



Harmonie German Club



Ambassador of the Federal Republic of Germany to Australia Dr Thomas Fitschen

ANNUAL REPORT
2019-20



HARMONIE GERMAN CLUB

HEART OF THE COMMUNITY

MESSAGE FROM THE PRESIDENT



Club President Kevin Bramboeck, with Queanbeyan Mayor Tim Overall .



It gives me great pleasure to be President of this Club that has done so well over the last few years. This year's report is no exception. It shows the labours of a dedicated and hard working group made up of staff, management and committee, and my thanks go out to all of them.

2019/20 has been another great year for the Harmonie German Club and we look forward to prospering for many more to come.

Our AGM has been delayed as the world battles a global pandemic. We understand that we are fortunate to still be open at a time when so many businesses are being forced to the wall by a wicked enemy.

On a personal note, I would like to thank our former Treasurer Craig Barnard and past Vice President Dr Gunter Brandstetter, who left the Committee last year, and Erika Merkel and John Spencer, who are retiring at this AGM. Each of them has made an enormous contribution to the Club over the past years, and I thank them for their work.

This year, we see our first contested elections since 2017. This is a great sign of reinvigoration in the membership. I wish all candidates the best.

Best Regards

Kevin Bramboeck
President
Harmonie German Club

FROM THE MANAGER'S DESK



General Manager Paul Berger with Committee Member Erka Merkel



The Harmonie German Club has experienced a fourth successive year of growth. This is an extremely good result in a tough market.

Clubs in the ACT have experienced their worst conditions with regards to legislated changes so growing the business under these conditions is a credit to the entire team.

While turnover was up, profit was down on the previous year.

Quite simply, this came down to our major external event, Oktoberfest. Oktoberfest is a huge logistic challenge and it comes with massive risk. In 2019, the Club took the Festival to Goulburn, only to suffer terrible weather, resulting in poor ticket sales and a significant financial loss. Two weeks later, we followed up with Oktoberfest Queanbeyan. While posting a moderate profit in Queanbeyan the event performed under budget, again subject to inclement weather.

The Club is in a strong financial position and has showed some grit over the past few years. We are fortunate to be able to absorb the high risks of a washed-out event and still manage to post a profit at the year's end.

Given the global pandemic, the Club has reluctantly decided to cancel Oktoberfest 2020 and focus on rebuilding for 2021.

Last year, the Club won the ClubsACT Canberra Small Club of the Year award, Best Entertainment Venue and, for the second year running, the Arts and Culture Award. I would like to congratulate the Board and the Staff for their efforts. It is fantastic to be recognised by our industry peers, this is something everybody is very proud of.

With regards to the COVID situation, I can report that the Club is doing well. We have managed the first half of the year quite well and, while running at a loss, we are confident we will get through this period and come out the other side stronger than ever.

We are planning to make some much-needed improvements to the Club this year and build on the excellent foundations we have been laying over the past few years.

I would like to thank my staff and contractors for their help over the last financial year and through these unprecedented COVID times. I look forward to working through this period and building on the Club to ensure we are better and stronger.

I would like to thank the board of directors for their support this year and the members for their continued support of the staff and the Club.

Paul Berger

General Manager

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Financial Summery

Committee's Report

For the Year Ended 29 February 2020

The committee members submit the financial report of the Association for the financial year ended 29 February 2020.

1. General information

Committee members

The names of committee members throughout the year and at the date of this report are:

Kevin Bramboeck (President)
 Gunther Brandstetter (Vice-President) – Resigned November 2019
 Michael Fuller (Vice President)
 Maria Hawthorne (Secretary)/(Public Officer)
 Craig Barnard (Treasurer) – Resigned July 2019
 Nick Xirakis (Treasurer)
 Susan Davidson (Assistant Treasurer)
 John Spencer (Committee Member)
 Geoffrey Davidson (Committee Member)
 Derek Sullivan (Committee Member)
 Roger Royal (Committee Member)
 Erika Merkel (Committee Member)

Principal activities

The principal activities of the Association during the financial year were the operation of a licensed social club in Canberra, ACT.

Significant changes

During the year there were no significant changes in the state of affairs of the club other than referred to in the reports, accounts or notes thereto.

2. Operating results

The profit of the Association for the financial year after providing for income tax amounted to \$59,950 (2019: \$247,834).

Financial Summary

Harmonie German Club Incorporated

ABN: 04 860 269 776

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 29 February 2020

	Note	2020 \$	2019 \$
Sales revenue	4	2,902,507	2,559,695
Cost of sales	5	(910,068)	(698,955)
Gross profit		1,992,439	1,860,740
Other revenue	4	318,358	293,127
Employment costs		(800,560)	(719,609)
Administrative expenses		(768,738)	(664,116)
Depreciation	5	(170,095)	(102,599)
Other expenses		(479,095)	(393,657)
Finance costs	5	(48,506)	(24,774)
Profit before income tax		43,803	249,112
Income tax expense / (benefit)	2(a)6	16,147	(1,278)
Profit / (Loss) for the year		59,950	247,834
Other comprehensive income, net of income tax		-	-
Total comprehensive income for the year		59,950	247,834

Statement of Changes in Equity

For the Year Ended 29 February 2020

2020

	Retained Earnings \$	Asset Revaluation Surplus \$	Total \$
Balance at 1 March 2019	392,068	904,372	1,296,440
Profit for the year	59,950	-	59,950
Balance at 29 February 2020	452,018	904,372	1,356,390

2019

	Retained Earnings \$	Asset Revaluation Surplus \$	Total \$
Balance at 1 March 2018	144,234	904,372	1,048,606
Profit for the year	247,834	-	247,834
Balance at 28 February 2019	392,068	904,372	1,296,440



Statement of Financial Position

As At 29 February 2020

	Note	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8	297,438	108,113
Trade and other receivables	9	132,556	143,121
Inventories	10	33,106	34,594
Other assets	11	9,266	18,997
TOTAL CURRENT ASSETS		472,366	304,825
NON-CURRENT ASSETS			
Property, plant and equipment	12	1,814,931	1,815,291
Deferred tax assets	7	26,619	19,325
TOTAL NON-CURRENT ASSETS		1,841,550	1,834,616
TOTAL ASSETS		2,313,916	2,139,441
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	13	315,749	364,803
Borrowings	14	82,548	176,105
Employee benefits	16	40,890	23,288
Other financial liabilities	15	-	20,455
TOTAL CURRENT LIABILITIES		462,889	584,651
NON-CURRENT LIABILITIES			
Borrowings	14	496,966	230,593
Deferred tax liabilities	7	14,849	20,603
Employee benefits	16	7,524	7,154
TOTAL NON-CURRENT LIABILITIES		518,339	258,350
TOTAL LIABILITIES		981,228	843,001
NET ASSETS		1,356,390	1,296,440
EQUITY			
Reserves		904,372	904,372
Retained earnings		452,018	392,068
TOTAL EQUITY		1,356,390	1,296,440



Statement of Cash Flows
For the Year Ended 29 February 2020

	2020	2019
Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts from customers	3,203,680	2,967,692
Payments to suppliers and employees	(2,967,932)	(2,588,003)
Interest paid	(48,506)	(24,773)
Net cash provided by/(used in) operating activities	21 187,242	354,916
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from sale of plant and equipment	-	88,000
Purchase of property, plant and equipment	12(a) (169,734)	(778,411)
Net cash used by investing activities	(169,734)	(690,411)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayment of borrowings	171,817	327,220
Net cash used by financing activities	171,817	327,220
Net increase/(decrease) in cash and cash equivalents held	189,325	(8,275)
Cash and cash equivalents at beginning of year	108,113	116,388
Cash and cash equivalents at end of financial year	8 297,438	108,113



Notes to Financial Statements

Notes not published in the annual report can be obtained from the office on request.

Notes to the Financial Statements For the Year Ended 29 February 2020

4 Revenue and Other Income

	Note	2020 \$	2019 \$
Sales revenue			
- Bar		1,347,085	1,408,899
- Poker Machines	23	593,106	521,917
- Member subscriptions		23,019	24,792
- Oktoberfest		468,201	436,083
- Special event trading		457,657	159,239
- Club shop		13,439	8,765
		<u>2,902,507</u>	<u>2,559,695</u>
Other revenue			
- Other Income		279,358	195,478
- Lease restaurant income		39,000	39,000
- Gain on disposal of assets		-	58,649
		<u>318,358</u>	<u>293,127</u>
Total Revenue		<u>3,220,865</u>	<u>2,852,822</u>

14 Borrowings

		2020 \$	2019 \$
CURRENT			
Bank loans		82,548	176,105
Total current borrowings	17	<u>82,548</u>	<u>176,105</u>
NON-CURRENT			
Bank loans		495,966	230,593
Total non-current borrowings	17	<u>495,966</u>	<u>230,593</u>

The club obtained a bank loan of \$494,000 @ 6.65% pa for the period of 3 years to undertake renovation of club facilities & install solar panels, \$80,000 @ 5.68% pa for the period of 5 years to assist repairs and maintenance of car park and \$150,000 for the period of 5 years to assist air conditioning repair/upgrade. Interest is charged monthly for both the loans.

Bank loans are secured by first ranking charge over all present and after acquired property and first registered mortgage over non-residential real property located at 49 Jerrabomberra Ave Narrabundah ACT 2605.

Independent Audit Report to the members of Harmonie German Club Incorporated

Report on the Audit of the Financial Report



Independent Auditor's Report

To the Members of Harmonie German Club Incorporated

Report on the audit of the Financial Report

Qualified Opinion

We have audited the *Financial Report* of Harmonie German Club Incorporated (the Association).

In our opinion, except for effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying Financial Report presents fairly, in all material respects, giving a true and fair view of the financial position of the Association as at 29 February 2020, and of its financial performance and its cash flows for the year then ended, in accordance with the *Associations Incorporation Act (ACT) 1991*.

The *Financial Report* comprises:

- Statement of financial position as at 29 February 2020;
- Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Committee's report.

Basis for Qualified Opinion

As is common for organisations of this type, it is not practical to maintain an effective system of internal control over income received from cash until their entry into the accounting system. Accordingly, our audit in relation to the cash income items stated was limited to the amounts recorded.

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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 Association in accordance with the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the *Financial Report* in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

Independent Audit Report to the members of Harmonie German Club Incorporated



Restriction on use and distribution

The Financial Report has been prepared to assist the Members of the Association in meeting the Board's reporting requirements under the *Associations Incorporation Act (ACT) 1991*.

As a result, the Financial Report and this Auditor's Report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Our report is intended solely for the Members of the Association and should not be used by or distributed to parties other than the Members of the Association. We disclaim any assumption of responsibility for any reliance on this report, or on the Financial Report to which it relates, to any person other than the Members of the Association or for any other purpose than that for which it was prepared.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for:

- the preparation and fair presentation of the Financial Report in accordance with the *Associations Incorporation Act (ACT) 1991*.
- implementing necessary internal control to enable the preparation of a Financial Report that is free from material misstatement, whether due to fraud or error
- assessing the Association's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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. They 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.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at http://www.aasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our Auditor's Report.

KPMG
KPMG

Philip Sands
Partner
Canberra
6 July 2020

Compilation reports

For the Year Ended 29 February 2020

Detailed Trading Statements

Bar Trading Account

	2020 \$	2019 \$
Income		
Sales	1,347,085	1,408,899
Cost of Sales		
Purchases	(518,419)	(504,008)
	<u>828,666</u>	<u>904,891</u>
Less: Direct expenses		
Direct expense	316,495	490,296
	<u>316,495</u>	<u>490,296</u>
Net profit / (loss)	<u>512,171</u>	<u>414,595</u>

Poker Machines Trading Account

	2020 \$	2019 \$
Income		
Poker machine trading income	2,882,259	2,028,727
Poker machine payout	(2,289,153)	(1,506,810)
	<u>593,106</u>	<u>521,917</u>
Less: Direct expenses		
Poker machine tax	44,412	25,859
Poker machine - other expenses	56,517	59,786
Poker machine depreciation	37,402	31,210
	<u>138,331</u>	<u>116,855</u>
Net profit / (loss)	<u>454,775</u>	<u>405,062</u>



For the Year Ended 29 February 2020

Oktoberfest Trading Account

	2020 \$	2019 \$
Income		
Oktoberfest - income	468,201	436,083
	<u>468,201</u>	<u>436,083</u>
Less: Direct expenses		
Oktoberfest - expense	530,242	395,504
	<u>530,242</u>	<u>395,504</u>
Net profit / (loss)	<u>(62,041)</u>	<u>40,579</u>

Special Event Trading Account

	2020 \$	2019 \$
Income		
Hall hire income	24,085	19,589
Functions income	267,531	15,586
Multicultural festival income	92,016	84,281
Market day income	74,025	49,915
Club shop income	13,439	8,766
	<u>471,096</u>	<u>178,137</u>
Less: Direct expenses		
Cost of sales	189,663	107,218
	<u>189,663</u>	<u>107,218</u>
Net profit / (loss)	<u>281,433</u>	<u>70,919</u>



For the Year Ended 29 February 2020

Profit and Loss Account

	2020	2019
	\$	\$
Income		
Bar Trading	512,171	414,595
Poker Machine Trading	454,775	405,062
Special Events	281,433	70,919
Oktoberfest	(62,041)	40,579
Member subscriptions	23,019	24,792
Other income	279,358	243,996
Restaurant lease income	39,000	39,000
Total Income	1,527,715	1,238,943
Less: Expenses		
Advertising	69,844	56,794
Audit Fees	21,350	14,350
Cleaning, laundry & Waste removal	53,666	36,744
Community contributions	20,073	13,567
Computer expenses	26,188	14,877
Depreciation	132,693	71,389
Electricity, gas & water	43,771	85,950
Employment costs	567,496	231,008
Entertainment	155,003	132,809
Equipment rental	90,347	63,109
Fees and Permits	50,420	55,051
Finance costs	46,365	21,497
General expenses	1,374	1,410
Income tax expense	(16,147)	1,278
Insurance	47,591	34,320
Magazines, journals and periodicals	8,761	1,657
Members Amenities	1,197	55,402
Pest control	31,917	2,803
Printing, postage & Stationery	3,160	14,051
Repairs and maintenance	16,661	43,678
Security	51,757	4,345
Subscriptions	6,159	11,364
TAB & Keno expenses	15,355	20,230
Telephone and fax	20,793	3,426
Other	1,970	
Total Expenses	1,467,766	991,109
Profit before Income tax	59,950	247,834



Contact Information



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