,777	11,158
Current tax receivable	5	240	-
Inventories		49,762	52,545
Other current assets		12,546	17,410
TOTAL CURRENT ASSETS		<u>711,959</u>	<u>136,624</u>
NON-CURRENT ASSETS			
Property, plant and equipment	7	11,923,303	12,102,072
Deferred tax assets	5	13,110	9,192
TOTAL NON-CURRENT ASSETS		<u>11,936,413</u>	<u>12,111,264</u>
TOTAL ASSETS		<u>12,648,372</u>	<u>12,247,888</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	8	450,562	546,335
Interest-bearing liabilities	9	480,565	441,449
Current tax liabilities	5	-	22,981
Employee provisions	10	105,307	107,994
Other liabilities	11	9,000	47,328
TOTAL CURRENT LIABILITIES		<u>1,045,434</u>	<u>1,166,087</u>
NON-CURRENT LIABILITIES			
Interest bearing liabilities	9	2,740,975	2,507,055
Employee provisions	10	12,037	14,329
Deferred tax liabilities	5	273,164	279,521
Other liabilities	11	264,000	272,000
TOTAL NON-CURRENT LIABILITIES		<u>3,290,176</u>	<u>3,072,905</u>
TOTAL LIABILITIES		<u>4,335,610</u>	<u>4,238,992</u>
NET ASSETS		<u>8,312,762</u>	<u>8,008,896</u>
EQUITY			
Reserves		7,219,475	7,213,119
Retained earnings		1,093,287	795,777
TOTAL EQUITY		<u>8,312,762</u>	<u>8,008,896</u>

The accompanying notes form part of these financial statements.

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Statement of Changes in Equity For the Year Ended 30 June 2020

	Asset Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$
Balance at 1 July 2018	7,216,773	807,970	8,024,743
Profit/(Loss) for the year	-	(12,193)	(12,193)
Other comprehensive income			
- increase in deferred tax liability on reserves	(3,654)	-	(3,654)
Balance at 30 June 2019	7,213,119	795,777	8,008,896
1 July 2019	7,213,119	795,777	8,008,896
Profit/(Loss) for the year	-	297,510	297,510
Other comprehensive income			
- increase in deferred tax liability on reserves	6,356	-	6,356
Balance at 30 June 2020	7,219,475	1,093,287	8,312,762

The accompanying notes form part of these financial statements.

South Newcastle Rugby League Club Limited

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Statement of Cash Flows For the Year Ended 30 June 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Cash receipts from customers	5,013,962	6,168,533
Payments to suppliers and employees	(4,468,778)	(5,629,428)
Income taxes paid	(13,632)	-
Income taxes received	-	10,318
Borrowing costs	(86,883)	(121,130)
Net cash provided by/(used in) operating activities	<u>444,669</u>	<u>428,293</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property, plant and equipment	(83,291)	(119,890)
Proceeds from sale of property, plant & equipment	160,704	11,363
Net cash provided by/(used in) investing activities	<u>77,413</u>	<u>(108,527)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from borrowings	300,000	-
Repayment of borrowings	(302,959)	(372,579)
Net cash provided by/(used in) financing activities	<u>(2,959)</u>	<u>(372,579)</u>
Net increase/(decrease) in cash and cash equivalents held	519,123	(52,813)
Cash and cash equivalents at beginning of year	55,511	108,324
Cash and cash equivalents at end of financial year	6 <u>574,634</u>	<u>55,511</u>

The accompanying notes form part of these financial statements.

South Newcastle Rugby League Club Limited

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Notes to the Financial Statements

For the Year Ended 30 June 2020

1 Basis of Preparation

The financial statements are for South Newcastle Rugby League Club Limited as an individual entity, incorporated and domiciled in Australia. South Newcastle Rugby League Club Limited is a Company limited by guarantee.

South Newcastle Rugby League Club Limited has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards. The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The Company is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

The financial statements were authorised for issue on the date that the Directors' Declaration was signed.

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue

The Company has applied AASB 15: Revenue from Contracts with Customers and AASB 1058: Income of Not-for-Profit Entities using the cumulative effective method of initially applying AASB 15 and AASB 1058 as an adjustment to the opening balance of equity at 1 July 2019. Therefore, the comparative information has not been restated and continues to be presented under AASB 118: Revenue and AASB 1004: Contributions. The adoption of AASB 15 and AASB 1058 did not have any material impact on the accounting policy of the Company.

Sales of Goods

The Company sells food and beverage to members and the public. Revenue is recognised when control of the products has transferred to the customer. For such transactions, this is when the products are delivered to the customers.

Poker Machines and other Gaming Revenue

Revenue is recognised as the net clearances taken from all machines on a daily basis, Keno, TAB and other commissions are recognised when the Company obtains control of the commission, generally upon receipt.

Member Subscriptions

Under the Club's constitution, Membership Subscriptions are non-refundable to members and are recognised as revenue upon receipt.

Interest Income

Interest income is recognised using the effective interest method.

Sundry Income

Sundry income is recognised as it accrues.

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(a) Revenue and other income

Revenue

All revenue is stated net of the amount of Goods and Services Tax (GST).

2019 Accounting policy:

Member Subscriptions

Membership revenue is collected in advance and is recognised as revenue in the year in which the membership is held on a straight line basis.

(b) Income Tax

Income tax payable is calculated in accordance with the provision of the Income Tax Assessment Act dealing with Registered Clubs and Associations. Tax-effect accounting procedures are adopted whereby the income tax expense in the income statement matched with the accounting profit (after allowing for permanent differences).

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

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 the liability is settled, based on tax rates enacted or substantially enacted at the end of the reporting year. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

(c) Cash and cash equivalents

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

(d) Trade and Other Receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less a loss allowance for expected credit losses (i.e. provision for doubtful debts).

The expected credit losses on trade receivables are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

(e) Inventories

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

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(e) Inventories

Inventories acquired at no cost, or for nominal consideration, are valued at the current replacement cost as at the date of acquisition.

(f) Property, plant and equipment

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

Freehold Property

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

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

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

Any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

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

Plant and equipment

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

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

Depreciation

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

The depreciation rates used for each class of asset are as follows:

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Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(f) Property, plant and equipment

Fixed asset class

Buildings	5% to 10%
Plant and Equipment	10% to 40%

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

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

(g) Financial instruments

Initial recognition and measurement

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

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

Classification and subsequent measurement

Financial liabilities

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

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

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

Financial assets

Financial assets are subsequently measured at amortised cost as all financial assets are managed solely to collect contractual cash flows and the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates

Impairment

The Company recognises a loss allowance for expected credit losses. Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(g) Financial instruments

Impairment

Recognition of expected credit losses in financial statements

At each reporting date, the Company recognises the movement in the loss allowance as an impairment gain or loss in the statement of comprehensive income. The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position. On derecognition of a financial asset or liability measured at amortised cost, the difference between the carrying amount and the sum of the consideration received/paid and receivable/payable is recognised in profit or loss.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires).

Derecognition of financial assets

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

(h) Impairment of Assets

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

Where the future economic benefits of the asset are not primarily dependent upon the asset's ability to generate net cash inflows and when the Company would, if deprived of the asset, replace its remaining future economic benefits, value in use is determined as the depreciated replacement cost of an asset.

Where it is not possible to estimate the recoverable amount of an asset's class, the Company estimates the recoverable amount of the cash-generating unit to which the class of assets belong.

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

(i) Trade and Other Payables

Accounts payable and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the Company during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 45 days of recognition of the liability.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(j) Leases

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

(k) 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 and salaries. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Company's obligations for short-term employee benefits such as wages and salaries are recognised as a part of current trade and other payables in the statement of financial position.

Long-term employee benefits

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

(l) Provisions

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

(m) Goods and services tax (GST)

Revenue, 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 (ATO). Receivables and payable are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(n) Comparative Figures

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

(o) Critical Accounting Estimates and Judgments

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Valuation of freehold land and buildings

The freehold land and buildings were independently valued at 30 June 2018. The valuation technique utilised for land was the market approach which uses prices and other relevant information generated by market transactions for similar properties. The valuation technique utilised for buildings was the cost approach that reflects the current replacement cost of an asset at its current service capacity.

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. The Directors have assessed that no impairment of assets exists at 30 June 2020.

(p) Fair Value of Assets and Liabilities

The Company measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard. "Fair value" is the price the Company would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

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

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

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

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Notes to the Financial Statements For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(q) New Australian Accounting Standards

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for current reporting periods. The Company has assessed the following pronouncements at this time.

AASB15 Revenue from Contracts with Customers and AASB 1058 Income for Not-for-Profit Entities

These standards introduces a single revenue recognition model based on the transfer of goods and services and the consideration expected to be received for that transfer. Given the nature of the Company's business, these standards have no material impact on the Company.

Previously, Membership Subscriptions were recognised as revenue in the year in which the membership was held on a straight line basis. Under the Club's constitution, Membership Subscriptions are non-refundable to members. Therefore, an enforceable obligation does not exist under the newly adopted AASB15. Accordingly, Membership Subscriptions are now recognised upon receipt. The total effect of this change for the year ended 30 June 2020 is an increase in Membership Fees income for \$28,588 and a reduction of Membership Subscriptions in Advance for the same amount.

AASB 16 Leases

This standard recognises right-of-use assets and liabilities arising from all leases, with exceptions for low value and short term leases. As the Company does not have any material operating leases where it acts as the lessee, the standard has no material impact on the Company.

(r) Coronavirus Pandemic

On 11 March 2020, the World Health Organization declared a pandemic due to the spread of coronavirus (SARS-CoV-19) across the world. Due to the spread of the coronavirus, global and local economies have been significantly affected, for example due to restrictions in production, trade and consumption or due to travel bans and social distancing requirements. Due to these effects, the Company was closed from 15 March 2020 to 1 June 2020.

As of the date of this financial report, the Board is unable to determine the future impact of the pandemic on the Company and the financial report. However, the Company has applied for government relief where available through the Job Keeper and Cash Flow Boost support programs. The Board and management continue to assess the situation on an ongoing basis.

The Board is confident that the Company will be successful in navigating the challenges of the pandemic and accordingly, the Board have prepared the financial report on a going concern basis.

(s) Application of the Going Concern Basis

The Company recorded a net current liability position of \$333,475 (2019: \$1,029,463) as at 30 June 2020. During the year, the Company experienced fluctuations in bar and poker machine trading and explored a number of opportunities with respect to advertising and promotion of the Company's hospitality offerings. In response to the fluctuating trading conditions, the Company has managed employee and other direct expenditure to limit the impact of the trading conditions to the Company's gross profit. The Company will continue to manage the ongoing challenges in respect of trading conditions.

Notwithstanding the above, the Directors have prepared the financial statements on a going concern basis which contemplates the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The Directors consider the going concern assumption to be appropriate due to the following factors:

- The Company has met its loan repayment obligations throughout the financial year, noting that some

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Notes to the Financial Statements

For the Year Ended 30 June 2020

2 Summary of Significant Accounting Policies

(s) Application of the Going Concern Basis

repayments were subject to a deferral arrangement.

- Included within current liabilities recognised in the statement of financial position is the provision of employee entitlements of \$105,307 which, based on previous years' results, will not be extinguished in full by 30 June 2021.
- The Company's budgeted financial results for the 2021 financial year forecast a profit.
- The Company has demonstrated ability in managing employee and other direct expenditure to limit the impact of the trading conditions to the company's gross profit.
- The Company has applied for government relief where available through the Job Keeper and Cash Flow support programmes.

The directors are confident that the Company will be successful in navigating the challenges noted above and accordingly, the directors have prepared the financial statements on a going concern basis. However, should the circumstances above not eventuate, there is uncertainty on the ability of the Company to continue as a going concern and realise its assets and extinguish its liabilities in the ordinary course of business. No provision for such circumstances has been reflected in the financial statements.

South Newcastle Rugby League Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

3 Revenue and Other Income

	2020	2019
	\$	\$
Revenue		
- Bar trading	1,025,752	1,372,758
- Poker machine	2,261,790	2,997,299
- Function bar (in-house)	127,100	186,330
- Coffee shop	315,239	481,047
- Entertainment	124,508	174,628
- Functions catering (contracted)	41,680	54,093
	3,896,069	5,266,155
Other revenue		
- Membership fees	60,331	34,645
- Club Keno commission	54,399	62,627
- TAB commission	27,985	39,051
- ATM commission	35,342	45,488
- Beverage commission	51,186	42,480
- Other commissions	1,736	1,996
- Room rental	33,200	50,040
- Interest received	11	11
- Other income	-	3,109
- Insurance Recovery	208,277	32,819
- Profit on Sale of Assets	82,376	18,439
- ATO Cash Flow Boost	62,500	-
- ATO Job Keeper	183,000	-
	800,343	330,705
Total Revenue	4,696,412	5,596,860

4 Result for the Year

Profit for the year has been determined after:

Interest expense on financial liabilities	86,883	121,130
Interest expenses on hire purchase liabilities	17,750	31,477
Employment benefits expense	1,353,641	1,576,643
Depreciation of non-current assets:		
Buildings	106,789	132,295
Plant and equipment	352,938	397,097
Total Depreciation for the year	459,727	529,392
Profit/(loss) on sale of assets	82,376	18,439

South Newcastle Rugby League Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

5 Income Tax Expense

(a) The major components of tax (expense)/ income comprise:

	2020	2019
	\$	\$
Current tax expense	(18,952)	(22,444)
Deferred tax expense	3,918	(4,281)
(Under)/over provision in respect of prior years	28,541	-
	<u>13,507</u>	<u>(26,725)</u>

(b) The amount set aside for income tax in the statement of profit or loss and other comprehensive income has been provided on the taxable income calculated as follows:

Add:

Taxable income attributable to non-members	53,520	56,669
Other taxable income	214,758	250,630
Timing differences	12,616	14,070
	<u>280,894</u>	321,369
Other deductible expenses	<u>(211,978)</u>	<u>(239,757)</u>
Taxable income	<u>68,916</u>	81,613
Income tax expense at 27.5%	<u>18,952</u>	<u>22,444</u>

(c) Income tax recognised in other comprehensive income:

Deferred tax - increase/(decrease) in asset revaluation reserve	6,356	(3,601)
-----------------------------------------------------------------	-------	---------

(d) Deferred tax balances are comprised of:

Deferred tax assets:

Trade and other payables	8,425	4,285
Employee provisions	4,595	4,740
Other	90	167
	<u>13,110</u>	<u>9,192</u>

Deferred tax liabilities:

Asset revaluation reserve	<u>273,164</u>	<u>279,521</u>
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South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Notes to the Financial Statements For the Year Ended 30 June 2020

6 Cash and Cash Equivalents

	2020	2019
	\$	\$
Cash on hand	100,000	100,000
Cash at bank	474,634	49,316
Bank overdrafts	-	(93,805)
	<u>574,634</u>	<u>55,511</u>

7 Property, plant and equipment

	2020	2019
	\$	\$
LAND AND BUILDINGS		
Freehold land		
At fair value	<u>6,900,000</u>	6,900,000
Buildings		
At fair value	4,300,000	4,300,000
Additions	31,683	652
Accumulated depreciation	<u>(236,487)</u>	(132,295)
Total buildings	<u>4,095,196</u>	4,168,357
PLANT AND EQUIPMENT		
Plant and equipment		
At cost	1,622,359	5,744,516
Accumulated depreciation	<u>(694,252)</u>	(4,710,801)
Total plant and equipment	<u>928,107</u>	1,033,715
	<u>11,923,303</u>	<u>12,102,072</u>

Note: During the year, a stock take of plant and equipment assets with a written down value of \$nil was undertaken to determine if the assets were still in use. As a result, an adjustment of \$4,485,936 was processed to the gross cost and accumulated depreciation of plant and equipment. There is no impact to the statement of profit and loss or the statement of financial position arising from this adjustment.

(a) Core Property Disclosure

Section 41J(2) of the Registered Clubs Act requires the annual report to specify the core and non-core property of the Club at the end of the financial year. Core property is defined as any real property owned or occupied by the Club that comprises:

- (i) the defined premises of the Club;
- (ii) any facility provided by the Club for use by its Members and their guests; or
- (iii) any other property declared by a resolution passed by a majority of Members present at a general meeting of ordinary Members of the Club to be core property.

Non-core property is any other property that is not referred to above as core property and any property which is declared by the Members at a general meeting or ordinary Members not to be core property. The licensed premises at 46 Llewellyn Street Merewether is core property. The Club does not have any non-core property.

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Notes to the Financial Statements For the Year Ended 30 June 2020

7 Property, plant and equipment

(b) Fair Value Measurement

The Company measures freehold land and buildings at fair value on a recurring basis after their initial recognition. For freehold land and buildings, the fair values are based on a Directors' valuation taking into account an external independent valuation performed in the 2018 financial year, which has used comparable market data for land and the current replacement cost methodology for buildings.

(c) Asset Valuations

The freehold land and buildings were independently valued at 30 June 2018 by Baker and Magin Valuers (Certified Practising Valuers). The valuation technique utilised for land was the market approach which uses prices and other relevant information generated by market transactions for similar properties. The valuation technique utilised for buildings was the cost approach that reflects the current replacement cost of an asset at its current service capacity. The increase in land value reflects the strong performance of the property market since the last valuation undertaken in 2015. The building valuation indicates that the carrying value of the Club's building assets is in line with their fair value (under the cost approach). The directors have reviewed the key assumptions adopted by the valuers in 2018 and do not believe there has been a significant change in the assumptions at 30 June 2020. The directors therefore believe the carrying amount of the land correctly reflects the fair value at 30 June 2020.

(d) Assets Pledged as Security

Freehold land and buildings with a carrying value of \$10.96m (2019: \$11.06m) have been pledged to secure the borrowings of the company (refer note 9). In addition, the Company's obligations under finance leases (refer note 9) are secured by the lessor's title to the leased assets currently classified as plant and equipment.

(e) Movement in Carrying Amounts

Reconciliations of 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:

	Land	Buildings	Plant and Equipment	Total
	\$	\$	\$	\$
Year ended 30 June 2019	6,900,000	4,168,357	1,033,715	12,102,072
Additions	-	33,628	325,658	359,286
Disposals	-	-	(78,328)	(78,328)
Depreciation	-	(106,789)	(352,938)	(459,727)
Balance at the end of the year	6,900,000	4,095,196	928,107	11,923,303

During the year, asset additions of \$275,995 (2019: \$211,475) were financed by way of hire purchase agreements as disclosed at Note 9 of this financial statements.

South Newcastle Rugby League Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

8 Trade and Other Payables

	2020	2019
	\$	\$
CURRENT		
Trade payables	213,240	306,770
Sundry payables and accrued expenses	237,322	239,565
	<u>450,562</u>	<u>546,335</u>

9 Interest Bearing Liabilities

	2020	2019
	\$	\$
CURRENT		
Hire purchase liability	243,452	237,449
Secured loan	237,113	204,000
	<u>480,565</u>	<u>441,449</u>
NON-CURRENT		
Hire purchase liability	350,088	247,055
Secured loan	2,390,887	2,260,000
	<u>2,740,975</u>	<u>2,507,055</u>
	<u>3,221,540</u>	<u>2,948,504</u>

Secured facilities

Hire purchase liabilities are finance arrangements for poker machine upgrades and other capital purchases. These facilities commenced between 2015 and 2020 for 3 to 5 year terms with interest rates of 4.39% to 8.62%. Hire purchase liabilities are secured by the underlying leased asset. There are no debt covenants or other such conditions attached to the facilities.

The secured loan is secured by a first registered mortgage over the freehold land and building assets at the Company's premises, 46 Llewellyn Street, Merewether. The facility incurred an interest rate of 3.65% p.a. during the year (2019: 3.65% p.a.) and will expire on 18 October 2021. The limit and term of the facility are subject to an annual review which was satisfied in the current year. The loan facility is in reduction which means the maximum loan facility is reduced by the scheduled principal repayments. During the year an extension of the above secured loan was entered into by the Company for \$300,000. The new maximum facility limit is \$2,628,000. This loan is subject to the same conditions as the secured loan above. As a result of COVID-19 an arrangement was made with the CBA to defer the loan repayments for 2 months.

The Company has an overdraft facility of \$200,000 which was not drawn at 30 June 2020 (2019: \$93,805).

South Newcastle Rugby League Club Limited

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Notes to the Financial Statements For the Year Ended 30 June 2020

10 Provisions

CURRENT

Provision for annual leave	56,409	66,387
Provision for long service leave	48,898	41,607
	105,307	107,994

NON-CURRENT

Provision for long service leave	12,037	14,329
(a) Aggregate employee entitlements liability	117,344	122,323
(b) Number of employees at year end (full-time equivalents)	18	21

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

11 Other Liabilities

	2020	2019
	\$	\$
CURRENT		
Membership subscriptions in advance	-	35,128
Rent received in advance	9,000	12,200
	9,000	47,328
NON-CURRENT		
Rent received in advance	264,000	272,000
	264,000	272,000

12 Capital and Leasing Commitments

(a) Finance leases (hire purchase) commitments payable:

Minimum lease payments:

- not later than one year	266,891	258,324
- between one year and five years	368,051	264,309
Minimum lease payments	634,942	522,633
Less: finance changes	(41,402)	(38,129)
Present value of minimum lease payments	593,540	484,504

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Notes to the Financial Statements For the Year Ended 30 June 2020

12 Capital and Leasing Commitments

- (a) Finance leases (hire purchase) commitments payable:

Represented by:

Current hire purchase liability	243,452	237,449
Non-current hire purchase liability	350,088	247,055
Total	593,540	484,504

- (b) Capital expenditure projects

The Company had not entered into any commitments for capital expenditure at the reporting date.

- (c) Operating lease commitments

The Company has entered into an operating lease commitment for office equipment (photocopiers and phone system). The phone system contract was renegotiated and extended for 5 years during 2016. A new photocopier contract was negotiated in December 2019 for 5 years. At 30 June 2020 the remaining minimum operating lease commitment were \$8,815 (2019: \$8,802). The Company applies the low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

13 Related Parties

Key Management Personnel Compensation

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) is considered key management personnel. Key management personnel compensation:

Short term benefits - Salaries, wages and allowances	134,687	129,003
Short term benefits - Superannuation	12,813	12,256
Total	147,500	141,259

Related Party Transactions

Other related parties include close family members of key management personnel and entities that are controlled or jointly controlled by those key management personnel individually or collectively with their close family members. Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other persons unless otherwise stated.

Wages paid to close family members of Director Terry Davies during the year amounted to \$45,088 (2019: \$47,651).

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Notes to the Financial Statements

For the Year Ended 30 June 2020

14 Financial Risk Management

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

Financial assets

Cash and cash equivalents	574,634	55,511
Trade and other receivables	74,777	11,158
	649,411	66,669

Financial liabilities

Trade and other payables	450,562	546,335
Interest bearing liabilities - current	480,565	441,449
Interest bearing liabilities - non-current	2,740,975	2,507,055
	3,672,102	3,494,839

15 Contingent Assets and Contingent Liabilities

No matters or circumstances have arisen since the end of the financial year which 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.

16 Events after the end of the Reporting Period

The financial report was authorised for issue on 23 September 2020 by the Board of Directors.

No matters or circumstances have arisen since the end of the financial year which 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.

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

Directors' Declaration

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 5 to 25, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards - Reduced Disclosure Requirements; and
 - b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Company.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director: 
Paul Merlo (President)

Director: 
Ross Hodge (Senior Vice President)

Dated 28 October 2020

South Newcastle Rugby League Club Limited

Independent Audit Report to the members of South Newcastle Rugby League Club Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of South Newcastle Rugby League 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 equity and the 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 the Company 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; and
- (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

We 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.

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South Newcastle Rugby League Club Limited

Independent Audit Report to the members of South Newcastle Rugby League Club Limited

Emphasis of Matter - Coronavirus Pandemic/Going Concern

We draw attention to Notes 1(r) and 1(s) in the financial report, which indicates on 11 March 2020, the World Health Organization declared a pandemic due to the spread of coronavirus (SARS-CoV-19) across the world. Due to the spread of the coronavirus, global and local economies have been significantly affected, for example due to restrictions in production, trade and consumption or due to travel bans and social distancing requirements. Due to these effects, the Company was closed for trading from 15 March 2020 to 1 June 2020. The future impact on the Company is unable to be predicted at this time due to the evolving nature of the pandemic. Furthermore, as at 30 June 2020 the Company's current liabilities exceeded its current assets by \$333,475 (2019: \$1,029,463). As stated in Notes 1(r) and 1(s) in the financial report, these events or conditions may indicate that a material uncertainty exists that may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of 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 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 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

South Newcastle Rugby League Club Limited

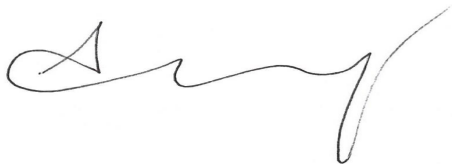
Independent Audit Report to the members of South Newcastle Rugby League Club Limited

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES



ALEX HARDY
Associate Director

Newcastle
28 October 2020

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

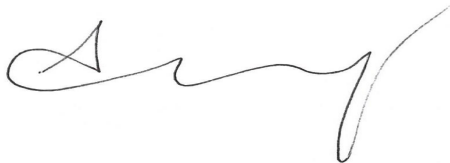
For the Year Ended 30 June 2020

Disclaimer

The additional financial data presented on page 31 is in accordance with the books and records of the Company which have been subjected to the auditing procedures applied in our statutory audit of the Company for the year ended 30 June 2020. It will be appreciated that our statutory audit did not cover all details of the additional financial data. Accordingly, we do not express an opinion on such financial data and we give no warranty of accuracy or reliability in respect of the data provided. Neither the firm nor any member or employee of the firm undertakes responsibility in any way whatsoever to any person (other than South Newcastle Rugby League Club Limited) in respect of such data, including any errors or omissions therein however caused.

Prosperity Audit Services

PROSPERITY AUDIT SERVICES



ALEX HARDY
Associate Director

28 October 2020
Newcastle

South Newcastle Rugby League Club Limited

ABN: 35 001 028 520

For the Year Ended 30 June 2020

Schedule of Donations and Sponsorships

	2020	2019
	\$	\$
CDSE (Category 1) Donations		
Merewether/Hamilton-Adamstown RSL Sub-Branch	10,000	10,000
Newcastle Rugby League Wellness Program	1,000	-
St Augustines	500	-
Merewether Surf Life Saving Club	-	3,100
The Humour Foundation (Clown Doctors)	2,000	3,000
HMRI Sports Concussion Clinic	1,000	-
Lifeline Hunter - Central Coast	2,000	3,000
	16,500	19,100
Other Donations and Sponsorships		
Sleepy's Day	1,950	-
Merewether District Cricket Club	-	9,989
South Leagues Netball Club	-	8,200
South Newcastle Junior Football Club	360	7,510
South Newcastle Senior Football Club	76,116	85,838
All other charitable organisations	52	1,880
	78,478	113,417
	94,978	132,517