2019

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

A.B.N. 84 564 200 303

DIRECTORS' REPORT

Your directors present their report on the Co-operative for the financial year ended 31st December 2019.

DIRECTORS

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

Name and Qualifications	Experience and Special Responsibilities
Richard Best	President - Appointed April 2019 Retired Aircraft Engineer/Aircraft Regulator
Terry Farley	Vice President - Appointed April 2019 Commander - Education & Training. Fire & Rescue NSW
Stephen Shrubb	Director Semi Retired Stock Broker
John Doyle	Director - Appointed April 2019 Former Long Term Employee. Extensive Pastoral Work
Daphne Hardin	Director - Appointed June 2019 Retired Real Estate Business Owner
Neil Breen	Director - Appointed June 2019 Multi Media Journalist with Ch9, Sky TV & The SMH
Paul Owen	Ceased April 2019
David Miller	Ceased April 2019
Annabel Merz	Ceased April 2019
Emma Martin	Ceased April 2019

MEETINGS OF DIRECTORS

During the financial year, 11 meetings of directors were held. Attendances were:

	Directors' Meetings	
Directors	**No. Eligible To Attend**	**No. Attended**
Richard Best	11	10
Terry Farley	9	7
Steven Shrubb	11	11
John Doyle	9	9
Daphne Hardin	7	7
Neil Breen	6	5
Paul Owen	3	2
David Miller	3	2
Annabel Merz	3	1
Emma Martin	3	1

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

A.B.N. 84 564 200 303

DIRECTORS' REPORT

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

CO-OPERATIVE SECRETARY

The following person held the position of Secretary at the end of the financial year.
Mr Ross Lamb

OPERATING RESULTS

The loss of the Co-operative for the financial year after providing for income tax amounted to $214,634 (2018: Loss $118,742).

MEMBERSHIP

The number of members at 31st December 2019 was 2,977 (2018: 1,927).

REVIEW OF OPERATIONS

The Co-operative continued to provide the facilities of a licensed club to the members and visitors during the year under review. The Co-Operative has 20 (2018: 19) employees at balance date.

PRINCIPAL ACTIVITY

The principal activity of the Co-operative during the course of the financial year consisted of the conduct and promotion of a registered and licensed social club for members of the Co-operative.

No significant change in the nature of these activities occurred during the year.

SHORT TERM AND LONG TERM OBJECTIVES

The clubs short term objectives are to:

i) Increase functions & connect to the community.
ii) Increase main bar patronage and attendances at raffles and promotions.
iii) Continual changes and monitoring of gaming room and equipment.
iv) Introduce new entertainment with live music and stage shows.

The clubs long term objectives are to:

i) Make a profit after depreciation and finance costs.
ii) Continually upgrading gaming machines, function rooms and member facilities.
iii) Increase marketing via email and text messaging
iv) To better utilise certain areas of the Club with a view of long term leasing thus providing a solid income stream
v) Rejuvenate the exterior of the club with colours, lighting and signage.

to achieve these objectives, the club has adopted the following strategies:

i) Engage with music industry and entertainment groups.
ii) Offer greater raffle and promotion prizes
iii) Continual investment in gaming related equipment.
iv) To re-engage with prospective clients interested in long term leasing of Club areas.

DIRECTORS' REPORT

PERFORMANCE MEASUREMENT AND KEY PERFORMANCE INDICATOR

< Financial results are reviewed by the Board on a monthly basis;

< A measure of the Club's financial reserves has been established and this is monitored monthly to ensure the Club's solvency;

< Member numbers are monitored monthly;

< Board members have experience in business generally.

AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATION ACT 2001

A copy of the Auditor's Independence Declaration follows this Directors Report.

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

Richard Best	**Terry Farley**
Director	**Director**

Dated: 27th February 2020

AUDITOR'S INDEPENDENCE DECLARATION

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF PADDINGTON WOOLLAHRA RSL MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

To the Directors of Paddington Woollahra RSL Memorial and Community Club Co-Operative Limited:

I declare that, to the best of my knowledge and belief, during the year ended 31st December 2019 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.

The audit opinion expressed in this report has been formed on the above basis.

Conroy Audit & Advisory

Chartered Accountants

D R Conroy
Principal

Sydney

Dated: 27th February 2020

154 Elizabeth Street SYDNEY NSW 2000

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

A.B.N. 84 564 200 303

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st DECEMBER 2019

	Notes	2019 $	2018 $
Revenue			
Sale of goods		1,216,185	1,184,354
Rendering of services		1,319,221	1,302,628
Other revenue		109,948	146,457
Total revenue	2	**2,645,354**	**2,633,439**
Expenses			
Cost of sales	3	(498,488)	(495,447)
Donations and subsidies		(4,816)	(3,100)
Employment and staffing expenses		(718,252)	(744,399)
Entertainment, marketing and promotional costs		(243,307)	(251,103)
Poker machine licenses and taxes		(45,187)	(32,204)
Property expenses		(424,226)	(424,154)
Other expenses		(518,419)	(424,939)
Total expenses		**(2,452,695)**	**(2,375,346)**
Earnings before depreciation and finance costs		**192,659**	**258,093**
Depreciation and amortisation expense	3	(371,975)	(335,079)
Finance costs	3	(35,318)	(41,756)
(Loss) Profit before income tax	3	**(214,634)**	**(118,742)**
Income tax expense	1	-	-
Net (Loss) Profit		**(214,634)**	**(118,742)**
Other Comprehensive Income		-	-
Total Comprehensive Income		**(214,634)**	**(118,742)**

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

A.B.N. 84 564 200 303

STATEMENT OF FINANCIAL POSITION AS AT 31st DECEMBER 2019

	Note	2019 $	2018 $
CURRENT ASSETS			
Cash and Cash Equivalents	4	268,110	279,928
Trade and Other Receivables	6	4,647	34,462
Inventories	5	48,490	37,476
Other	6	23,304	32,764
TOTAL CURRENT ASSETS		344,551	384,630
NON CURRENT ASSETS			
Property, Plant and Equipment	7	5,497,805	5,533,860
TOTAL NON-CURRENT ASSETS		5,497,805	5,533,860
TOTAL ASSETS		5,842,356	5,918,490
CURRENT LIABILITIES			
Trade and Other Payables	8	255,503	168,570
Financial Liabilities	9	189,798	118,415
Short Term Provisions	10	114,589	168,600
Other	11	7,740	1,000
TOTAL CURRENT LIABILITIES		567,630	456,585
NON CURRENT LIABILITIES			
Financial Liabilities	9	697,191	670,786
Share Capital	11	2,977	1,927
TOTAL NON-CURRENT LIABILITIES		700,168	672,713
TOTAL LIABILITIES		1,267,798	1,129,298
NET ASSETS		4,574,558	4,789,192
MEMBERS' FUNDS			
Retained Earnings		3,864,979	4,079,613
Asset Revaluation Reserve	12	709,579	709,579
TOTAL MEMBERS' FUNDS		**4,574,558**	**4,789,192**

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

A.B.N. 84 564 200 303

STATEMENT OF CHANGES IN MEMBERS' FUNDS AS AT 31st DECEMBER 2019

	ASSET REVALUATION RESERVE $	RETAINED EARNINGS $	TOTAL $
Total Members' Funds at 1/1/18	709,579	4,198,355	4,907,934
Profit (Loss) for the year		(118,742)	(118,742)
Total Members' Funds at 31/12/18	**709,579**	**4,079,613**	**4,789,192**
Profit (Loss) for the year		(214,634)	(214,634)
Total Members' Funds at 31/12/19	709,579	3,864,979	4,574,558

The Accompanying Notes Form Part of These Financial Statements

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

A.B.N. 84 564 200 303

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31st DECEMBER 2019

	Note	2019 $	2018 $
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from Trading		2,909,595	2,896,359
Payments to Suppliers and Employees		(2,648,232)	(2,702,759)
Interest Received		268	385
Interest and Borrowing costs paid		(35,318)	(41,756)
Net cash provided by (used in) operating activities		**226,313**	**152,229**
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds on Disposal of Poker Machine Entitlements		-	-
Payment for Property, Plant & Equipment	7	(335,919)	(193,168)
Net cash provided by (used in) investing activities		**(335,919)**	**(193,168)**
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		281,105	153,288
Repayment of Borrowings		(183,317)	(117,163)
Net cash provided by (used in) financing activities		**97,788**	**36,125**
Net increase/(decrease) in cash held		***(11,818)***	***(4,814)***
Cash as at 1st January 2019		279,928	284,742
CASH AS AT 31st December 2019	4	**268,110**	**279,928**

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2019

NOTE 1 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are for Paddington/Woollahra R.S.L. Memorial and Community Club Co-Operative Ltd as an individual entity domiciled in Australia. Paddington/Woollahra R.S.L. Memorial and Community Club Co-Operative Ltd is a Co-operative for reporting purposes.

New or amended Accounting Standards and Interpretations adopted

The Co-Operative has adopted all of the 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 adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Co-Operative.

The following Accounting Standards and Interpretations are most relevant to the Co-Operative:

AASB 15 Revenue from Contracts with Customers

The Co-Operative has adopted AASB 15 from 1 January 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 at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 16 Leases

The Co-Operative has adopted AASB 16 from 1 January 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). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results improve as the operating expense is now replaced by interest expense and depreciation in profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2019

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

AASB 1058 Income of Not-for-Profit Entities

The Co-Operative has adopted AASB 1058 from 1 January 2019. The standard replaces AASB 1004 'Contributions' in respect to income recognition requirements for not-for-profit entities. The timing of income recognition under AASB 1058 is dependent upon whether the transaction gives rise to a liability or other performance obligation at the time of receipt. Income under the standard is recognised where: an asset is received in a transaction, such as by way of grant, bequest or donation; there has either been no consideration transferred, or the consideration paid is significantly less than the asset's fair value; and where the intention is to principally enable the entity to further its objectives. For transfers of financial assets to the entity which enable it to acquire or construct a recognisable non-financial asset, the entity must recognise a liability amounting to the excess of the fair value of the transfer received over any related amounts recognised. Related amounts recognised may relate to contributions by owners, AASB 15 revenue or contract liability recognised, lease liabilities in accordance with AASB 16, financial instruments in accordance with AASB 9, or provisions in accordance with AASB 137. The liability is brought to account as income over the period in which the entity satisfies its performance obligation. If the transaction does not enable the entity to acquire or construct a recognisable non-financial asset to be controlled by the entity, then any excess of the initial carrying amount of the recognised asset over the related amounts is recognised as income immediately. Where the fair value of volunteer services received can be measured, a private sector not-for-profit entity can elect to recognise the value of those services as an asset where asset recognition criteria are met or otherwise recognise the value as an expense.

Impact of adoption
AASB 15, AASB 16 and AASB 1058 were adopted using the modified retrospective approach and as such comparatives have not been restated. There was no impact on opening retained profits as at 1 January 2019.

Basis for Preparation

Paddington/Woollahra R.S.L. Memorial and Community Club Co-Operative Ltd applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards.
The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the Corporations Act 2001.

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

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

Going Concern
The financial statements have been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2019

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The Club recorded earnings before financing, depreciation and income tax of $192,659 (2018: $258,093) during the year ended 31 December 2019 with positive cash flows from operating activities of $226,313 (2018: Positive $304,802). Although the Club made a Loss of $214,634 for the year ended 31 December 2019 (2018: Loss $118,742) the Directors believe that the going concern basis is appropriate given:

- The Club has ongoing support of its financiers.
- The Club has met all financial covenants with respect to the facilities during the past twelve months and is forecasting to meet all of the covenants over the coming twelve months.

After considering the above, the Directors consider that the Club will be able to continue to fulfil all obligations as and when they fall due for the foreseeable future, being at least twelve months from the date of approval of these financial statements, and accordingly, that the Club's financial statements should be prepared on a going concern basis.

Accordingly, no adjustment has been made to the financial report relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the Club not continue as a going concern.

Income Tax

The income tax expense as stated in the Statement of Comprehensive Income is the amount calculated to be payable based on a formula determined by the Australian Taxation Office. Clubs are only assessed for income tax on the proportion of income derived from non-members, investments and other income specifically assessable under the Income Tax Assessment Act.

Deferred tax assets relating to temporary timing differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available to absorb those timing differences.

Inventories

Inventories are measured at the lower of cost and net realisable value.

Property, Plant and Equipment

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

Property

Freehold Land and Buildings are carried at deemed cost less, where applicable, any accumulated depreciation. The carrying amount of land and buildings is reviewed annually by the Club's Directors to ensure that the carrying amount is not less than their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arms length transaction).

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Plant and Equipment

Plant and equipment are measured on the cost basis less, where applicable, depreciation and impairment losses. The carrying amount of plant and equipment is reviewed annually by the Club to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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 and diminishing value basis over their useful lives to the Co-Operative commencing from the time the asset is held ready for use.

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

Class of Fixed Asset	Depreciation Rate
Buildings and Freehold improvements	2.50%
Computers, Office Equipment and Registers	40%
Furniture and Fittings	15%
Plant and Equipment	20%
Poker Machines	30%-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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 the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

Impairment of non-financial assets

Non-financial 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 of disposal 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.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Co-Operative prior to the end of the financial year and 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.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Employee Benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Revenue Recognition

The Co-Operative recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the Co-Operative is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Co-Operative: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Sales revenue
Events, fundraising and raffles are recognised when received or receivable.

Donations
Donations are recognised at the time the pledge is made.

Grants
Grant revenue is recognised in profit or loss when the Co-Operative satisfies the performance obligations stated within the funding agreements.
If conditions are attached to the grant which must be satisfied before the Co-Operative is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Volunteer services
The Co-Operative has elected not to recognise volunteer services as either revenue or other form of contribution received. As such, any related consumption or capitalisation of such resources received is also not recognised.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian tax office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset and as part of an expense item. Receivables and payables in the Balance Sheet are shown inclusive of GST.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.
An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Co-Operative's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Co-Operative's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.
Deferred tax assets and liabilities are always classified as non-current.

NOTE 1 – STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Cash and cash equivalents

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

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Comparative Figures

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

Critical Accounting Estimates Judgments and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets

The Co-Operative determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. 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.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The Co-Operative assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Co-Operative and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Employee benefits provision
As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of 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.

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED
A.B.N. 84 564 200 303

NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2019

	2019 $	2018 $
NOTE 2- REVENUE		
Operating Activities:		
Bar Sales	1,216,185	1,184,354
Poker Machine Takings	1,073,628	1,029,979
Members Subscriptions	10,210	9,193
Commission Received	135,044	123,459
Interest Received	268	385
Room Hire	100,339	139,997
Catering Income	58,045	64,400
Profit/(Loss) on Sale of Fixed Assets	-	15,860
Other Income	51,635	65,812
Total Revenue	2,645,354	2,633,439

NOTE 3 - PROFIT FROM ORDINARY ACTIVITIES

(a) Profit from ordinary activities before income tax has been determined after:

	2019 $	2018 $
Cost of Sales:		
Bar	498,488	495,447
Total Cost of Sales	498,488	495,447
Depreciation of Non-Current Assets:		
Freehold Building	55,800	55,800
Freehold Improvements	159,574	159,501
Plant and Equipment	31,106	32,493
Furniture & Fittings	6,333	7,819
Poker Machines	119,161	78,371
Total Depreciation	371,974	333,984
Finance Costs		
Interest Charges	35,318	41,756
Total Finance Costs	35,318	41,756
Bad Bebts		
Q2Dance	32,532	-
Total Bad Debts	32,532	-

The Club Wrote Off unpaid debt due to company (Q2Dance) becoming Insolvent.

(b) Key Performance Indicators

	2019	2018
Bar		
Gross Profit Percentage	59.01%	58.17%
Wages to Sales Percentage	25.47%	26.08%
Total Wages - Percentage of Total Revenue	27%	28%
EBITDA Percentage	7.28%	9.80%

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED
A.B.N. 84 564 200 303
NOTES TO AND FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st DECEMBER 2019

	2019	2018
	$	$
NOTE 4 - CASH AND CASH EQUIVALENTS		
Cash on Hand	110,000	110,000
Cash at Bank	152,756	164,574
Deposits	5,354	5,354
	268,110	279,928
NOTE 5 - INVENTORIES		
Current		
Finished Goods - at Cost		
Liquor stock	45,090	36,776
Coles Vouchers	3,400	700
	48,490	37,476
NOTE 6 - OTHER ASSETS		
Trade and other Receivables	4,647	34,462
Other	23,304	32,764
	27,951	67,226
NOTE 7 - PROPERTY, PLANT AND EQUIPMENT		
Property		
Land and Buildings at deemed cost	3,650,000	3,650,000
Less Accumulated Depreciation	(1,510,042)	(1,454,242)
Improvements at cost	5,391,905	5,364,919
Less Accumulated Depreciation	(2,749,839)	(2,590,265)
Total Land and Buildings	4,782,024	4,970,412
Plant and Equipment at Cost	4,748,949	4,442,140
Less Accumulated Depreciation	(4,033,168)	(3,878,692)
Total Plant and Equipment	715,781	563,448
Leased Plant and Equipment		
Total Property, Plant and Equipment	5,497,805	5,533,860

Revaluation of Land and Buildings

Based on independent evidence available, Directors believe the fair value of the club's Land and Buildings to be in excess of the book value.

Movements in Carrying Amounts

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

	Land and Buildings	Plant and Equipment	Total
	$	$	$
Balance at the beginning of year	4,970,412	563,448	5,533,860
Additions	26,986	308,933	335,919
Disposals & W/Offs	-	-	-
Depreciation expense	(215,374)	(156,600)	(371,974)
Carrying amount at the end of year	4,782,024	715,781	5,497,805

	2019 $	2018 $
NOTE 8 - TRADE AND OTHER PAYABLES		
Current		
Unsecured liabilities		
Trade Creditors and Accrued Expenses	255,503	168,570

NOTE 9 – FINANCIAL LIABILITIES

	2019 $	2018 $
Current		
Secured liabilities		
Bank Loan	45,000	25,000
Lease Liabilities	144,798	93,415
	189,798	118,415
Non-current		
Secured liabilities		
Bank Loan	537,251	599,251
Lease Liabilities	159,940	71,535
	697,191	670,786
	886,989	789,201

Security
The bank loan facilities are secured by a registered mortgage over the club's freehold property at 220-232 Oxford St, Paddington.

NOTE 10 – SHORT TERM PROVISIONS

	2019 $	2018 $
Current		
Employee Entitlements	114,589	168,600
Aggregate Employee Entitlements Liability	114,589	168,600
Number of employees at year end	20	19

Superannuation commitment
The Co-Operative contributes to the following superannuation plans for employees:
Club Plus, Colonial, Strategy, Fremado, Intrust, Australian, Host Plus, Westfund, Plum Super.

Types of benefits
The fund provides benefits that represent the accumulation of contributions to employers, providing lump sum or annuity benefits upon retirement, death or disability.

Contributions
The Co-Operative is under a legal obligation to contribute 9.50% of each employee's base salary to a superannuation
Details of contributions during the year are as follows:

	2019 $	2018 $
Employer contributions to the plans	64,028	62,160

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED
A.B.N. 84 564 200 303

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 2019

	2019 $	2018 $
NOTE 11 – OTHER LIABILITIES		
Current		
Members Subscriptions in Advance	7,740	1,000
	7,740	1,000
Non Current		
Share Capital	2,977	1,927
	2,977	1,927
NOTE 12 – RESERVES		
Asset Revaluation Reserve	709,579	709,579

Revaluation Surplus
The revaluation surplus records the revaluations of non-current assets.

NOTE 13 - KEY MANAGEMENT PERSONNEL COMPENSATION

The following were key management personnel of the Co-operative at any time during the reporting period, and unless otherwise indicated were directors for the entire period:

Non Executive Directors
Richard Best
Terry Farley
Steven Shrubb
John Doyle
Daphne Hardin
Neil Breen
Paul Owen
David Miller
Annabel Merz
Emma Martin

Executive
Ross Lamb - General Manager

The key management personnel compensations included in "Employee Benefits Expense" as follows:

	2019 $	2018 $
Employee Benefits	122,875	113,902
	122,875	113,902

	2019	2018
	$	$

NOTE 14 - OTHER RELATED PARTY TRANSACTIONS

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

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

NOTE 15 - FINANCIAL RISK MANAGEMENT

The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, and leases.
The carrying amounts for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

	2019 $	2018 $
Financial assets		
Cash on Hand	110,000	110,000
Cash at Bank	152,756	164,574
Deposits	5,354	5,354
	268,110	279,928
Financial liabilities		
Trade Creditors and Accrued Expenses	255,503	168,570
Borrowings	582,251	624,251
Hire purchases	304,738	164,950
	1,142,492	957,771

NOTE 16 - FAIR VALUE MEASUREMENTS

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

	2019 $	2018 $
Financial assets at fair value	268,110	279,928

NOTE 17 - CAPITAL AND LEASING COMMITMENTS

	2019 $	2018 $
Finance Lease Payment Commitments		
Finance lease commitments are payable:		
Not later than 1 year	144,798	94,523
Later than 1 but not later than 2 years	159,940	71,535
Later than 2 but not later than 5 years	-	-
Minimum Finance Lease Commitment	304,738	166,058
Less: Future finance and lease charges	-	1,108
	304,738	164,950
Lease liabilities provided for in the financial statements:		
Current	144,798	93,415
Non-current	159,940	71,535
Total lease liability	304,738	164,950

The Co-Operative leases equipment under lease agreements that expires within 3 years. The title of the equipment passes to the Co-Operative upon receipt of final payment.

Capital Expenditure Commitments
Capital expenditure commitments contracted for : The Club did not enter into any capital works contracts prior to 31/12/19.

NOTE 18 - EVENTS AFTER THE REPORTING PERIOD

From 31st December 2019 to the date of this report, there has been no subsequent event that would have a material effect on the financial position of the company except as disclosed in these financial statements.

NOTE 19 – CO-OPERATIVE DETAILS

The Club is incorporated and domiciled in Australia as a Co-Operative. In accordance with the Constitution of the Co-
The registered office of the Co-Operative is:
Paddington-Woollahra R.S.L. Memorial and Community Club Co-operative Limited
222-232 Oxford Street, PADDINGTON NSW 2021

PADDINGTON/WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED
A.B.N. 84 564 200 303

DIRECTORS' DECLARATION

The directors of the co-operative declare that:

1. The financial statements and notes

   a. comply with Accounting Standards-Reduced Disclosure Requirements, the Co-Operatives National Law and the Co-Operatives National Law Regulations; and

   b. give a true and fair view of the financial position of the Co-Operative as at 31st December 2019, and of its performance for the year ended on that date.

2. In the Directors' opinion there are reasonable grounds to believe that the Co-Operative 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.

Richard Best | **Terry Farley**

Dated: 27th February 2020

PADDINGTON WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

A.B.N. 84 564 200 303

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PADDINGTON WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB CO-OPERATIVE LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Paddington-Woollahra R.S.L. Memorial and Community Club Co-operative Limited (the company), which comprises the statement of financial position as at 31 December 2019, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of Paddington-Woollahra R.S.L. Memorial and Community Club Co-operative Limited is in accordance with the Corporations Act 2001 and the Co-operatives National Law and the Co-operatives National Law Regulations:

(i) giving a true and fair view of the company's financial position as at 31 December 2019 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Regulations 2001.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the company's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon. In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Conroy Audit & Advisory

D. R. Conroy
154 Elizabeth Street, Sydney NSW 2000

Dated: 27th February 2020

**PADDINGTON WOOLLAHRA R.S.L. MEMORIAL AND COMMUNITY CLUB
CO-OPERATIVE LIMITED
A.B.N. 84 564 200 303**

DISCLOSURE REQUIREMENTS UNDER S 41E OF THE REGISTERED CLUBS ACT 1976

Core and Non Core Property

Section 41E of the Registered Clubs Act 1976 requires the club to disclose its core and non-core property as defined in the annual report. The Club's core property comprises the first floor of the defined premises of the club situated at 220-232 Oxford St, Paddington and the Clubs Car Park.

In accordance with a resolution passed by members at the 2014 AGM held on the 16th March 2014, the whole of the existing ground floor of the Club was certified as non-core property of the Club.

Notes to Members

1. Section 41E (5) of the Registered Clubs Act requires the Annual Report to specify the Club's Core and Non-Core Properties as at the end of the financial year to which the report related to.

2. Core Property is any real Property owned or occupied by the Club that comprises:

(a) the defined premises of the Club; Or
(b) any facility provided by the Club for use of its members and their guests; Or
(c) any other property declared by a resolution passed by a majority of the members present at a general meeting of ordinary members of the Club to be Core Property of the Club.

3. Non-Core Property is any other property, other than that referred to above as Core Property and any property which is declared by the members at a general meeting of ordinary members of the Club not to be Core Property.

4. The significance of the distinction between Core Property and Non-Core Property is that the Club cannot dispose of any Core Property unless;

(a) the property has been valued by a registered valuer within the meaning of the Valuers Act 2003; and
(b) the disposal has been approved at a general meeting of the ordinary members of the Club at which a majority of the votes cast supported the approval; and
(c) any sale is by way of public auction or open tender conducted by an independent real estate agent or auctioneer.