

CANBERRA SERVICES CLUB
(A Company Limited by Guarantee)

ABN 64 008 390 896

**FINANCIAL REPORT
FOR THE YEAR ENDED
31 JANUARY 2020**

**CANBERRA SERVICES CLUB
(A COMPANY LIMITED BY GUARANTEE)
ABN 64 008 390 896**

DIRECTORS REPORT

Your directors present this report on the Club for the financial year ended 31 January 2020.

Directors

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

Directors (1 February 2019 to 31 January 2020)

Mike Kinniburgh	President
Rick Reeks	Vice President
Ian Meagher	Vice President
John McDermott	Director
Michael Jamieson	Director
Neil James	Director
Jonathon Hunt-Sharman	Director
Warwick Bartlett	Director (appointed 26 September 2019)

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

Principal Activities

The principal activity of Canberra Services Club during the financial year was the operation of a licensed club.

No significant changes in the nature of the company's activities occurred during the financial year.

Short Term Objectives

The Club's short term objectives are to establish and encourage social interaction between members of the Club.

Long Term Objectives

The Club's long term objectives are to:

- establish and maintain relationships that foster social interaction between members and the community; and
- to be a financially and fully operational, sustainable club with it's own premises that endeavours to offer the best possible facilities and services to members.

**CANBERRA SERVICES CLUB
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DIRECTORS REPORT

Strategy for achieving the objectives

To achieve these objectives, the Club has:

- engaged in a merger with the Canberra Club to strengthen the financial position of both entities.
- purchased its current operational site as a base from which to plan a future relocation.
- commenced discussions with a number of organisations to establish the best future opportunities to ensure the Club meets its long term objectives.

Operating Results

The deficit of the Club for the year amounted to \$381,141 (2019 surplus: \$6,128).

After Balance Date Events

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 Club in future financial years.

Future Developments

The entity expects to maintain the present status and level of operations and hence there are no likely developments in the entity's operations.

Environmental Issues

The Club's operations are not governed by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends Paid or Recommended and Options

In accordance with the Club's Constitution, the Club is limited by guarantee and accordingly no shares or options have been issued. No dividends are paid by the Club.

Indemnifying Officers or Auditor

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the entity.

Proceedings on Behalf of the Club

Apart from the proceedings in relation to the Club's development application, no person has applied for leave of Court to bring proceedings on behalf of the Club or intervene in any proceedings to which the Club is a party for the purpose of taking responsibility on behalf of the Club for all or any of those proceedings.

Apart from the proceedings in relation to the Club's development application, the Club was not a party to any other proceedings during the year.

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DIRECTORS REPORT

Meetings of Directors

During the financial year, eight meetings of directors were held. Attendance by each director were as follows:

Directors' Meetings		
	Number of face to face meetings eligible to attend	Number of face to face meetings attended
Directors –		
Mike Kinniburgh	8	8
Rick Reeks	8	8
Ian Meagher	8	7
John McDermott	8	8
Michael Jamieson	8	4
Neil James	8	5
Jonathon Hunt-Sharman	8	5
Warwick Bartlett	3	3

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 31 January 2020 has been received and can be found on page 6 of the Financial Report.

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



Director



Director

Dated this 3rd day of July 2020.

**CANBERRA SERVICES CLUB
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DIRECTORS' DECLARATION

The directors' of the Club declare that in their opinion:

1. The financial statements and notes, as set out on pages 7 to 23:
 - (a) comply with the *Corporations Act 2001*, the Corporations Regulation 2001 and Accounting Standards as described in Note 1 to the financial statements; and
 - (b) give a true and fair view of the financial position as at 31 January 2020 and of the performance for the year ended on that date of the Club;
2. There are reasonable grounds to believe that the Club 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



Director

Dated this 3rd day of July 2020.



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**AUDITORS' INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE
CORPORATIONS ACT 2001 TO THE DIRECTORS OF THE CANBERRA SERVICES CLUB**

I declare that, to the best of my knowledge and belief, during the year ended
31 January 2020 there have been:

- (a) no contraventions of the auditors' independence requirements as set out in
the *Corporations Act 2001* in relation to the audit, and
- (b) no contraventions of any applicable code of professional conduct in relation
to the audit.

AccountAbility

A handwritten signature in black ink that reads "Anthony Wilson".

Anthony Wilson
Registered Company Auditor
Canberra, ACT
3 July 2020

CANBERRA SERVICES CLUB
(A COMPANY LIMITED BY GUARANTEE)
ABN 64 008 390 896

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
31 JANUARY 2020

	NOTE	2020 \$	2019 \$
Sales revenue		472,644	502,392
Less: Cost of sales		(197,586)	(203,058)
Gross profit		275,058	299,334
Other income	2	58,571	77,358
Direct expense		(284,855)	(331,214)
Other administration and occupation expenses	3	(466,615)	(412,026)
		<hr/>	<hr/>
Deficit before income tax		(417,841)	(366,548)
Income tax expense		-	(2,324)
(Deficit) for the year		(417,841)	(368,872)
Other comprehensive income	2	36,700	375,000
Total comprehensive (deficit)/income for the year		<hr/> <u>(381,141)</u>	<hr/> <u>6,128</u>

The accompanying notes form part of these financial statements

CANBERRA SERVICES CLUB
(A COMPANY LIMITED BY GUARANTEE)
ABN 64 008 390 896
STATEMENT OF FINANCIAL POSITION
AS AT 31 JANUARY 2020

	NOTE	2020 \$	2019 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	65,276	115,489
Trade and other receivables	17	437,141	380,603
Inventories – at cost		21,763	6,769
Financial assets – term deposits		1,500,000	1,710,000
Prepayments		31,225	34,851
Deferred tax assets		<u>18,765</u>	<u>18,765</u>
TOTAL CURRENT ASSETS		2,074,200	2,266,477
NON-CURRENT ASSETS			
Property, plant and equipment	6	1,848,272	2,073,076
Heritage and art		<u>36,700</u>	<u>-</u>
TOTAL NON-CURRENT ASSETS		1,884,972	2,073,076
TOTAL ASSETS		<u>3,959,172</u>	<u>4,339,553</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	7	40,234	49,445
Provisions	8	<u>38,606</u>	<u>28,635</u>
TOTAL CURRENT LIABILITIES		78,840	78,080
TOTAL LIABILITIES		<u>78,840</u>	<u>78,080</u>
NET ASSETS		<u>3,880,332</u>	<u>4,261,473</u>
EQUITY			
Retained earnings		3,880,332	4,261,473
TOTAL EQUITY		<u>3,880,332</u>	<u>4,261,473</u>

The accompanying notes form part of these financial statements

CANBERRA SERVICES CLUB
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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 JANUARY 2020

	Retained Earnings	Total
	\$	\$
Balance at 1 February 2018	4,255,345	4,255,345
Total comprehensive income for the period	6,128	6,128
Balance at 31 January 2019	4,261,473	4,261,473
Total comprehensive (deficit) for the period	(381,141)	(381,141)
Balance at 31 January 2020	<u>3,880,332</u>	<u>3,880,332</u>

The accompanying notes form part of these financial statements

**CANBERRA SERVICES CLUB
(A COMPANY LIMITED BY GUARANTEE)
ABN 64 008 390 896**

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 JANUARY 2020**

	NOTE	2020 \$	2019 \$
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts from members and others		465,173	525,011
Payments to suppliers and employees		(771,590)	(904,913)
Interest received		46,204	50,214
		<hr/>	<hr/>
Net cash generated by/(used in) operating activities	9	(260,213)	(329,688)
CASH FLOW FROM INVESTING ACTIVITIES			
Proceeds from financial assets		210,000	390,000
Purchase of property, plant and equipment		-	(5,583)
		<hr/>	<hr/>
Net cash generated by/(used in) investing activities		210,000	384,417
<i>Net increase/(decrease) in cash held</i>		(50,213)	54,729
Cash at beginning of the financial year		115,489	60,760
Cash at end of the financial year	5	<hr/> <u>65,276</u>	<hr/> <u>115,489</u>

The accompanying notes form part of these financial statements

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is for Canberra Services Club as an individual entity, incorporated and domiciled in Australia. Canberra Services Club is a company limited by guarantee.

Basis of Preparation

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*. The Club is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards.

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

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

Accounting Policies

(a) Revenue

Donations and bequests are recognised as revenue when received.

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

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

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

(b) Income Tax

The Club is subject to taxation under the principle of mutuality whereby only non-member income is assessed.

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income). Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date.

Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses. Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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 substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

(c) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which is recoverable from, or payable to, the ATO, are presented as operating cash flows included in receipts from customers or payments to suppliers.

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

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements.

(d) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

Each item on inventory is reviewed on an annual basis to determine whether it is being carried at higher than its net realisable value. During the year, management have written down inventory based on best estimate of the net realisable value, although until the time that inventory is sold this is an estimate.

(f) Property, Plant and Equipment

Each class of property, plant and equipment is measured using the cost or fair value as indicated, less where applicable, accumulated depreciation and any impairment losses.

Property

The land held by the Club at Manuka is held under a 50 year lease granted by the Commonwealth Government.

The lease agreement provides that the purpose of the lease is to use the premises only for the purpose of the Club conducted by the Canberra Services Club. As a result of the lease restrictions, the directors believe that it would be misleading to determine a current valuation of the land as at the reporting date.

Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

The carrying amount of plant and equipment is reviewed annually by directors 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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Plant and equipment that have been contributed at no cost, or for nominal cost are valued 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 leased assets, but excluding leasehold land, is depreciated on a straight-line basis over the asset's useful life to the club 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Class of Fixed Asset	Depreciation Rate
Buildings and fitout	2.5%
Plant and equipment	2.5% - 29.0%
Bar equipment	6.67%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The asset class 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 or 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.

(i) Impairment of Assets

At each reporting date, the Club reviews the carrying values of its tangible 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 value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Income Statement.

Where it is not possible to estimate the recoverable amount of an asset class, the Club estimates the recoverable amount of the cash-generating unit to which the class of asset belongs.

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

Where an impairment loss on a revalued asset is identified, this is debited 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 same class of asset.

(g) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the club during the reporting period which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

(h) Employee Benefits

Provision is made for the Club's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

(i) Provisions

Provisions are recognised when the entity 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.

(j) Financial Instruments

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

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified 'at fair value through profit or loss' in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Finance instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- i. the amount at which the financial asset or financial liability is measured at initial recognition;
- ii. less principal repayments;
- iii. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
- iv. less any reduction for impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Financial assets are classified at 'fair value through profit or loss' when they are held for trading for the purpose of short-term profit taking, or where they are derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity.

(iv) *Available-for-sale financial assets*

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

(v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value

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

Impairment

At each reporting date, the entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

Derecognition

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

(i) Comparative Figures

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

(j) Critical accounting estimates and judgements

The directors make estimates and judgements during the preparation of these financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below:

Key estimates – impairment of receivables and future costs recoverable

Refer Note 17.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates – impairment of property, plant and equipment

The land held by the Club at Manuka is held under a 50 year lease granted by the Commonwealth Government. The lease agreement provides that the purpose of the lease is to use the premises only for the purpose of the Club conducted by the Canberra Services Club Limited. As a result of the lease restrictions, the directors believe that it would be misleading to determine a current valuation of the land at the reporting date.

Key estimates – provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

	NOTE	2020 \$	2019 \$
NOTE 2. OTHER REVENUE			
Interest income		45,357	50,214
Membership fees		300	1,359
Miscellaneous income		4,414	12,083
Site rental		-	4,364
ANZAC Day income		7,591	7,974
Room hire/BBQ hire		909	1,364
		58,571	77,358
<i>Other comprehensive income</i>			
Recognition of heritage and art		36,700	-
Voluntary Surrender Agreement		-	375,000

NOTE 3. SPECIFIC EXPENSES

Included specific expenses

Amortisation/Depreciation of non-current assets			
- Land		470	470
- Buildings		25,947	27,313
- Plant and equipment		8,155	10,445
- Bar		2,434	2,686
- Poker machines (included in Direct expenses)		107,798	21,005

CANBERRA SERVICES CLUB
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

NOTE 4. KEY MANAGEMENT PERSONNEL COMPENSATION

	Short Term Benefits \$	Total \$
2020		
Total compensation	76,650	76,650
2019		
Total compensation	76,065	76,065

	NOTE	2020 \$	2019 \$
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NOTE 5. CASH AND CASH EQUIVALENTS

CURRENT			
Cash at bank		65,096	115,309
Cash on hand		180	180
		<u>65,276</u>	<u>115,489</u>

NOTE 6. PROPERTY PLANT AND EQUIPMENT

Leasehold land			
Property – at cost		498,496	498,496
Less accumulated depreciation		(16,486)	(16,016)
Total Leasehold land		<u>482,010</u>	<u>482,480</u>
Buildings			
Fitout – at cost		1,128,029	1,128,029
Less accumulated depreciation		(116,080)	(90,133)
Total Buildings		<u>1,011,949</u>	<u>1,037,896</u>
Plant and Equipment – at cost		588,961	668,961
Less accumulated depreciation		(252,276)	(136,323)
Total Plant and Equipment		<u>336,685</u>	<u>532,638</u>

CANBERRA SERVICES CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

	2020 \$	2019 \$
NOTE 6. PROPERTY PLANT AND EQUIPMENT		
Bar equipment – at cost	32,006	32,006
Less accumulated depreciation	(14,378)	(11,944)
Total Bar equipment	17,628	20,062
Total Property, Plant and Equipment	1,848,272	2,073,076
NOTE 7. TRADE AND OTHER PAYABLES		
CURRENT		
Trade creditors	24,237	36,032
Accrued expenses	7,900	6,651
Amounts payable to the ATO	7,169	5,835
Other current tax liabilities	928	927
	40,234	49,445
NOTE 8. PROVISIONS		
Analysis of total provision		
		Annual Leave
Provisions		
Opening balance as at 1/2/2019		28,635
Net movement in balance		9,971
Balance as at 31/01/2020		38,606
Current		38,606
Non-Current		-
		38,606

CANBERRA SERVICES CLUB
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

	2020 \$	2019 \$
NOTE 9. CASH FLOW RECONCILIATION		
<i>Cash as per:</i>		
Statement of financial position	5	
Statement of cash flows	65,276	115,489
	<u>65,276</u>	<u>115,489</u>
<i>Reconciliation of surplus for the year to net cash provided by / (used in) operating activities</i>		
(Deficit)/Surplus for the year	<u>(381,141)</u>	<u>6,128</u>
<i>Adjustments for non-cash items</i>		
Depreciation	144,804	61,920
Non-cash adjustment to carrying value of assets	43,300	-
Gain/loss on disposal of PP&E	-	5,804
<i>Movements in assets and liabilities</i>		
Decrease/(increase) in receivables	(56,538)	(377,203)
Decrease/(increase) in prepayments	3,595	(25,972)
Decrease/(increase) in inventories	(14,993)	956
Increase/(decrease) in creditors and payables	(9,211)	(12,755)
Increase/(decrease) in employee provisions	9,971	11,433
	<u>(260,213)</u>	<u>(329,688)</u>

NOTE 10. EVENTS AFTER THE BALANCE DATE

Since the year end the COVID-19 pandemic has arisen and could have significant adverse impacts on the operations of the Club in 2020-21. The magnitude of any impacts is not known at this stage, but there is a possibility that the issue is likely to put pressure on the Company's cash flows. However, current financial modelling shows sufficient reserves to sustain operations for the immediate future.

NOTE 11. CONTINGENT ASSETS AND LIABILITIES

There are no contingent liabilities or assets as at 31 January 2020 which require disclosure in the financial statements.

**CANBERRA SERVICES CLUB
(A COMPANY LIMITED BY GUARANTEE)
ABN 64 008 390 896**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020**

NOTE 12. RELATED PARTY TRANSACTIONS

During the financial year the directors did not receive any benefits.

NOTE 13. CAPITAL MANAGEMENT

The Board control the capital of the Club to ensure that adequate cash flows are generated to fund operations. The Board is responsible for the overall risk management strategy.

The company's capital consists of financial liabilities, supported by financial assets.

The Board effectively manage the company's capital by assessing the company's financial risks and responding to changes in these risks and in the market. These responses may include the consideration of debt levels.

The Club does not have a formal policy on capital management and gearing ratios.

NOTE 14. MEMBERS' GUARANTEE

The Club is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the Constitution states that each member is required to contribute a maximum of \$10 each towards meeting any outstanding obligations of the company.

NOTE 15. COMMITMENTS OF CAPITAL

There are no commitments of capital at the end of the reporting period.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2020

NOTE 16. CLUB DETAILS

The registered office and principal place of business for the Club is:

Canberra Services Club
~~Unit 123~~
51 Blackall St
BARTON ACT 2600.

NOTE 17. RECEIVABLE FROM VOLUNTARY SURRENDER AGREEMENT

In the year ended 31 January 2019, the company has recognised an amount of \$375,000 relating to a Voluntary Surrender Agreement that it entered with the ACT Government pursuant to Section 10C of the *Gaming Machine Act 2004*. In accordance with the agreement, the amount can be offset against future development costs incurred by the Club. For the year ended 31 January 2020, the Board considers will be utilised upon resolution of the redevelopment opportunities for the Club premises.



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE CANBERRA SERVICES CLUB

Report on the Audit of the Financial Report

Qualified Opinion

I have audited the financial report of the Canberra Services Club, which comprises the statement of financial position as at 31 January 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the Directors' Declaration.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of this report, the financial report of the Canberra Services Club has been prepared in accordance with *Corporations Act 2001*, including:

- a) giving a true and fair view of the registered entity's financial position as at 31 January 2020 and of its financial performance for the year then ended; and
- b) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporation Regulation 2001.

Basis for Qualified Opinion

On 25th April 2019 the Club held an ANZAC day function at its traditional address. Revenue generated from this function is disclosed in Note 2. Adequate accounting records were not available for audit in relation to the revenue generated from this function. I am therefore unable to perform audit on this portion of revenue.

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report. I am independent of the Canberra Services Club in accordance with 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 my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the *Code*.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis my opinion.

Responsibilities of Directors' for the Financial Report

The directors' of the Canberra Services Club are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the directors' determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors' are responsible for assessing the Canberra Services Club'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 Canberra Services Club or to cease operations, or has no realistic alternative but to do so.

The directors' are responsible for overseeing the Canberra Services Club's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Report

My 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 my 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.

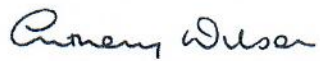
As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit.

I 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 my 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 Canberra Services Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Canberra Services Club.
- Conclude on the appropriateness of the Canberra Services Club's 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 Canberra Services Club's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Canberra Services Club 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.

I communicate with the Canberra Services Club regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including when considered necessary any significant deficiencies in internal control that I identify during my audit.

AccountAbility

A handwritten signature in cursive script that reads "Anthony Wilson".

Anthony Wilson
Registered Company Auditor
Canberra, ACT
3 July 2020

CANBERRA SERVICES CLUB
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Compilation Report - to the members of Canberra Services Club

Scope

On the basis of information provided by the Canberra Services Club, I have compiled, in accordance with the financial reporting framework and *APES 315: Compilation of Financial Information*, the special purpose financial report of the Poker Machine Trading Account, Bar Trading Account and Profit and Loss Account for the period ended 31 January 2020 as set out on pages 29 to 32.

The specific purpose for which the special purpose financial report has been prepared is to provide private information to the members of the Canberra Services Club. The Canberra Services Club is solely responsible for the information contained in the special purpose financial report and have determined that the accounting policies used are consistent and are appropriate to satisfy the requirements of the Canberra Services Club.

My procedures use accounting expertise to collect, classify and summarise the financial information, which the Canberra Services Club provided, into a financial report. My procedures do not include verification or validation procedures. No audit or review has been performed and accordingly no assurance is expressed.

To the extent permitted by law, I do not accept liability for any loss or damage which any person, other than the Canberra Services Club, may suffer arising from any negligence on my part.

No person should rely on the special purpose financial report without having an audit or review conducted.

The special purpose financial report was prepared for the benefit of the Canberra Services Club and its members and the purpose identified above. I do not accept responsibility to any other person for the contents of the special purpose financial report.

AccountAbility

Anthony Wilson
Registered Company Auditor
Canberra, ACT

3 July 2020

CANBERRA SERVICES CLUB
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Poker Machine Trading Account
FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2019
	\$	\$
Poker machine cash clearance	155,029	156,656
Less: payouts/GST remitted	(110,032)	(132,268)
	44,997	24,388
Less: Direct Expenses		
Depreciation	107,798	21,005
Gaming levy	6,069	175
	113,867	21,180
Net (loss)/profit	(68,870)	3,208

CANBERRA SERVICES CLUB
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Bar Trading Account
FOR THE YEAR ENDED 31 JANUARY 2020

	2020	2019
	\$	\$
Sales revenue		
Bar and beverage revenue	221,823	244,204
Food and hot beverage revenue	167,521	187,415
Function bar revenue	17,629	13,569
Function food revenue	20,674	32,816
	427,648	478,004
Less: Cost of sales		
Liquor purchases	102,776	105,920
Soft drink purchases	5,980	7,026
Other purchases	5,628	4,026
Food purchases	78,254	84,694
Inventory	-	-
Function expenses	4,948	1,392
	197,586	203,058
Cost of goods sold		
	230,062	274,946
Gross profit		
Less: Direct Expenses		
Kitchen expenses	15,123	11,685
Staff meals and drinks	-	-
Wages and salaries	247,946	285,572
Superannuation	21,785	24,210
	284,855	321,467
Net loss	(54,793)	(46,521)

CANBERRA SERVICES CLUB
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Profit and Loss Account
FOR THE YEAR ENDED 31 JANUARY 2020

	2020 \$	2019 \$
Income		
Net result from poker machine trading	(68,870)	3,208
Net result from bar trading	(54,793)	(46,521)
Interest income	45,357	50,214
Membership fees	300	1,359
Miscellaneous income	4,414	12,083
Site rental	-	4,364
ANZAC Day income	7,591	7,974
Room hire/BBQ hire	909	1,364
Total income	(65,092)	34,045
Less: Expenses		
Accounting fees - auditor	3,500	7,200
Advertising/marketing	2,635	7,203
ANZAC Day	10,954	12,960
Bank charges	518	1,298
Board expenses	591	397
Bookkeeping	39,000	38,277
Cleaning	21,070	20,711
Community contribution	3,182	10,813
Company expenses	193	529
Computer expenses	19,011	22,275
Donations	786	-
Depreciation	37,007	40,914
Electricity and gas	36,750	43,662
Entertainment	5,210	16,895
General expenses	1,072	1,947
Hire charges	1,554	3,907
Insurance	24,145	26,251
Interest paid (general)	-	-
Legal fees	9,727	495
License fees	7,988	16,871
Liquidation expenses of wind up	-	-
Member amenities	80	5
Membership	500	896
Merchant fees	9,871	7,675
Pest control	632	-
Printing, postage and stationery	1,255	1,190
Promotions	3,871	40
Bad debts	-	-

CANBERRA SERVICES CLUB
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**Profit and Loss Account
 FOR THE YEAR ENDED 31 JANUARY 2020**

	2020	2019
	\$	\$
Raffle expenses	447	727
Rates	17,869	50,974
Rental	2,103	2,103
Repairs and maintenance	21,891	22,968
Subscriptions	1,467	1,978
Other expenses	61,839	30,929
Water and sewerage	<u>6,031</u>	<u>8,503</u>
Total expenses	352,749	400,593
Income tax expense	-	2,324
Deficit from ordinary operations for the year	<u>(417,841)</u>	<u>(368,872)</u>