West Pennant Hills Sports Club

ABN: 50 000 609 450

Financial Statements

For the Year Ended 30 June 2020

West Pennant Hills Sports Club
ABN: 50 000 609 450

Contents

For the Year Ended 30 June 2020

West Pennant Hills Sports Club

ABN: 50 000 609 450

Directors' Report

30 June 2020

The directors present their report on West Pennant Hills Sports Club for the financial year ended 30 June 2020.

(a) General information

Directors

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

Names	
William Austin	
Anthony Fugaccia	
John Given OAM	
Raymond Newton	
Robyn Di Cristoforro	Appointed 4 November 2019
Katrina Ferro	
Ross Fitzpatrick	Resigned 4 November 2019
Gerry Kenny	Resigned 21 October 2019
Ross Patrick	Resigned 4 November 2019
Gary Purcell	
Rodney Wright	Appointed 4 November 2019

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

Company secretary

The following person held the position of Club secretary at the end of the financial year:

Jason Read (A.C.C.M) has been the company secretary of the Club for the whole of the financial year and up to the date of this report. Jason has worked in the club industry 31 years, 23 years of which with West Pennant Hills Sports Club as Secretary Manager.

Principal activities

The principal activity of West Pennant Hills Sports Club during the financial year was the promotion of sport.

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

Operating result

The Club earned an operating loss of $(2,162) (2019: $580,011 operating profit), before depreciation and amortisation of $1,008,619 (2019: $1,169,926) and finance costs of $152,866 (2019: $211,090). The financial result of the Club for the year from ordinary activities was a loss of $1,163,647 (2019: $801,005).

Short term objectives

The Club's short term objectives are to:

- Enhance the Club's facilities in line with the Club's approved Master Plan development consent.

Directors' Report
30 June 2020

Long term objectives

The Club's long term objectives are to:

- Improve the Club's trading results through strategic planning of a strong business growth methodology whilst.

Information on directors

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

William Austin

Occupation & Qualifications	Real Estate Agent
Special Responsibilities	Chairman of Directors, Chairman of the Management Committee, Member of the Building Development Committee, Member of the Finance, Audit and Compliance Committees
Years a Director of the Club	27

Anthony Fugaccia

Occupation & Qualifications	Retired School Principal
Special Responsibilities	Deputy Chairman of Directors, Member of the Building Development Committee, Member of the Finance, Audit and Compliance Committees
Years a Director of the Club	8

John Given OAM

Occupation & Qualifications	Company Director
Special Responsibilities	Director, Member of the Building Development Committee
Years a Director of the Club	2

Raymond Newton

Occupation & Qualifications	Retired Insurance Executive
Special Responsibilities	Honorary Treasurer, Chairman of the Finance, Audit and Compliance Committee, Member of the Building Development and Management Committees
Years a Director of the Club	9

Robyn Di Cristoforro

Occupation & Qualifications	Company Secretary
Special Responsibilities	Director, Member of the Building and Development Committee
Years a Director of the Club	1

Katrina Ferro

Occupation & Qualifications	Retail Services Director
Special Responsibilities	Director, Member of the Building Development Committee
Years as Director of the Club	2

Directors' Report
30 June 2020

Information on directors

Ross Fitzpatrick

Occupation & Qualifications	Retired School Principal
Special Responsibilities	Director, Member of the Bowling Greens and Grounds and Building Development Committee
Years as Director of the Club	4

Gerry Kenny

Occupation & Qualifications	Retired School Teacher
Special Responsibilities	Director, Member of the Building Development Committee
Years as director of the Club	3

Ross Patrick

Qualifications	Retired Administration Officer Public Health
Special Responsibilities	Deputy Chairman of Directors, Member of the Building Development Committee, Member of the Finance, Audit and Compliance Committees
Years as director of the Club	5

Gary Purcell

Qualifications	Retired Company Director
Special Responsibilities	Director, Member of the Building Development Committee
Years as director of the Club	9

Rodney Wright

Qualifications	Sales Executive
Special Responsibilities	Director, Member of the Bowling Greens and Grounds and Building Development Committees
Years as director of the Club	1

(b) Other items

Events after the reporting date

During the current financial period, the infectious disease COVID-19 (“Coronavirus”) has spread rapidly throughout the world, including Australia, causing significant disruption to business and economic activity. The spread of the novel coronavirus (COVID-19) was declared a public health emergency by the World Health Organisation on 31 January 2020 and upgraded to a global pandemic on 11 March 2020. The rapid rise of the virus has seen an unprecedented global response by governments, regulators and numerous industry sectors. The Australian Federal Government enacted its emergency plan on 29 February 2020. This has led to closure of Australian borders from 20 March. As a result of the strict measures put in place by the Government with a view to contain the spread of the virus across the country, clubs were required to shut down, thus the Company’s income was negatively impacted in March to June 2020 and this has negatively impacted the Company’s trading activities, cash flow’s and profitability post 30 June 2020. Based on the current available information, the Directors believe that the Company will remain a going concern.

No matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the Club, the results of those operations or the state of affairs of the Club in future financial years.

West Pennant Hills Sports Club
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Directors' Report

30 June 2020

Meetings of directors

During the financial year, twelve meetings of directors were held. Attendances by each director during the year were as follows:

	Directors' Meetings	
	Number eligible to attend	Number attended
William Austin	12	12
Tony Fugaccia	12	12
John Given	12	10
Raymond Newton	12	11
Robyn Di Cristoforro	8	7
Katrina Ferro	12	12
Ross Fitzpatrick	4	4
Gerry Kenny	4	3
Ross Patrick	4	4
Rodney Wright	8	6

Members guarantee

The Club is incorporated under the Corporations Act 2001 and is an entity limited by guarantee. If the Club is wound up, the constitution states that each member is required to contribute a maximum of $2 (2019: $2) towards meeting any outstanding obligations of the entity.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2020 has been received and can be found on page 5 of the financial report.

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

Director: .... William Austin

Director: .... Raymond Newton

Dated: 16 September 2020

Auditor's Independence Declaration under section 307C of the Corporations Act 2001 to the Directors of West Pennant Hills Sports Club

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

PKF

PKF

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SCOTT TOBUTT
PARTNER

16 SEPTEMBER 2020
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

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West Pennant Hills Sports Club

ABN: 50 000 609 450

Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	Note	2020 $	2019 $
Revenue	2	**5,679,959**	8,020,382
Government grant		**312,000**	-
Cost of sales		**(538,525)**	(708,456)
Employee benefits expense		**(2,224,271)**	(2,438,910)
Courtesy bus expense		**(15,402)**	(19,333)
Advertising expense		**(22,191)**	(11,369)
Insurance expense		**(150,591)**	(126,656)
Poker machine duty		**(696,152)**	(1,138,410)
Entertainment and promotion expense		**(739,158)**	(995,981)
Rates and utilities expense		**(224,540)**	(267,109)
House expenses		**(188,578)**	(211,327)
Repairs and maintenance		**(372,163)**	(415,746)
Lease expense		**(258,993)**	(340,234)
Other expenses		**(493,062)**	(676,547)
Profit before income tax, depreciation and support to the community		**68,333**	670,304
Finance costs		**(152,866)**	(211,090)
Depreciation and amortisation expense		**(1,008,619)**	(1,169,926)
Community development expense		**(70,495)**	(90,293)
Loss before income tax		**(1,163,647)**	(801,005)
Income tax expense		**-**	-
Loss from continuing operations		**(1,163,647)**	(801,005)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1,163,647)**	(801,005)

The accompanying notes form part of these financial statements.

West Pennant Hills Sports Club

ABN: 50 000 609 450

Statement of Financial Position

As At 30 June 2020

	Note	2020 $	2019 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	**552,295**	475,150
Trade and other receivables	4	**137,996**	12,342
Inventories	5	**64,803**	64,548
Financial assets	8	**1,901,457**	2,706,597
Other assets	6	**37,747**	68,298
TOTAL CURRENT ASSETS		**2,694,298**	3,326,935
NON-CURRENT ASSETS			
Financial assets	8	**500**	500
Property, plant and equipment	7	**21,569,732**	22,366,030
Investment property	9	**1,299,675**	1,299,675
Intangible assets	10	**1,668,046**	1,668,046
Right-of-use asset	14	**629,098**	-
TOTAL NON-CURRENT ASSETS		**25,167,051**	25,334,251
TOTAL ASSETS		**27,861,349**	28,661,186
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	11	**558,658**	630,020
Borrowings	13	**101,236**	297,187
Short-term provisions	12	**246,417**	280,315
Short-term lease liabilities	14	**313,515**	-
TOTAL CURRENT LIABILITIES		**1,219,826**	1,207,522
NON-CURRENT LIABILITIES			
Borrowings	13	**4,867,808**	4,838,093
Long-term provisions	12	**27,075**	27,075
Long-term lease liabilities	14	**321,791**	-
TOTAL NON-CURRENT LIABILITIES		**5,216,674**	4,865,168
TOTAL LIABILITIES		**6,436,500**	6,072,690
NET ASSETS		**21,424,849**	22,588,496
EQUITY			
Reserves	16	**7,388,316**	7,388,316
Retained earnings		**14,036,533**	15,200,180
TOTAL EQUITY		**21,424,849**	22,588,496

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2020

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2019	**15,200,180**	**7,388,316**	**22,588,496**
Loss for the year	**(1,163,647)**	**-**	**(1,163,647)**
Balance at 30 June 2020	**14,036,533**	**7,388,316**	**21,424,849**

	Retained Earnings	Asset Revaluation Reserve	Total
	$	$	$
Balance at 1 July 2018	16,001,185	7,388,316	23,389,501
Loss for the year	(801,005)	-	(801,005)
Balance at 30 June 2019	15,200,180	7,388,316	22,588,496

The accompanying notes form part of these financial statements.

Statement of Cash Flows
For the Year Ended 30 June 2020

	Note	2020 $	2019 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**6,417,971**	7,975,380
Payments to suppliers and employees		**(6,652,537)**	(7,393,368)
Interest received		**31,786**	53,039
Finance costs		**(152,866)**	(211,090)
Net cash (used in) / provided by operating activities		**(355,646)**	423,961
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property, plant and equipment		**(212,321)**	(559,827)
Net proceeds/(purchase) of financial assets		**805,140**	344,549
Net cash (used in) / provided by investing activities		**592,819**	(215,278)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Net proceeds / (repayment) of borrowings		**(166,236)**	(247,484)
Proceeds of lease liabilities		**6,208**	-
Net cash used in financing activities		**(160,028)**	(247,484)
Net increase/(decrease) in cash and cash equivalents held		**77,145**	(38,801)
Cash and cash equivalents at beginning of year		**475,150**	513,951
Cash and cash equivalents at end of financial year	3	**552,295**	475,150

The accompanying notes form part of these financial statements.

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

The financial report covers West Pennant Hills Sports Club as an individual entity. West Pennant Hills Sports Club is a not-for-profit Club limited by guarantee, incorporated and domiciled in Australia.

1. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Act 2001*.

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 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.

(b) Change in Accounting Policy

The Club has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for an accounting period that begins on or after 1 January 2019.

- AASB 16 Leases; and
- AASB 15 Revenue from contracts with customers; and
- AASB 1058 Income for Not-for-Profit Entities

AASB 16 Leases

In the current year, the Club has applied AASB16 Leases and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2019.

AASB 16 introduces a single lease accounting model that eliminates the requirements for leases to be classified as operating or finance leases.

AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short-term leases and low value assets which may remain off-balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right-of-use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation of interest charges.

The Directors reviewed and assessed the application of AASB 16 and the impact of the application is disclosed in paragraph (n).

The Club has recognised right-of-use assets of $865,010 and lease liabilities of $865,010 at 1 July 2019, for leases previously classified as operating leases.

The weighted average lessee's incremental borrowing rate applied to lease liabilities at 1 July 2019 was 2.46%.

	$
Operating lease commitments at 30 June 2019 financial statements	978,824
Discounted using the incremental borrowing rate at 1 July 2019	865,010
Lease liabilities recognised at 1 July 2019	865,010

1. Summary of Significant Accounting Policies

AASB 15 Revenue from contracts with customers

AASB 15: Revenue from Contracts with Customers are applicable to the annual reporting periods beginning on or after 1 January 2019 (for NFP entities).

AASB 15 introduces a five step process for revenue recognition with the core principle of the new standard being for entities to recognise revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the entity expects to be entitled in exchange for those goods or services.

The new standard applies to all contracts with customers as well as nonmonetary exchanges between entities in the same line of business to facilitate sales to customers and potential customers.

The Club's accounting policies for its revenue streams are disclosed in detail in Note 2(c). Apart from providing more extensive disclosure for the Club's revenue transactions, the application of AASB 15 has not had a significant impact on the financial position and/or financial performance of the Club.

AASB 1058 Income for Not-for-Profit Entities

AASB 1058: Income for Not-for-Profit Entities are applicable to the annual reporting periods beginning on or after 1 January 2019.

AASB 1058 supersedes all the income recognition requirements relating to private sector NFP entities, and the majority of income recognition requirements relating to public NFP entities, previously AASB 1004 Contribution. the timing of income recognition depends on whether such transaction gives rise to a liability or other performance obligation (a promise to transfer a good or service), or a contribution by owners, related to an asset (such as cash or another asset) received by an entity.

The Club's accounting policies for its revenue streams are disclosed in detail in Note 2(d). Apart from providing more extensive disclosure for the Club's revenue transactions, the application of AASB 1058 has not had a significant impact on the financial position and/or financial performance of the Club.

(c) Impact of COVID - 19

The Club was forced to temporarily close at 12pm on Monday 23 March 2020 by order of the Federal and State Government in line with the stage one restrictions of a lockdown to reduce the spread of COVID-19.

The Club is currently in the process of assessing and implementing their business continuity plan along with availing in any government offered support available to them. Future cash flow forecasts are also being revisited to assess the ability of the Club to sustain future activity and cash flows for normal operations. However management is confident that the Club can adapt to the changing environment as necessary and is confident the going concern remains appropriate at 30 June 2020.

(d) Revenue and other income

Revenue from contracts with customers

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Club expects to receive in exchange for those goods or services. Revenue is recognised by applying a five-step model as follows:

1. Identify the contract with the customer

2. Identify the performance obligations

3. Determine the transaction price

1. Summary of Significant Accounting Policies

(d) Revenue and other income

Revenue from contracts with customers

4. Allocate the transaction price to the performance obligations

5. Recognise revenue as and when control of the performance obligations is transferred

Interest revenue is recognised using the effective interest rate method, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Gaming machine revenue is recognised on an accrual basis calculated as net of gaming machine collections and payouts, less any costs associated with future jackpot contributions.

Rental income

Investment property revenue is recognised on a straight-line basis over a period of the lease term so as to reflect a constant periodic rate of return on the net investment.

Government Grants

Government grants are recognised when there is reasonable certainty that the grant will be received and all grant conditions are met. Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Government grants include amounts received or receivable under the Federal Government's JobKeeper Payment Scheme and Cash Flow Boost Scheme, which provide temporary subsidies to eligible businesses significantly affected by COVID-19.

Other income

Other income is recognised on an accruals basis when the Club is entitled to it.

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

(e) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). Receivables and payables are stated inclusive of GST.

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 in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

1. Summary of Significant Accounting Policies

(f) Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and short-term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. Bank overdrafts also form part of cash equivalents for the purpose of the statement of cash flows and are presented within current liabilities on the statement of financial position.

(g) 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 selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. 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.

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

(h) Intangible Assets

Intangible assets consist of Poker machine entitlements which are initially recorded at cost. Poker machine entitlements have an indefinite life and are carried at cost less accumulated impairment losses. The carrying value of intangibles are assessed annually for impairment.

(i) Property, Plant and Equipment

Classes of property, plant and equipment are measured using the cost or revaluation model as specified below.

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Assets measured using the revaluation model are carried at fair value at the revaluation date less any subsequent accumulated depreciation and impairment losses. Revaluations are performed whenever there is a material movement in the value of an asset under the revaluation model.

Land and buildings

Land and buildings are measured using the revaluation model.

Plant and equipment

Plant and equipment are measured using the cost model.

Depreciation

The depreciable amount of plant and equipment is depreciated on a reducing balance method from the date that management determine the asset is available for use. The depreciable amount of buildings is depreciated on a straight-line method from the date that management determine the asset is available for use. Land is not subject to any depreciation.

Assets held under a finance lease and leasehold improvements are depreciated over the shorter of the term of the lease and the assets useful life.

1. Summary of Significant Accounting Policies

(i) Property, Plant and Equipment

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Buildings	2.5%
Plant and Equipment	2.5% - 33%
Property improvements	1.5% - 20%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

(j) Investment property

Investment property, comprising residential property, is held to generate long-term rental yields and future club grounds/buildings expansions. All tenant leases are on an arm's length basis. Investment property is carried at fair value, determined annually by directors or independent valuers. Changes to fair value are recorded in the income statement as other income.

(k) Financial instruments

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Club becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Club classifies its financial assets into the following categories, those measured at:

- amortised cost
- fair value through profit or loss - FVTPL

Financial assets are not reclassified subsequent to their initial recognition unless the Club changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

- the business model is to hold assets to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Club's financial assets measured at amortised cost comprise trade and other receivables and cash and cash

1. Summary of Significant Accounting Policies

(k) Financial instruments

Financial assets

equivalents in the statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (ECL) basis for financial assets measured at amortised cost.

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Club considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Club's historical experience and informed credit assessment and including forward looking information.

The Club uses the presumption that an asset which is more than 30 days past due has seen a significant increase in credit risk.

The Club uses the presumption that a financial asset is in default when:

- the other party is unlikely to pay its credit obligations to the Club in full, without recourse to the Club to actions such as realising security (if any is held); or
- the financial assets is more than 90 days past due.

Credit losses are measured as the present value of the difference between the cash flows due to the Club in accordance with the contract and the cash flows expected to be received. This is applied using a probability weighted approach.

Impairment of trade receivables have been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Club has determined the probability of non-payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Club renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

1. Summary of Significant Accounting Policies

(k) Financial instruments

Financial liabilities

The Club measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Club comprise trade payables, bank loans and finance lease liabilities.

(l) Income Tax

No provision for income tax has been raised as the company is exempt from income tax under Div 50 of the Income Tax Assessment Act 1997.The income tax exemption has been claimed based on self assessment by the Directors of the Club.

(m) 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 company 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.

(n) Leases

Lease liabilities are measured at the present value of the payments to be made over the lease term at the commencement of the lease are discounted using the lessee's incremental borrowing rate. The incremental borrowing rate is the rate that the Club would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset (ROU asset) in a similar economic environment, with similar terms, security and conditions. Application of the incremental borrowing rate is adopted where the interest rate implicit in the lease cannot be readily determined from the contract, which is generally the case for leases in the Club.

Lease payments due within 12 months are recognised within current lease liabilities; payments due after 12 months are recognised within non-current lease liabilities. Interest on the lease liability in each period during the lease term shall be the amount that produces a constant periodic rate of interest on the remaining balance of the lease liability. Interest expense on the lease liability is a component of finance cost and is presented in the statement of profit and loss.

The short-term exemption will be applied to leases that are less than 12 months. These leases are recognised on a straight-line basis as an expense. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Right-of-use asset

At the lease commencement, the Club recognises a right-of-use asset and associated lease liability for the lease term.

The right-of-use asset is measured using the cost model where cost on initial recognition comprises of the lease liability, initial direct costs, prepaid lease payments, estimated cost of removal and restoration less any lease incentives received.

The right-of-lease asset is depreciated over the lease term on a straight line basis and assessed for impairment in accordance with the impairment of assets accounting policy.

1. Summary of Significant Accounting Policies

(o) 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 settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months 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. Cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Club does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(p) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(q) Comparative Amounts

Comparatives are consistent with prior years, unless otherwise stated.

(r) Critical accounting estimates and judgments

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

These estimates and judgments 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 judgments made have been described below.

Key estimates - income tax exemption status

The Directors of the Club have self assessed their ongoing exemption from income tax at 30 June 2019, as a Sporting Club in accordance with Section 5045 of the Income Tax Assessment Act 1997.

Key estimates - fair value of land and buildings

The Club carries land and buildings at fair value with changes in the fair value recognised in the revaluation reserve.

The land and buildings were independently valued at 30 June 2017 by MJ Davis Realty Appraisals. The valuations were based on the market values and representative of "Value in use". The critical assumptions adopted in determining the valuation included the location of land buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

The directors have made an assessment at the year end and have concluded that the fair values is still appropriate at 30 June 2020.

1. Summary of Significant Accounting Policies

(r) Critical accounting estimates and judgments

Key estimates - fair value of investment property

The Club carries investment property at fair value with changes in the fair value recognised in profit and loss for the year.

Investment property was independently valued in the year to 30 June 2017 by MJ Davis Realty. The valuation was based on the market value. The critical assumptions adopted in determining the valuation included the location of land buildings, the current strong demand for land and buildings in the area and recent sales data for similar properties.

The directors have made an assessment at the year end and have concluded that the fair value is still appropriate at 30 June 2020.

Key estimates - impairment of intangibles

The recoverable amount of intangible assets was assessed by reference to the intangibles value in use. Value in use is calculated based on the present value of cash flow projections over a 5 year period. The cash flows are discounted using a rate of 7% and an annual growth rate of 3%. Management believes that any reasonable possible change in key assumptions on which the recoverable amount is based would not cause the aggregate carrying amount of intangible assets to exceed its recoverable amount. The assumptions used in the discounted cash flow model are tested against a sensitivity model (+/- 5%).

Key judgements - Transition to AASB16

The directors of the club have made significant judgments regarding the recognition of leases under AASB 16. Specifically these judgments relate to incremental borrowing rate applied of 2.46% and the likelihood of renewal of the lease agreement.

The directors determined the right-of-use asset using the criteria for the lease and estimates that the useful life of the right-of-use assets to be the term of the lease.

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

2. Revenue and Other Income

	2020	2019
	$	$
Sales revenue		
- Gaming revenue	**3,821,566**	5,596,262
- Bar sales	**1,142,808**	1,563,462
	4,964,374	7,159,724
Other revenue		
- Promotion revenue	**206,606**	266,310
- Sporting club income	**87,728**	122,073
- Commission received	**43,165**	62,912
- Membership subscriptions	**54,333**	41,447
- Rental income	**112,162**	144,080
- Interest received	**31,786**	53,039
- Other revenue	**179,805**	170,797
	715,585	860,658
	5,679,959	8,020,382

3. Cash and cash equivalents

	2020	2019
Cash at bank	**314,445**	206,150
Cash on hand	**237,850**	269,000
	552,295	475,150

4. Trade and other receivables

	2020	2019
CURRENT		
Trade receivables	**137,996**	12,342

5. Inventories

	2020	2019
Bar and catering stock on hand	**64,803**	64,548

6. Other assets

	2020	2019
CURRENT		
Prepayments	**37,747**	68,298

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

7. Property, plant and equipment

	2020	2019
	$	$
Freehold land at valuation	**7,750,000**	7,750,000
Buildings at valuation	**1,750,000**	1,750,000
Less accumulated depreciation	**(551,250)**	(507,500)
Total buildings	**1,198,750**	1,242,500
Total land and buildings	**8,948,750**	8,992,500
Capital works in progress		
At cost	**712,963**	682,377
Plant and equipment		
At cost	**5,490,859**	5,376,473
Accumulated depreciation	**(3,800,787)**	(3,148,824)
Total plant and equipment	**1,690,072**	2,227,649
Property improvements		
At cost	**11,684,386**	11,617,040
Accumulated depreciation	**(1,466,439)**	(1,153,536)
Total property improvements	**10,217,947**	10,463,504
Total property, plant and equipment	**21,569,732**	22,366,030

Capital works in progress reflect accumulated payments made in regards to the completion of Master Plan Stage 1B.

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:

	Capital Works in Progress	Land	Buildings	Plant and Equipment	Property improvements	Total
	$	$	$	$	$	$
Year ended 30 June 2020						
Balance at the beginning of year	682,377	7,750,000	1,242,500	2,227,649	10,463,504	22,366,030
Additions	214,422	-	-	-	-	214,422
Disposals	-	-	-	-	-	-
Depreciation expense	-	-	(43,750)	(650,993)	(312,904)	(1,007,647)
Transfers	(183,836)	-	-	113,416	67,347	(3,073)
Balance at the end of the year	712,963	7,750,000	1,198,750	1,690,072	10,217,947	21,569,732

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

8. Financial assets

	2020 $	2019 $
CURRENT		
Term deposits	**1,901,457**	2,706,597
NON-CURRENT		
Listed investments, at fair value	**500**	500

9. Investment property

	2020	2019
Balance at beginning of the period	**1,299,675**	2,049,675
Reclassification to property, plant and equipment	**-**	(750,000)
	1,299,675	1,299,675

"Investment property" shown above are investments in residential properties at Bowerman Place, Cherrybrook. Investment property situated at Bowerman Place, Cherrybrook is carried at fair value, determined in 2017 by independent valuation. The investment property situated at 97-99 New Line Road, Cherrybrook was transferred to property, plant and equipment as part of land and buildings during 2018, when the club have brought this land into use as part of their new car park.

Core and non core properties

Pursuant to Section 41J of the Registered Clubs Act 1976 ("the Act") the members approved and agreed to classify the following properties as core or non core as defined by the Act:

- Core property is specified as the club house, bowling greens and property contained in the consolidated land title under which these areas are held on 103 - 109 New Line Road, West Pennant Hills. These are classified as property, plant and equipment in the balance sheet.

- Non core properties are specified as the residential house owned by the club being 20 Bowerman Place, Cherrybrook and the car park at 97-99 New Line Road, West Pennant Hills. 97-99 New Line Road has been classified as none core property on the basis it does not comprise the defined premises of the Club and is not provided by the Club for the use of its members and their guests.

10. Intangible Assets

	2020	2019
Poker machine entitlements at cost	**1,668,046**	1,668,046

11. Trade and other payables

	2020	2019
CURRENT		
Trade creditors	**56,872**	256,123
Accrued expenses	**501,786**	373,897
	558,658	630,020

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

12. Provisions

	2020	2019
	$	$
CURRENT		
Provision for Annual Leave	**137,699**	180,931
Provision for Long Service Leave	**108,718**	99,384
	246,417	280,315
NON-CURRENT		
Provision for Long Service Leave	**27,075**	27,075

Provision for Short-Term Employee Entitlements

A provision has been recognised for employee benefits relating to long service leave, annual leave. The measurement and recognition criteria relating to employee benefits has been included in Note 1 to this report.

Provision for Long-Term Employee Entitlements

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in Note 1.

13. Borrowings

	2020	2019
CURRENT		
Secured liabilities:		
Bank loans	**22,001**	120,000
Finance lease obligation	**79,235**	177,187
	101,236	297,187
NON-CURRENT		
Secured liabilities:		
Commercial bill facility	**4,590,000**	4,590,000
Finance lease obligation	**82,808**	53,093
Bank loans	**195,000**	195,000
	4,867,808	4,838,093

The bank debt is secured by a registered mortgage over properties located at 97-99 and 103 New Line Road and 20 Bowerman Place Cherrybrook NSW 2126. Lease liabilities are secured by the underlying leased assets.

14. Lease liabilities and Right-of-use asset

	2020	2019
	$	$
Payable - minimum lease payments:		
- not later than 1 year	**313,515**	-
- between one year and five years	**321,791**	-
Present value of minimum lease payments	**635,306**	-

Right-of-use asset

Transition to AASB16 at 1 July 2019	**865,010**
Depreciation charge	**(235,912)**
	629,098

15. Financial Risk Management

The main risks West Pennant Hills Sports Club is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk.

The Club's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable and payable, bank loans and overdrafts and leases.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	2020	2019
Financial Assets		
Financial Assets at amortised cost		
Cash and cash equivalents	**552,295**	475,150
Term deposits	**1,901,457**	2,706,597
Trade and other receivables	**137,996**	12,342
Financial assets at fair value through profit or loss		
Listed shares	**500**	500
Total financial assets	**2,592,248**	3,194,589
Financial Liabilities		
Financial liabilities at amortised cost		
Trade and other payables	**558,658**	630,020
Borrowings	**4,969,044**	5,135,280
Lease liabilities	**635,306**	-
Total financial liabilities	**6,163,008**	5,765,300

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

16. Reserves

Asset revaluation reserve	**7,388,316**	7,388,316

The asset revaluation reserve records realised gains on revaluation of property, plant and equipment recorded at fair value.

17. Interest of Key Management Personnel

The total remuneration paid to key management personnel of the Club is $ 456,315 (2019: $ 527,453).

18. Contingent Liabilities and Contingent Assets

In the opinion of the Directors, the Club did not have any contingencies at 30 June 2020 (30 June 2019: None).

19. Members' Guarantee

The Club is limited by guarantee. If the Club is wound up, the Constitution states that each member is required to contribute a maximum of $2. At 30 June 2020 the number of members was 11,391 (2019:10,090).

20. Events Occurring After the Reporting Date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Club, the results of those operations, or the state of affairs of the Club in future financial years.

21. Impact of Coronavirus (COVID-19) on Continuing Operations

The COVID-19 outbreak was declared a pandemic by the World Health Organisation in March 2020.

We have seen a significant impact on our business. The outbreak and the response of Governments dealing with the pandemic is interfering with general activity levels within the community, the economy and the operations of our business. The scale and the duration of these developments remain uncertain as at the date of this report, however they will have an impact on our earnings, cash flow and financial condition. We have received the JobKeeper and Cash flow boost grants from Government to support our business during this challenging time.

It is not possible to estimate the impact of the outbreak's near-term and longer-term effects or the Government's varying efforts to combat the outbreak and support businesses. This being the case, we do not consider it practicable to provide quantitative or qualitative estimate of the potential impact of this outbreak on the Club at this time.

The Club is currently in the process of assessing and implementing their businesses continuity plan along with availing in any government offered support available to them. Future cash flow forecasts are also being revisited to assess the ability of the Club to sustain future activity and cash flows for normal operations, however management is confident that the Club can adapt to the changing environment as necessary and is confident the going concern remains appropriate at 30 June 2020.

22. Company Details

The registered office of the company is:

West Pennant Hills Sports Club
103 New Line Road
Cherrybrook NSW 2125

West Pennant Hills Sports Club
ABN: 50 000 609 450

Directors' Declaration

The directors of the Club declare that:

1. The financial statements and notes, as set out on pages 6 to 24 are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards - Reduced Disclosure Requirements; and

    b. give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the Club.

2. In the directors' opinion, 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 ....
William Austin	Raymond Newton

Dated: 16 September 2020

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF WEST PENNANT HILL SPORTS CLUB LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of West Pennant Hill Sports Club Limited (the Club), which comprises the statement of financial position as at 30 June 2020, the statement of profit or loss and other 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 declaration by the directors.

In our opinion, the accompanying financial report gives a true and fair view of the financial position of the Club as at 30 June 2020, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards – Reduced Disclosure Requirements.

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

Independence

We are independent of the Club 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 also fulfilled our other ethical responsibilities in accordance with the Code.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Club's annual report for the year ended 30 June 2020 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.

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

Liability limited by a scheme approved under Professional Standards Legislation

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Responsibilities of Management and the Directors for the Financial Report

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.

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards – Reduced Disclosure Requirements[2], and for such internal control as management determines 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, management is responsible for assessing the 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 management either intends to liquidate the Club or to cease operations, or has no realistic alternative but to do so.

Directors are responsible for overseeing the Club'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 and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 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 Club's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

- Conclude on the appropriateness of management'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 Club'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 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.

Auditor's Responsibilities for the Audit of the Financial Report (cont'd)

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 management 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, actions taken to eliminate threats or safeguards applied.

PKF

PKF

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SCOTT TOBUTT
PARTNER

16 SEPTEMBER 2020
SYDNEY, NSW